UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q
(Mark One)
☑ QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended June 30, 2021

OR

☐ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to _____



Commission File Number	Registrant; State of Incorporation; Address; and Telephone Number	I.R.S. Employer Identification No.
333-21011	FIRSTENERGY CORP (An Ohio Corporation) 76 South Main Street Akron OH 44308 Telephone (800) 736-3402	34-1843785

SECURITIES REGISTERED PURSUANT TO SECTION 12(b) OF THE ACT:

Title of Each Class	Trading Symbol	Name of Each Exchange on Which Registered
Common Stock, $0.10 par value	FE	New York Stock Exchange

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes ☑ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files).

Yes ☑ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, smaller reporting company, or an emerging growth company. See the definitions of “large accelerated filer,” “accelerated filer,” “smaller reporting company,” and “emerging growth company” in Rule 12b-2 of the Exchange Act.

Large Accelerated Filer	☑
Accelerated Filer	☐
Non-accelerated Filer	☐
Smaller Reporting Company	☐
Emerging Growth Company	☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standard provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes ☐ No ☑

Indicate the number of shares outstanding of each of the issuer’s classes of common stock, as of the latest practicable date:

CLASS	OUTSTANDING AS OF JUNE 30, 2021
Common Stock, $0.10 par value	544,193,637

FirstEnergy Website and Other Social Media Sites and Applications

FirstEnergy’s Annual Reports on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K, amendments to those reports, and all other documents filed with or furnished to the SEC pursuant to Section 13(a) of the Securities Exchange Act of 1934 are made available free of charge on or through the “Investors” page of FirstEnergy’s website at www.firstenergycorp.com. These documents are also available to the public from commercial document retrieval services and the website maintained by the SEC at www.sec.gov.

These SEC filings are posted on the website as soon as reasonably practicable after they are electronically filed with or furnished to the SEC. Additionally, FirstEnergy routinely posts additional important information, including press releases, investor presentations, investor factbook, and notices of upcoming events

under the “Investors” section of FirstEnergy’s website and recognizes FirstEnergy’s website as a channel of distribution to reach public investors and as a means of disclosing material non-public information for complying with disclosure obligations under Regulation FD. Investors may be notified of postings to the website by signing up for email alerts and Rich Site Summary feeds on the “Investors” page of FirstEnergy’s website. FirstEnergy also uses Twitter® and Facebook® as additional channels of distribution to reach public investors and as a supplemental means of disclosing material non-public information for complying with its disclosure obligations under Regulation FD. Information contained on FirstEnergy’s website, Twitter® handle or Facebook® page, and any corresponding applications of those sites, shall not be deemed incorporated into, or to be part of, this report.

Forward-Looking Statements: This Form 10-Q includes forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995 based on information currently available to management. Such statements are subject to certain risks and uncertainties and readers are cautioned not to place undue reliance on these forward-looking statements. These statements include declarations regarding management's intents, beliefs and current expectations. These statements typically contain, but are not limited to, the terms "anticipate," "potential," "expect," "forecast," "target," "will," "intend," "believe," "project," "estimate," "plan," and similar words. Forward-looking statements involve estimates, assumptions, known and unknown risks, uncertainties and other factors that may cause actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements, which may include the following (see Glossary of Terms for definitions of capitalized terms):

- The potential liabilities, increased costs and unanticipated developments resulting from governmental investigations and agreements, including those associated with compliance with or failure to comply with the DPA with the U.S. Attorney's Office for the S.D. Ohio.
- The results of the internal investigation and evaluation of our controls framework and remediation of our material weakness in internal control over financial reporting.
- The risks and uncertainties associated with government investigations regarding HB 6 and related matters including potential adverse impacts on federal or state regulatory matters including, but not limited to, matters relating to rates.
- The potential of non-compliance with debt covenants in our credit facilities due to matters associated with the government investigations regarding HB 6 and related matters.
- The risks and uncertainties associated with litigation, arbitration, mediation and similar proceedings.
- Legislative and regulatory developments, including, but not limited to, matters related to rates, compliance and enforcement activity.
- The ability to accomplish or realize anticipated benefits from our FE Forward initiative and our other strategic and financial goals, including, but not limited to, maintaining financial flexibility, overcoming current uncertainties and challenges associated with the ongoing government investigations, executing our transmission and distribution investment plans, greenhouse gas reduction goals, controlling costs, improving our credit metrics, strengthening our balance sheet and growing earnings.
- Economic and weather conditions affecting future operating results, such as a recession, significant weather events and other natural disasters, and associated regulatory events or actions in response to such conditions.
- Mitigating exposure for remedial activities associated with retired and formerly owned electric generation assets.
- The ability to access the public securities and other capital and credit markets in accordance with our financial plans, the cost of such capital and overall condition of the capital and credit markets affecting us, including the increasing number of financial institutions evaluating the impact of climate change on their investment decisions.
- The extent and duration of COVID-19 and the impacts to our business, operations and financial condition resulting from the outbreak of COVID-19 including, but not limited to, disruption of businesses in our territories and governmental and regulatory responses to the pandemic.
- The effectiveness of our pandemic and business continuity plans, the precautionary measures we are taking on behalf of our customers, contractors and employees, our customers' ability to make their utility payment and the potential for supply-chain disruptions.
- Actions that may be taken by credit rating agencies that could negatively affect either our access to or terms of financing or our financial condition and liquidity.
- Changes in assumptions regarding economic conditions within our territories, the reliability of our transmission and distribution system, or the availability of capital or other resources supporting identified transmission and distribution investment opportunities.
- Changes in customers' demand for power, including, but not limited to, the impact of climate change or energy efficiency and peak demand reduction mandates.
- Changes in national and regional economic conditions affecting us and/or our major industrial and commercial customers or others with which we do business.
- The risks associated with cyber-attacks and other disruptions to our information technology system, which may compromise our operations, and data security breaches of sensitive data, intellectual property and proprietary or personally identifiable information.
- The ability to comply with applicable reliability standards and energy efficiency and peak demand reduction mandates.
- Changes to environmental laws and regulations, including, but not limited to, those related to climate change.
- Changing market conditions affecting the measurement of certain liabilities and the value of assets held in our pension trusts and other trust funds, or causing us to make contributions sooner, or in amounts that are larger, than currently anticipated.
- Labor disruptions by our unionized workforce.
- Changes to significant accounting policies.
- Any changes in tax laws or regulations, or adverse tax audit results or rulings.
- The risks and other factors discussed from time to time in our SEC filings.

Dividends declared from time to time on our common stock during any period may in the aggregate vary from prior periods due to circumstances considered by our Board of Directors at the time of the actual declarations. A security rating is not a recommendation to buy or hold securities and is subject to revision or withdrawal at any time by the assigning rating agency. Each rating should be evaluated independently of any other rating.

These forward-looking statements are also qualified by, and should be read together with, the risk factors included in FirstEnergy's filings with the SEC, including, but not limited to, the most recent Annual Report on Form 10-K and any subsequent Quarterly Reports on Form 10-Q and Current Reports on Form 8-K. The foregoing review of factors also should not be construed as exhaustive. New factors emerge from time to time, and it is not possible for management to predict all such factors, nor assess the impact of any such factor on FirstEnergy's business or the extent to which any factor, or combination of factors, may cause results to differ materially from those contained in any forward-looking statements. FirstEnergy expressly disclaims any obligation to update or revise, except as required by law, any forward-looking statements contained herein or in the information incorporated by reference as a result of new information, future events or otherwise.

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GLOSSARY OF TERMS

The following abbreviations and acronyms are used in this report to identify FirstEnergy Corp. and its current and former subsidiaries:

AE Supply	Allegheny Energy Supply Company, LLC, an unregulated generation subsidiary
AGC	Allegheny Generating Company, a generation subsidiary of MP
ATSI	American Transmission Systems, Incorporated, a subsidiary of FET, which owns and operates transmission facilities
CEI	The Cleveland Electric Illuminating Company, an Ohio electric utility operating subsidiary
FE	FirstEnergy Corp., a public utility holding company
FE Revolving Facility	FE and the Utilities' five-year syndicated revolving credit facility, as amended
FENOC	Energy Harbor Nuclear Corp. (formerly known as FirstEnergy Nuclear Operating Company), a subsidiary of EH, which operates NG's nuclear generating facilities
FES	Energy Harbor LLC. (formerly known as FirstEnergy Solutions Corp.), a subsidiary of EH, which provides energy-related products and services
FES Debtors	FES, FENOC, FG, NG, FE Aircraft Leasing Corp., Norton Energy Storage LLC, and FGMUC
FESC	FirstEnergy Service Company, which provides legal, financial and other corporate support services
FET	FirstEnergy Transmission, LLC, the parent company of ATSI, KATCo, MAIT and TrAIL, and has a joint venture in PATH
FET Revolving Facility	FET and certain of its subsidiaries' five-year syndicated revolving credit facility, as amended
FEV	FirstEnergy Ventures Corp., which invests in certain unregulated enterprises and business ventures
FG	Energy Harbor Generation LLC (formerly known as FirstEnergy Generation, LLC), a subsidiary of EH, which owns and operates fossil generating facilities
FGMUC	FirstEnergy Generation Mansfield Unit 1 Corp., a subsidiary of FG
FirstEnergy	FirstEnergy Corp., together with its consolidated subsidiaries
Global Holding	Global Mining Holding Company, LLC, a joint venture between FEV, WMB Marketing Ventures, LLC and Pinesdale LLC
Global Rail	Global Rail Group, LLC, a subsidiary of Global Holding that owns coal transportation operations near Roundup, Montana
GPUN	GPU Nuclear, Inc., a subsidiary of FE, which operates TMI-2
JCP&L	Jersey Central Power & Light Company, a New Jersey electric utility operating subsidiary
KATCo	Keystone Appalachian Transmission Company, a subsidiary of FET
MAIT	Mid-Atlantic Interstate Transmission, LLC, a subsidiary of FET, which owns and operates transmission facilities
ME	Metropolitan Edison Company, a Pennsylvania electric utility operating subsidiary
MP	Monongahela Power Company, a West Virginia electric utility operating subsidiary
NG	Energy Harbor Nuclear Generation LLC (formerly known as FirstEnergy Nuclear Generation, LLC), a subsidiary of EH, which owns nuclear generating facilities
OE	Ohio Edison Company, an Ohio electric utility operating subsidiary
Ohio Companies	CEI, OE and TE
PATH	Potomac-Appalachian Transmission Highline, LLC, a joint venture between FE and a subsidiary of AEP
PE	The Potomac Edison Company, a Maryland and West Virginia electric utility operating subsidiary
Penn	Pennsylvania Power Company, a Pennsylvania electric utility operating subsidiary of OE
Pennsylvania Companies	ME, PN, Penn and WP
PN	Pennsylvania Electric Company, a Pennsylvania electric utility operating subsidiary
Signal Peak	Signal Peak Energy, LLC, an indirect subsidiary of Global Holding that owns mining operations near Roundup, Montana
TE	The Toledo Edison Company, an Ohio electric utility operating subsidiary
TrAIL	Trans-Allegheny Interstate Line Company, a subsidiary of FET, which owns and operates transmission facilities
Transmission Companies	ATSI, MAIT and TrAIL
Utilities	OE, CEI, TE, Penn, JCP&L, ME, PN, MP, PE and WP
WP	West Penn Power Company, a Pennsylvania electric utility operating subsidiary

The following abbreviations and acronyms are used to identify frequently used terms in this report:

ACE	Affordable Clean Energy
ADIT	Accumulated Deferred Income Taxes
AEP	American Electric Power Company, Inc.
AFS	Available-for-sale
AFUDC	Allowance for Funds Used During Construction
AMI	Advance Metering Infrastructure
AOCI	Accumulated Other Comprehensive Income (Loss)
ARO	Asset Retirement Obligation
ARP	Alternative Revenue Program
ASC	Accounting Standard Codification
ASU	Accounting Standards Update
Bankruptcy Court	U.S. Bankruptcy Court in the Northern District of Ohio in Akron
BGS	Basic Generation Service
CAA	Clean Air Act
CCR	Coal Combustion Residuals
CERCLA	Comprehensive Environmental Response, Compensation, and Liability Act of 1980
CFR	Code of Federal Regulations
CO_2	Carbon Dioxide
Code of Business Conduct	The FirstEnergy Code of Business Conduct and Ethics as approved by the Board on July 20, 2021
COVID-19	Coronavirus disease
CPP	EPA's Clean Power Plan
CSAPR	Cross-State Air Pollution Rule
CSR	Conservation Support Rider
CTA	Consolidated Tax Adjustment
CWA	Clean Water Act
D.C. Circuit	United States Court of Appeals for the District of Columbia Circuit
DCR	Delivery Capital Recovery
DMR	Distribution Modernization Rider
DOE	United States Department of Energy
DPA	Deferred Prosecution Agreement
DSIC	Distribution System Improvement Charge
DSP	Default Service Plan
EDC	Electric Distribution Company
EDIS	Electric Distribution Investment Surcharge
EE&C	Energy Efficiency and Conservation
EEI	Edison Electric Institute
EGS	Electric Generation Supplier
EGU	Electric Generation Units
EH	Energy Harbor Corp.
EmPOWER Maryland	EmPOWER Maryland Energy Efficiency Act
ENEC	Expanded Net Energy Cost
EPA	United States Environmental Protection Agency
EPS	Earnings per Share
ERO	Electric Reliability Organization
ESP IV	Electric Security Plan IV
Facebook®	Facebook is a registered trademark of Facebook, Inc.
FASB	Financial Accounting Standards Board
FERC	Federal Energy Regulatory Commission
FES Bankruptcy	FES Debtors' voluntary petitions for bankruptcy protection under Chapter 11 of the U.S. Bankruptcy Code with the Bankruptcy Court
Fitch	Fitch Ratings Service
FPA	Federal Power Act
FTR	Financial Transmission Right
GAAP	Accounting Principles Generally Accepted in the United States of America
GHG	Greenhouse Gases
HB 6	House Bill 6, as passed by Ohio's 133rd General Assembly
HB 128	House Bill 128, as passed by Ohio's 134th General Assembly
LIBOR	London Inter-Bank Offered Rate
LOC	Letter of Credit
LTIIPs	Long-Term Infrastructure Improvement Plans
MDPSC	Maryland Public Service Commission
MGP	Manufactured Gas Plants
MISO	Midcontinent Independent System Operator, Inc.
Moody's	Moody's Investors Service, Inc.
MW	Megawatt
MWH	Megawatt-hour
NAAQS	National Ambient Air Quality Standards
NDT	Nuclear Decommissioning Trust
NERC	North American Electric Reliability Corporation
NJ Rate Counsel	New Jersey Division of Rate Counsel
NJBPU	New Jersey Board of Public Utilities
NOx	Nitrogen Oxide
NPDES	National Pollutant Discharge Elimination System
NRC	Nuclear Regulatory Commission
NUG	Non-Utility Generation
NYPSC	New York State Public Service Commission
OAG	Ohio Attorney General
OCA	Office of Consumer Advocate
OCC	Ohio Consumers' Counsel
ODSA	Ohio Development Service Agency
OPEB	Other Post-Employment Benefits
OPIC	Other Paid-in Capital
OVEC	Ohio Valley Electric Corporation

PA DEP	Pennsylvania Department of Environmental Protection
PJM	PJM Interconnection, LLC
PJM Tariff	PJM Open Access Transmission Tariff
POLR	Provider of Last Resort
PPA	Purchase Power Agreement
PPB	Parts per Billion
PPUC	Pennsylvania Public Utility Commission
PUCO	Public Utilities Commission of Ohio
PURPA	Public Utility Regulatory Policies Act of 1978
RCRA	Resource Conservation and Recovery Act
Regulation FD	Regulation Fair Disclosure promulgated by the SEC
RFC	Reliability*First* Corporation
RFP	Request for Proposal
RGGI	Regional Greenhouse Gas Initiative
ROE	Return on Equity
RTO	Regional Transmission Organization
S&P	Standard & Poor's Ratings Service
S.D. Ohio	Southern District of Ohio
SBC	Societal Benefits Charge
SCOH	Supreme Court of Ohio
SEC	United States Securities and Exchange Commission
SEET	Significantly Excessive Earnings Test
SIP	State Implementation Plan(s) Under the Clean Air Act
SO_2	Sulfur Dioxide
SOS	Standard Offer Service
SREC	Solar Renewable Energy Credit
SSO	Standard Service Offer
Tax Act	Tax Cuts and Jobs Act adopted December 22, 2017
TMI-1	Three Mile Island Unit 1
TMI-2	Three Mile Island Unit 2
Twitter®	Twitter is a registered trademark of Twitter, Inc.
VIE	Variable Interest Entity
VSCC	Virginia State Corporation Commission
WVPSC	Public Service Commission of West Virginia

PART I. FINANCIAL INFORMATION

ITEM I. Financial Statements

FIRSTENERGY CORP.
CONSOLIDATED STATEMENTS OF INCOME
(Unaudited)

(In millions, except per share amounts)	For the Three Months Ended June 30, 2021	For the Three Months Ended June 30, 2020	For the Six Months Ended June 30, 2021	For the Six Months Ended June 30, 2020
REVENUES:				
Distribution services and retail generation	$ 2,096	$ 2,030	$ 4,332	$ 4,154
Transmission	411	380	812	777
Other	115	112	204	300
Total revenues[1]	2,622	2,522	5,348	5,231
OPERATING EXPENSES:				
Fuel	112	77	230	175
Purchased power	614	613	1,332	1,307
Other operating expenses	718	730	1,470	1,479
Provision for depreciation	323	321	646	638
Amortization of regulatory assets, net	49	13	141	65
General taxes	264	253	537	520
DPA penalty (Note 9)	230	—	230	—
Gain on sale of Yards Creek (Note 8)	—	—	(109)	—
Total operating expenses	2,310	2,007	4,477	4,184
OPERATING INCOME	312	515	871	1,047
OTHER INCOME (EXPENSE):				
Miscellaneous income, net	108	103	243	203
Pension and OPEB mark-to-market adjustment (Note 5)	—	—	—	(423)
Interest expense	(287)	(263)	(572)	(526)
Capitalized financing costs	21	18	34	36
Total other expense	(158)	(142)	(295)	(710)
INCOME BEFORE INCOME TAXES	154	373	576	337
INCOME TAXES	96	66	183	6
INCOME FROM CONTINUING OPERATIONS	58	307	393	331
Discontinued operations (Note 3)[2]	—	2	—	52
NET INCOME	$ 58	$ 309	$ 393	$ 383
EARNINGS PER SHARE OF COMMON STOCK (Note 4):				
Basic - Continuing Operations	$ 0.11	$ 0.57	$ 0.72	$ 0.61
Basic - Discontinued Operations	—	—	—	0.10
Basic - Net Income Attributable to Common Stockholders	$ 0.11	$ 0.57	$ 0.72	$ 0.71
Diluted - Continuing Operations	$ 0.11	$ 0.57	$ 0.72	$ 0.61
Diluted - Discontinued Operations	—	—	—	0.10
Diluted - Net Income Attributable to Common Stockholders	$ 0.11	$ 0.57	$ 0.72	$ 0.71
WEIGHTED AVERAGE NUMBER OF COMMON SHARES OUTSTANDING:				
Basic	544	542	544	541
Diluted	545	543	545	543

[1] Includes excise and gross receipts tax collections of $85 million and $84 million during the three months ended June 30, 2021 and 2020, respectively, and $180 million and $176 million during the six months ended June 30, 2021 and 2020, respectively.

[2] Net of income tax expense (benefits) of $1 million and $(35) million for the three and six months ended June 30, 2020, respectively.

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

FIRSTENERGY CORP.
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(Unaudited)

(In millions)	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2021	**2020**	**2021**	**2020**
NET INCOME	$ 58	$ 309	$ 393	$ 383
OTHER COMPREHENSIVE LOSS:				
Pension and OPEB prior service costs	(4)	(4)	(7)	(27)
Amortized losses on derivative hedges	1	1	1	1
Other comprehensive loss	(3)	(3)	(6)	(26)
Income tax benefits on other comprehensive loss	(1)	(1)	(2)	(6)
Other comprehensive loss, net of tax	(2)	(2)	(4)	(20)
COMPREHENSIVE INCOME	$ 56	$ 307	$ 389	$ 363

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

FIRSTENERGY CORP.
CONSOLIDATED BALANCE SHEETS
(Unaudited)

(In millions, except share amounts)	June 30, 2021	December 31, 2020
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	$ 1,254	$ 1,734
Restricted cash	58	67
Receivables-		
Customers	1,243	1,367
Less — Allowance for uncollectible customer receivables	157	164
	1,086	1,203
Other, net of allowance for uncollectible accounts of $10 in 2021 and $26 in 2020	232	236
Materials and supplies, at average cost	274	317
Prepaid taxes and other	292	157
	3,196	3,714
PROPERTY, PLANT AND EQUIPMENT:		
In service	44,683	43,654
Less — Accumulated provision for depreciation	12,328	11,938
	32,355	31,716
Construction work in progress	1,662	1,578
	34,017	33,294
PROPERTY, PLANT AND EQUIPMENT, NET - HELD FOR SALE (NOTE 8)	—	45
INVESTMENTS AND OTHER NONCURRENT ASSETS:		
Goodwill	5,618	5,618
Investments (Note 7)	622	605
Regulatory assets	97	82
Other	813	1,106
	7,150	7,411
	$ 44,363	$ 44,464
LIABILITIES AND CAPITALIZATION		
CURRENT LIABILITIES:		
Currently payable long-term debt	$ 733	$ 146
Short-term borrowings	500	2,200
Accounts payable	1,184	827
Accrued interest	293	282
Accrued taxes	528	640
Accrued compensation and benefits	296	349
Other	337	560
	3,871	5,004
CAPITALIZATION:		
Stockholders' equity-		
Common stock, $0.10 par value, authorized 700,000,000 shares - 544,193,637 and 543,117,533 shares outstanding as of June 30, 2021 and December 31, 2020, respectively	54	54
Other paid-in capital	9,880	10,076
Accumulated other comprehensive loss	(9)	(5)
Accumulated deficit	(2,495)	(2,888)
Total stockholders' equity	7,430	7,237
Long-term debt and other long-term obligations	23,025	22,131
	30,455	29,368
NONCURRENT LIABILITIES:		
Accumulated deferred income taxes	3,316	3,095
Retirement benefits	3,201	3,345
Regulatory liabilities	2,023	1,826
Other	1,497	1,826
	10,037	10,092
COMMITMENTS, GUARANTEES AND CONTINGENCIES (Note 9)		
	$ 44,363	$ 44,464

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

FIRSTENERGY CORP.
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
(Unaudited)

	Six Months Ended June 30, 2021					
	Common Stock					
(In millions)	Shares	Amount	OPIC	AOCI	Accumulated Deficit	Total Stockholders' Equity
Balance, January 1, 2021	543	$ 54	$ 10,076	$ (5)	$ (2,888)	$ 7,237
Net income					335	335
Other comprehensive loss, net of tax				(2)		(2)
Share-based benefit plans	1		2			2
Cash dividends declared on common stock ($0.39 per share in March)			(212)			(212)
Balance, March 31, 2021	544	$ 54	$ 9,866	$ (7)	$ (2,553)	$ 7,360
Net income					58	58
Other comprehensive loss, net of tax				(2)		(2)
Share-based benefit plans			14			14
Balance, June 30, 2021	544	$ 54	$ 9,880	$ (9)	$ (2,495)	$ 7,430

	Six Months Ended June 30, 2020					
	Common Stock					
(In millions)	Shares	Amount	OPIC	AOCI	Accumulated Deficit	Total Stockholders' Equity
Balance, January 1, 2020	541	$ 54	$ 10,868	$ 20	$ (3,967)	$ 6,975
Net income					74	74
Other comprehensive loss, net of tax				(18)		(18)
Stock Investment Plan and share-based benefit plans	1		(6)			(6)
Cash dividends declared on common stock ($0.39 per share in March)			(211)			(211)
Balance, March 31, 2020	542	$ 54	$ 10,651	$ 2	$ (3,893)	$ 6,814
Net income					309	309
Other comprehensive loss, net of tax				(2)		(2)
Stock Investment Plan and share-based benefit plans			22			22
Balance, June 30, 2020	542	$ 54	$ 10,673	$ —	$ (3,584)	$ 7,143

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

FIRSTENERGY CORP.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)

(In millions)	For the Six Months Ended June 30, 2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income	$ 393	$ 383
Adjustments to reconcile net income to net cash from operating activities-		
Depreciation and amortization	831	602
Deferred income taxes and investment tax credits, net	176	3
Retirement benefits, net of payments	(209)	(144)
Pension and OPEB mark-to-market adjustment	—	423
Settlement agreement and tax sharing payments to the FES Debtors	—	(978)
Transmission revenue collections, net	81	10
Gain on sale of Yards Creek	(109)	—
Gain on disposal, net of tax (Note 3)	—	(52)
Changes in current assets and liabilities-		
Receivables	121	75
Materials and supplies	43	(18)
Prepaid taxes and other current assets	(114)	(125)
Accounts payable	127	(83)
DPA penalty	230	—
Accrued taxes	(112)	83
Accrued interest	11	20
Accrued compensation and benefits	(98)	(28)
Other current liabilities	(27)	(6)
Other	3	(15)
Net cash provided from operating activities	1,347	150
CASH FLOWS FROM FINANCING ACTIVITIES:		
New financing-		
Long-term debt	1,500	3,175
Redemptions and repayments-		
Long-term debt	(33)	(1,082)
Short-term borrowings, net	(1,700)	(885)
Common stock dividend payments	(424)	(422)
Other	(5)	(44)
Net cash provided from (used for) financing activities	(662)	742
CASH FLOWS FROM INVESTING ACTIVITIES:		
Property additions	(1,226)	(1,292)
Proceeds from sale of Yards Creek	155	—
Sales of investment securities held in trusts	13	39
Purchases of investment securities held in trusts	(19)	(53)
Asset removal costs	(111)	(102)
Other	14	2
Net cash used for investing activities	(1,174)	(1,406)
Net change in cash, cash equivalents, and restricted cash	(489)	(514)
Cash, cash equivalents, and restricted cash at beginning of period	1,801	679
Cash, cash equivalents, and restricted cash at end of period	$ 1,312	$ 165

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

FIRSTENERGY CORP.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

Note Number		Page Number
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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)

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.

FE was incorporated under Ohio law in 1996. FE's principal business is the holding, directly or indirectly, of all of the outstanding equity of its principal subsidiaries: OE, CEI, TE, Penn (a wholly owned subsidiary of OE), JCP&L, ME, PN, FESC, MP, AGC (a wholly owned subsidiary of MP), PE, WP, and FET and its principal subsidiaries (ATSI, MAIT and TrAIL). In addition, FE holds all of the outstanding equity of other direct subsidiaries including: AE Supply, FirstEnergy Properties, Inc., FEV, FirstEnergy License Holding Company, GPUN, Allegheny Ventures, Inc., and Suvon, LLC doing business as both FirstEnergy Home and FirstEnergy Advisors.

FE and its subsidiaries are principally involved in the transmission, distribution and generation of electricity. FirstEnergy's ten utility operating companies comprise one of the nation's largest investor-owned electric systems, based on serving over six million customers in the Midwest and Mid-Atlantic regions. FirstEnergy's transmission operations include approximately 24,000 miles of lines and two regional transmission operation centers. AGC and MP control 3,580 MWs of total capacity.

PN, as lessee of the property of its subsidiary, the Waverly Electric Light & Power Company, serves approximately 4,000 customers in the Waverly, New York vicinity. On February 10, 2021, PN entered into an agreement to transfer its customers and the related assets in Waverly, New York to Tri-County Rural Electric Cooperative; the completion of such transfer is subject to several closing conditions including regulatory approval.

These interim financial statements have been prepared pursuant to the rules and regulations of the SEC for Quarterly Reports on Form 10-Q. Certain information and disclosures normally included in financial statements and notes prepared in accordance with GAAP have been condensed or omitted pursuant to such rules and regulations. These interim financial statements should be read in conjunction with the financial statements and notes included in the Annual Report on Form 10-K for the year ended December 31, 2020.

FE and its subsidiaries follow GAAP and comply 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 accompanying interim financial statements are unaudited, but reflect all adjustments, consisting of normal recurring adjustments, that, in the opinion of management, are necessary for a fair statement of the financial statements. 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 and 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 as appropriate and permitted pursuant to GAAP. FE and its subsidiaries consolidate a VIE when it is determined that it is the primary beneficiary. Investments in affiliates over which FE and its subsidiaries have the ability to exercise significant influence, but do not have a controlling financial interest, 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 of FE's ownership share of the entity's earnings is reported in the Consolidated Statements of Income and Comprehensive Income.

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

Capitalized Financing Costs

For each of the three months ended June 30, 2021 and 2020, capitalized financing costs on FirstEnergy's Consolidated Statements of Income include $14 million and $12 million, respectively, of allowance for equity funds used during construction and $7 million and $6 million, respectively, of capitalized interest. For each of the six months ended June 30, 2021 and 2020, capitalized financing costs on FirstEnergy's Consolidated Statements of Income include $21 million and $23 million, respectively, of allowance for equity funds used during construction and $13 million and $13 million, respectively, of capitalized interest.

COVID-19

FirstEnergy is continuously evaluating the global COVID-19 pandemic and taking steps to mitigate known risks. FirstEnergy is actively monitoring the continued impact COVID-19 is having on its customers' receivable balances, which include increasing arrears balances since the pandemic has begun. FirstEnergy has incurred, and it is expected to incur for the foreseeable future, COVID-19 pandemic related expenses. COVID-19 related expenses consist of additional costs that FirstEnergy is incurring to protect its employees, contractors and customers, and to support social distancing requirements. These costs include, but are not limited to, new or added benefits provided to employees, the purchase of additional personal protection equipment and

disinfecting supplies, additional facility cleaning services, initiated programs and communications to customers on utility response, and increased technology expenses to support remote working, where possible. The full impact on FirstEnergy's business from the COVID-19 pandemic, including the governmental and regulatory responses, is unknown at this time and difficult to predict. FirstEnergy provides a critical and essential service to its customers and the health and safety of its employees, contractors and customers is its first priority. FirstEnergy is continuously monitoring its supply chain and is working closely with essential vendors to understand the continued impact the COVID-19 pandemic is having on its business; however, FirstEnergy does not currently expect disruptions in its ability to deliver service to customers or any material impact on its capital spending plan.

FirstEnergy continues to effectively manage operations during the pandemic in order to provide critical service to customers and believes it is well positioned to manage through the economic slowdown. FirstEnergy Distribution and Transmission revenues benefit from geographic and economic diversity across a five-state service territory, which also allows for flexibility with capital investments and measures to maintain sufficient liquidity over the next twelve months. However, the situation remains fluid and future impacts to FirstEnergy that are presently unknown or unanticipated may occur. Furthermore, the likelihood of an impact to FirstEnergy, and the severity of any impact that does occur, could increase the longer the global pandemic persists.

Customer Receivables

Receivables from customers include distribution services and retail generation sales to residential, commercial and industrial customers of the Utilities. The allowance for uncollectible customer receivables is based on historical loss information comprised of a rolling 36-month average net write-off percentage of revenues, in conjunction with a qualitative assessment of elements that impact the collectability of receivables to determine if allowances for uncollectible accounts should be further adjusted in accordance with the accounting guidance for credit losses.

FirstEnergy reviews its allowance for uncollectible customer receivables utilizing a quantitative and qualitative assessment. Management contemplates available current information such as changes in economic factors, regulatory matters, industry trends, customer credit factors, amount of receivable balances that are past-due, payment options and programs available to customers, and the methods that the Utilities are able to utilize to ensure payment. This analysis includes consideration of the outbreak of COVID-19 and the impact on customer receivable balances outstanding since the pandemic began.
Beginning March 13, 2020, FirstEnergy temporarily suspended customer disconnections for nonpayment and ceased collection activities as a result of the ongoing pandemic and in accordance with state regulatory requirements. The temporary suspension of disconnections for nonpayment and ceasing of collection activities extended into the fourth quarter of 2020 but resumed for most customers before the end of 2020. Customers are subject to each state's applicable regulations on winter moratoriums for residential customers, which begin as early as November 1, 2020, and were in effect until April 15, 2021. During 2021, FirstEnergy reviewed its allowance for uncollectible customer receivables based on this qualitative assessment and has experienced a reduction in customer accounts that are past due by greater than 30 days since the end of 2020. Additionally, customer accounts in arrears continue to decrease in 2021; however customer accounts being moved to the final stage of the collection process have begun to increase. Furthermore, other factors were also considered in the quarterly analysis, such as certain state funding being made available to assist with past due utility bills and vaccine distribution. As a result of this analysis, FirstEnergy did not recognize any incremental uncollectible expense in the six months ended June 30, 2021.

Receivables from customers also include PJM receivables resulting from transmission and wholesale sales. FirstEnergy's credit risk on PJM receivables is reduced due to the nature of PJM's settlement process whereby members of PJM legally agree to share the cost of defaults and as a result there is no allowance for doubtful accounts.

Activity in the allowance for uncollectible accounts on customer receivables for the six months ended June 30, 2021 and for the year ended December 31, 2020 are as follows:

	(In millions)
Balance, January 1, 2020	$ 46
Charged to income [(1)]	174
Charged to other accounts [(2)]	46
Write-offs	(102)
Balance, December 31, 2020	$ 164
Charged to income	11
Charged to other accounts [(2)]	23
Write-offs	(41)
Balance, June 30, 2021	$ 157

(1) $103 million of which was deferred for future recovery in the twelve months ended December 31, 2020.
(2) Represents recoveries and reinstatements of accounts written off for uncollectible accounts.

Short-Term Borrowings/ Revolving Credit Facilities

FE and the Utilities and FET and certain of its subsidiaries participate in two separate five-year syndicated revolving credit facilities providing for aggregate commitments of $3.5 billion, which are available until December 6, 2022. Under the FE Revolving Facility, an aggregate amount of $2.5 billion is available to be borrowed, repaid and reborrowed, subject to separate borrowing sublimits for each borrower including FE and its regulated distribution subsidiaries. Under the FET Revolving Facility, an aggregate amount of $1.0 billion is available to be borrowed, repaid and reborrowed under a syndicated credit facility, subject to separate borrowing sublimits for each borrower including FE's transmission subsidiaries. On July 21, 2021, FE and the Utilities and FET and certain of its subsidiaries entered into amendments to the FE Revolving Facility and the FET Revolving Facility, respectively. The amendments provide for modifications and/or waivers of (i) certain representations and warranties, (ii) certain affirmative and negative covenants, contained therein, and (iii) any resulting event of default, which, in each case, resulted either from FE entering into the DPA or as a consequence of the facts and circumstances described in the DPA, thus allowing FirstEnergy to be in compliance with the revolving credit facilities and maintain access to the liquidity provided thereunder.

New Accounting Pronouncements

Recently Adopted Pronouncements

ASU 2019-12, "*Simplifying the Accounting for Income Taxes"* (Issued in December 2019): ASU 2019-12 enhances and simplifies various aspects of the income tax accounting guidance, including the elimination of certain exceptions related to the approach for intra-period tax allocation, the methodology for calculating income taxes in an interim period and the recognition of deferred tax liabilities for outside basis differences. The new guidance also simplifies aspects of the accounting for franchise taxes and enacted changes in tax laws or rates and clarifies the accounting for transactions that result in a step-up in the tax basis of goodwill. FirstEnergy adopted the guidance as of January 1, 2021, with no material impact to the financial statements.

Recently Issued Pronouncements - FirstEnergy has assessed new authoritative accounting guidance issued by the FASB that has not yet been adopted and none are currently expected to have a material impact to the financial statements.

2. REVENUE

FirstEnergy accounts for revenues from contracts with customers under ASC 606, "*Revenue from Contracts with Customers.*" Revenue from leases, financial instruments, other contractual rights or obligations and other revenues that are not from contracts with customers are outside the scope of the standard and accounted for under other existing GAAP.

FirstEnergy has elected to exclude sales taxes and other similar taxes collected on behalf of third parties from revenue as prescribed in the standard. As a result, tax collections and remittances are excluded from recognition in the income statement and instead recorded through the balance sheet. Excise and gross receipts taxes that are assessed on FirstEnergy are not subject to the election and are included in revenue. FirstEnergy has elected the optional invoice practical expedient for most of its revenues and utilizes the optional short-term contract exemption for transmission revenues due to the annual establishment of revenue requirements, which eliminates the need to provide certain revenue disclosures regarding unsatisfied performance obligations.

FirstEnergy's revenues are primarily derived from electric service provided by the Utilities and Transmission Companies.

The following tables represent a disaggregation of revenue from contracts with customers for the three and six months ended June 30, 2021 and 2020, by type of service from each reportable segment:

	For the Three Months Ended June 30, 2021			
Revenues by Type of Service	**Regulated Distribution**	**Regulated Transmission**	**Corporate/Other and Reconciling Adjustments[1]**	**Total**
		(In millions)		
Distribution services	$ 1,304	$ —	$ (26)	$ 1,278
Retail generation	831	—	(13)	818
Wholesale sales	74	—	3	77
Transmission	—	411	—	411
Other	26	—	—	26
Total revenues from contracts with customers	$ 2,235	$ 411	$ (36)	$ 2,610
ARP	—	—	—	—
Other non-customer revenue	23	8	(19)	12
Total revenues	$ 2,258	$ 419	$ (55)	$ 2,622

[1] Includes eliminations and reconciling adjustments of inter-segment revenues.

	For the Three Months Ended June 30, 2020			
Revenues by Type of Service	**Regulated Distribution**	**Regulated Transmission**	**Corporate/Other and Reconciling Adjustments[1]**	**Total**
		(In millions)		
Distribution services	$ 1,241	$ —	$ (22)	$ 1,219
Retail generation	826	—	(15)	811
Wholesale sales	50	—	2	52
Transmission	—	380	—	380
Other	31	—	—	31
Total revenues from contracts with customers	$ 2,148	$ 380	$ (35)	$ 2,493
ARP [2]	15	—	—	15
Other non-customer revenue	25	4	(15)	14
Total revenues	$ 2,188	$ 384	$ (50)	$ 2,522

[1] Includes eliminations and reconciling adjustments of inter-segment revenues.
[2] ARP revenue for the three months ended June 30, 2020, is primarily related to the reconciliation of Ohio decoupling rates that became effective on February 1, 2020. See Note 8, “Regulatory Matters,” for further discussion on Ohio decoupling rates.

Other non-customer revenue includes revenue from late payment charges of $9 million and $6 million for the three months ended June 30, 2021 and 2020, respectively. Other non-customer revenue also includes revenue from derivatives of $2 million and $6 million for the three months ended June 30, 2021 and 2020, respectively.

Revenues by Type of Service	For the Six Months Ended June 30, 2021			
	Regulated Distribution	Regulated Transmission	Corporate/Other and Reconciling Adjustments [1]	Total
	(In millions)			
Distribution services	$ 2,643	$ —	$ (52)	$ 2,591
Retail generation	1,766	—	(25)	1,741
Wholesale sales	143	—	7	150
Transmission	—	812	—	812
Other	59	—	—	59
Total revenues from contracts with customers	$ 4,611	$ 812	$ (70)	$ 5,353
ARP [2]	(27)	—	—	(27)
Other non-customer revenue	44	12	(34)	22
Total revenues	$ 4,628	$ 824	$ (104)	$ 5,348

[1] Includes eliminations and reconciling adjustments of inter-segment revenues.
[2] Reflects amount the Ohio Companies will collectively refund to customers that was previously collected under decoupling mechanisms, with interest. See Note 8, “Regulatory Matters,” for further discussion on Ohio decoupling rates.

Revenues by Type of Service	For the Six Months Ended June 30, 2020			
	Regulated Distribution	Regulated Transmission	Corporate/Other and Reconciling Adjustments [1]	Total
	(In millions)			
Distribution services	$ 2,497	$ —	$ (43)	$ 2,454
Retail generation	1,730	—	(30)	1,700
Wholesale sales	121	—	3	124
Transmission	—	777	—	777
Other	67	—	—	67
Total revenues from contracts with customers	$ 4,415	$ 777	$ (70)	$ 5,122
ARP [2]	83	—	—	83
Other non-customer revenue	48	8	(30)	26
Total revenues	$ 4,546	$ 785	$ (100)	$ 5,231

[1] Includes eliminations and reconciling adjustments of inter-segment revenues.
[2] ARP revenue for the six months ended June 30, 2020, is primarily related to the reconciliation of Ohio decoupling rates that became effective on February 1, 2020. See Note 8, “Regulatory Matters,” for further discussion on Ohio decoupling rates.

Other non-customer revenue includes revenue from late payment charges of $18 million and $16 million for the six months ended June 30, 2021 and 2020, respectively. Other non-customer revenue also includes revenue from derivatives of $2 million and $6 million for the six months ended June 30, 2021 and 2020, respectively.

Regulated Distribution

The **Regulated Distribution** segment distributes electricity through FirstEnergy’s ten utility operating companies and also controls 3,580 MWs of regulated electric generation capacity located primarily in West Virginia and Virginia. Each of the Utilities earns revenue from state-regulated rate tariffs under which it provides distribution services to residential, commercial and industrial customers in its service territory. The Utilities are obligated under the regulated construct to deliver power to customers reliably, as it is needed, which creates an implied monthly contract with the end-use customer. See Note 8, “Regulatory Matters,” for additional information on rate recovery mechanisms. Distribution and electric revenues are recognized over time as electricity is distributed and delivered to the customer and the customers consume the electricity immediately as delivery occurs.

Retail generation sales relate to POLR, SOS, SSO and default service requirements in Ohio, Pennsylvania, New Jersey and Maryland, as well as generation sales in West Virginia that are regulated by the WVPSC. Certain of the Utilities have default service obligations to provide power to non-shopping customers who have elected to continue to receive service under regulated retail tariffs. The volume of these sales varies depending on the level of shopping that occurs. Supply plans vary by state and by service territory. Default service for the Ohio Companies, Pennsylvania Companies, JCP&L and PE’s Maryland jurisdiction are provided through a competitive procurement process approved by each state’s respective commission. Retail generation revenues are recognized over time as electricity is delivered and consumed immediately by the customer.

The following table represents a disaggregation of the Regulated Distribution segment revenue from contracts with **distribution service and retail generation** customers for the three and six months ended June 30, 2021 and 2020, by class:

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
Revenues by Customer Class	**2021**	**2020**	**2021**	**2020**
		(In millions)		
Residential	$ 1,287	$ 1,280	$ 2,744	$ 2,599
Commercial	562	507	1,103	1,051
Industrial	268	259	526	536
Other	18	21	36	41
Total Revenues	$ 2,135	$ 2,067	$ 4,409	$ 4,227

Wholesale sales primarily consist of generation and capacity sales into the PJM market from FirstEnergy's regulated electric generation capacity and NUGs. Certain of the Utilities may also purchase power in the PJM markets to supply power to their customers. Generally, these power sales from generation and purchases to serve load are netted hourly and reported as either revenues or purchased power on the Consolidated Statements of Income based on whether the entity was a net seller or buyer each hour. Capacity revenues are recognized ratably over the PJM planning year at prices cleared in the annual PJM Reliability Pricing Model Base Residual Auction and Incremental Auctions. Capacity purchases and sales through PJM capacity auctions are reported within revenues on the Consolidated Statements of Income. Certain capacity income (bonuses) and charges (penalties) related to the availability of units that have cleared in the auctions are unknown and not recorded in revenue until, and unless, they occur.

The Utilities' distribution customers are metered on a cycle basis. 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, the Utilities accrue the estimated unbilled amount as revenue and reverse the related prior period estimate. Customer payments vary by state but are generally due within 30 days.

ASC 606 excludes industry-specific accounting guidance for recognizing revenue from ARPs as these programs represent contracts between the utility and its regulators, as opposed to customers. Therefore, revenues from these programs are not within the scope of ASC 606 and regulated utilities are permitted to continue to recognize such revenues in accordance with existing practice but are presented separately from revenue arising from contracts with customers. FirstEnergy had ARPs in Ohio primarily for decoupling revenue in 2020, and has reflected refunds of decoupling revenue owed to customers as reductions to ARPs in 2021. Please see Note 8, "Regulatory Matters," for further discussion on decoupling revenues in Ohio.

Regulated Transmission

The **Regulated Transmission** segment provides transmission infrastructure owned and operated by the Transmission Companies and certain of FirstEnergy's utilities (JCP&L, MP, PE and WP) to transmit electricity from generation sources to distribution facilities. The segment's revenues are primarily derived from forward-looking formula rates at the Transmission Companies and JCP&L, as well as stated transmission rates at, MP, PE and WP. MP, PE and WP filed with FERC on October 29, 2020, to convert their existing stated transmission rates to forward-looking formula rates. These transmission rate filings were accepted by FERC on December 31, 2020, effective January 1, 2021, subject to refund, pending further hearing and settlement procedures, and were consolidated with a related formula rate filing submitted by KATCo into a single proceeding. See Note 8, "Regulatory Matters," for additional information.

Both the forward-looking formula and stated rates recover costs that the regulatory agencies determine are permitted to be recovered and provide a return on transmission capital investment. Under forward-looking formula rates, the revenue requirement is updated annually based on a projected rate base and projected costs, which is subject to an annual true-up based on actual costs. Revenue requirements under stated rates are calculated annually by multiplying the highest one-hour peak load in each respective transmission zone by the approved, stated rate in that zone. Revenues and cash receipts for the stand-ready obligation of providing transmission service are recognized ratably over time.

The following table represents a disaggregation of revenue from contracts with regulated transmission customers for the three and six months ended June 30, 2021 and 2020, by transmission owner:

Transmission Owner	For the Three Months Ended June 30, 2021	For the Three Months Ended June 30, 2020	For the Six Months Ended June 30, 2021	For the Six Months Ended June 30, 2020
		(In millions)		
ATSI	$ 193	$ 192	$ 398	$ 394
TrAIL	57	57	117	121
MAIT	80	58	147	117
JCP&L	46	39	85	77
MP, PE and WP	35	34	65	68
Total Revenues	$ 411	$ 380	$ 812	$ 777

3. DISCONTINUED OPERATIONS

FES and FENOC Chapter 11 Bankruptcy Filing

On March 31, 2018, the FES Debtors announced that, in order to facilitate an orderly financial restructuring, they filed voluntary petitions under Chapter 11 of the United States Bankruptcy Code with the Bankruptcy Court. On February 27, 2020, the FES Debtors effectuated their plan, emerged from bankruptcy and FirstEnergy tendered the bankruptcy court approved settlement payments totaling $853 million and a $125 million tax sharing payment to the FES Debtors.

By eliminating a significant portion of its competitive generation fleet with the deconsolidation of the FES Debtors, FirstEnergy has concluded the FES Debtors meet the criteria for discontinued operations, as this represents a significant event in management's strategic review to exit commodity-exposed generation and transition to a fully regulated company.

Summarized Results of Discontinued Operations

Summarized results of discontinued operations for the three and six months ended June 30, 2021 and 2020, were as follows:

(In millions)	For the Three Months Ended June 30, 2021	For the Three Months Ended June 30, 2020	For the Six Months Ended June 30, 2021	For the Six Months Ended June 30, 2020
Revenues	$ —	$ —	$ —	$ 7
Fuel	—	—	—	(6)
Other operating expenses	—	—	—	(6)
Other income	—	—	—	5
Income from discontinued operations, before tax	—	—	—	—
Income tax expense	—	—	—	—
Income from discontinued operations, net of tax	—	—	—	—
Settlement consideration	—	3	—	(1)
Accelerated net pension and OPEB prior service credits	—	—	—	18
Gain on disposal of FES and FENOC, before tax	—	3	—	17
Income taxes (benefits), including worthless stock deduction	—	1		(35)
Gain on disposal of FES and FENOC, net of tax	—	2	—	52
Income from discontinued operations	$ —	$ 2	$ —	$ 52

FirstEnergy's Consolidated Statement of Cash Flows combines cash flows from discontinued operations with cash flows from continuing operations within each cash flow category. For the six months ended June 30, 2020, cash flows from operating activities includes income from discontinued operations of $52 million.

Income Taxes

For U.S. federal income taxes, the FES Debtors were included in FirstEnergy's consolidated tax return until emergence from bankruptcy on February 27, 2020. As a result of the FES Debtors' deconsolidation, FirstEnergy recognized a worthless stock deduction for the remaining tax basis in the FES Debtors of approximately $4.9 billion, net of unrecognized tax benefits of

$316 million. Tax-effected, the worthless stock deduction is approximately $1.1 billion, net of valuation allowances recorded against the state tax benefit ($19 million) and the aforementioned unrecognized tax benefits ($68 million).

Additionally, the Tax Act amended Section 163(j) of the Internal Revenue Code of 1986, as amended, limiting interest expense deductions for corporations but with exemption for certain regulated utilities. Based on interpretation of subsequently issued proposed regulations, and based on the FES Debtors' emergence from bankruptcy in 2020, FirstEnergy expects all interest expense for 2020 and future years to be fully deductible. See Note 6, "Income Taxes" for further information.

4. EARNINGS PER SHARE OF COMMON STOCK

Basic EPS available to common stockholders is computed using the weighted average number of common shares outstanding during the relevant period as the denominator. The denominator for diluted EPS 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.

Diluted EPS reflects the dilutive effect of potential common shares from share-based awards The dilutive effect of outstanding share-based awards was computed using the treasury stock method, which assumes any proceeds that could be obtained upon the exercise of the award would be used to purchase common stock at the average market price for the period.

The following table reconciles basic and diluted EPS of common stock:

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
Reconciliation of Basic and Diluted EPS of Common Stock	**2021**	**2020**	**2021**	**2020**
(In millions, except per share amounts)				
EPS of Common Stock				
Income from continuing operations	$ 58	$ 307	$ 393	$ 331
Discontinued operations, net of tax	—	2	—	52
Income available to common stockholders	$ 58	$ 309	$ 393	$ 383
Share count information:				
Weighted average number of basic shares outstanding	544	542	544	541
Assumed exercise of dilutive stock options and awards	1	1	1	2
Weighted average number of diluted shares outstanding	545	543	545	543
Income available to common stockholders, per common share:				
Income from continuing operations, basic	$ 0.11	$ 0.57	$ 0.72	$ 0.61
Discontinued operations, basic	—	—	—	0.10
Income available to common stockholders, basic	$ 0.11	$ 0.57	$ 0.72	$ 0.71
Income from continuing operations, diluted	$ 0.11	$ 0.57	$ 0.72	$ 0.61
Discontinued operations, diluted	—	—	—	0.10
Income available to common stockholders, diluted	$ 0.11	$ 0.57	$ 0.72	$ 0.71

For the three and six months ended June 30, 2021 and June 30, 2020, no shares from stock options and awards were excluded from the calculation of diluted shares outstanding.

5. PENSION AND OTHER POST-EMPLOYMENT BENEFITS

The components of the consolidated net periodic costs (credits) for pension and OPEB were as follows:

Components of Net Periodic Benefit Costs (Credits)	Pension		OPEB	
For the Three Months Ended June 30,	2021	2020	2021	2020
		(In millions)		
Service costs	$ 48	$ 48	$ 1	$ 1
Interest costs	57	70	2	4
Expected return on plan assets	(163)	(155)	(7)	(8)
Amortization of prior service costs (credits)[1]	1	1	(5)	(5)
Net periodic credits, including amounts capitalized	$ (57)	$ (36)	$ (9)	$ (8)
Net periodic credits, recognized in earnings	$ (85)	$ (62)	$ (10)	$ (8)

[1] The income tax benefits associated with pension and OPEB prior service costs amortized out of AOCI were $1 million both for the three months ended June 30, 2021 and 2020, respectively.

Components of Net Periodic Benefit Costs (Credits)	Pension		OPEB	
For the Six Months Ended June 30,	2021	2020	2021	2020
		(In millions)		
Service costs	$ 97	$ 100	$ 2	$ 2
Interest costs	113	145	5	8
Expected return on plan assets	(326)	(308)	(17)	(16)
Amortization of prior service costs (credits)[1] [2]	2	11	(9)	(38)
One-time termination benefit [3]	—	8	—	—
Pension and OPEB mark-to-market adjustment	—	386	—	37
Net periodic costs (credits), including amounts capitalized	$ (114)	$ 342	$ (19)	$ (7)
Net periodic costs (credits), recognized in earnings	$ (163)	$ 296	$ (20)	$ (7)

[1] 2020 includes the acceleration of $18 million in net credits as a result of the FES Debtors' emergence during the first quarter of 2020 and is a component of discontinued operations in FirstEnergy's Consolidated Statements of Income.
[2] The income tax benefits associated with pension and OPEB prior service costs amortized out of AOCI were $2 million and $6 million for the six months ended June 30, 2021 and 2020, respectively.
[3] Costs represent additional benefits provided to FES and FENOC employees under the approved settlement agreement and are a component of discontinued operations in FirstEnergy's Consolidated Statements of Income.

FirstEnergy recognizes a pension and OPEB mark-to-market adjustment for the change in 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 remeasurement. Under the approved bankruptcy settlement agreement discussed above, upon emergence, FES and FENOC employees ceased earning years of service under the FirstEnergy pension and OPEB plans. The emergence on February 27, 2020, triggered a remeasurement of the affected pension and OPEB plans and as a result, FirstEnergy recognized a non-cash, pre-tax pension and OPEB mark-to-market adjustment of approximately $423 million in the first quarter of 2020.

On March 11, 2021, President Biden signed into law the American Rescue Plan Act of 2021, which among other things, extended shortfall amortization periods and modification of the interest rate stabilization rules for single-employer plans thereby impacting funding requirements. As a result, under current assumptions, including an expected annual return on assets of 7.50%, FirstEnergy does not currently expect to have a required contribution to the pension plan. However, FirstEnergy may elect to contribute to the pension plan voluntarily.

Service costs, net of capitalization, are reported within Other operating expenses on FirstEnergy's Consolidated Statements of Income. Non-service costs, other than the pension and OPEB mark-to-market adjustment, which is separately shown, are reported within Miscellaneous income, net, within Other Income (Expense) on FirstEnergy's Consolidated Statements of Income.

6. INCOME TAXES

FirstEnergy's interim effective tax rates reflect the estimated annual effective tax rates for 2021 and 2020. These tax rates are affected by estimated annual 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.

FirstEnergy's effective tax rate on continuing operations for the three months ended June 30, 2021 and 2020, was 62.3% and 17.7%, respectively. The change in effective tax rate was primarily due to the non-deductibility of the DPA monetary penalty and

tax expense of $9 million recorded in the second quarter of 2021 related to the remeasurement of West Virginia deferred income taxes resulting from a state tax law change (as discussed further below), as well as the absence of a $10 million benefit from accelerated amortization of certain investment tax credits recorded in the second quarter of 2020.

FirstEnergy's effective tax rate on continuing operations for the six months ended June 30, 2021 and 2020, was 31.8% and 1.8%, respectively. The change in the effective tax rate was primarily due to the items in the second quarter discussed above, as well as the absence of a $52 million reduction in valuation allowances in the first quarter of 2020 from the recognition of deferred gains on prior intercompany generation asset transfers triggered by the FES Debtors' emergence from bankruptcy and deconsolidation from FirstEnergy's consolidated federal income tax group. See Note 3, "Discontinued Operations," for other tax matters relating to the FES Bankruptcy that were recognized in discontinued operations in 2020.

On April 9, 2021, West Virginia enacted legislation changing the state's corporate income tax apportionment rules, including adopting a single sales factor formula and market-based sourcing for sales of services and intangibles, effective for taxable years beginning on or after January 1, 2022. Enactment of this law triggered a remeasurement of state deferred income taxes for entities included in FirstEnergy's West Virginia combined unitary return, resulting in a net impact of approximately $9 million in additional tax expense in the second quarter of 2021.

During the three months ended June 30, 2021, FirstEnergy recorded a $7 million decrease to the reserve for uncertain tax positions due to the remeasurement of certain positions for the change in West Virginia deferred taxes, which had no impact on earnings because the positions are recorded against state net operating losses with full valuation allowances. During the six months ended June 30, 2021, FirstEnergy recorded a net $4 million increase in its reserve for uncertain tax positions for benefits related to certain federal tax credits, which were partially offset by the remeasurement for West Virginia deferred taxes discussed further above. As of June 30, 2021, it is reasonably possible that within the next twelve months FirstEnergy could record a net decrease of approximately $55 million to its reserve for uncertain tax positions due to the expiration of the statute of limitations or resolution with taxing authorities, of which approximately $53 million would impact FirstEnergy's effective tax rate.

During January 2021, the IRS issued additional regulations on interest expense deductibility under Section 163(j) of the Internal Revenue Code. However, they are not expected to have a significant tax impact to FirstEnergy.

On March 11, 2021, President Biden signed into law the American Rescue Plan Act of 2021. While the Act is primarily an economic stimulus package, it also, among other changes, expanded the scope of Section 162(m) of the Internal Revenue Code that limits deductions on certain executive officer compensation. FirstEnergy does not currently expect these changes to have a material impact.

7. 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 are used to measure fair value.

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 PJM 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 PJM 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. Significant increases or decreases in inputs in isolation may have resulted in a higher or lower fair value measurement.

NUG contracts represent PPAs 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 two 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 Intercontinental Exchange, Inc. 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. Significant increases or decreases in inputs in isolation may have resulted 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 June 30, 2021, from those used as of December 31, 2020. The determination of the fair value measures takes into consideration various factors, including but not limited to, nonperformance risk, 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.

The following tables set forth the recurring assets and liabilities that are accounted for at fair value by level within the fair value hierarchy:

	June 30, 2021				December 31, 2020			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Assets			*(In millions)*					
Derivative assets FTRs[1]	$ —	$ —	$ 5	$ 5	$ —	$ —	$ 3	$ 3
Equity securities	2	—	—	2	2	—	—	2
U.S. state debt securities	—	269	—	269	—	276	—	276
Cash, cash equivalents and restricted cash[2]	1,312	—	—	1,312	1,801	—	—	1,801
Other[3]	—	45	—	45	—	41	—	41
Total assets	$ 1,314	$ 314	$ 5	$ 1,633	$ 1,803	$ 317	$ 3	$ 2,123
Liabilities								
Derivative liabilities FTRs[1]	$ —	$ —	$ (2)	$ (2)	$ —	$ —	$ —	$ —
Total liabilities	$ —	$ —	$ (2)	$ (2)	$ —	$ —	$ —	$ —
Net assets (liabilities)[4]	$ 1,314	$ 314	$ 3	$ 1,631	$ 1,803	$ 317	$ 3	$ 2,123

(1) Contracts are subject to regulatory accounting treatment and changes in market values do not impact earnings.
(2) Restricted cash primarily relates to cash collected from JCP&L, MP, PE and the Ohio Companies' customers that is specifically used to service debt of their respective funding companies.
(3) Primarily consists of short-term investments.
(4) Excludes $1 million as of December 31, 2020, of net receivables, payables, taxes and accrued income associated with financial instruments reflected within the fair value table.

Level 3 Quantitative Information

The following table provides quantitative information for FTRs contracts that are classified as Level 3 in the fair value hierarchy for the period ended June 30, 2021:

	Fair Value, Net (In millions)	Valuation Technique	Significant Input	Range	Weighted Average	Units
FTRs	$ 3	Model	RTO auction clearing prices	$ (0.10) to $ 1.90	$0.90	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 equity securities, AFS debt securities and other investments. FirstEnergy has no debt securities held for trading purposes.

Generally, unrealized gains and losses on equity securities are recognized in income whereas unrealized gains and losses on AFS debt securities are recognized in AOCI. However, the spent nuclear fuel disposal trusts and NDTs of JCP&L, ME and PN are subject to regulatory accounting with all gains and losses on equity and AFS debt securities offset against regulatory assets. On October 15, 2019, JCP&L, ME, PN and GPUN executed an asset purchase and sale agreement with TMI-2 Solutions, LLC, a subsidiary of Energy*Solutions*, LLC, concerning the transfer and dismantlement of TMI-2. With the receipt of all required regulatory approvals, the transaction was consummated, including the transfer of external trusts for the decommissioning and environmental remediation of TMI-2, on December 18, 2020. Please see Note 9, "Commitments, Guarantees and Contingencies," for further information.

Spent Nuclear Fuel Disposal Trusts

JCP&L holds debt securities within the spent nuclear fuel disposal trust, which are classified as AFS securities, recognized at fair market value. The trust is intended for funding spent nuclear fuel disposal fees to the DOE associated with previously owned nuclear plants.

The following table summarizes the amortized cost basis, unrealized gains, unrealized losses and fair values of investments held in spent nuclear fuel disposal trusts as of June 30, 2021, and December 31, 2020:

	June 30, 2021[1]				December 31, 2020[2]			
	Cost Basis	Unrealized Gains	Unrealized Losses	Fair Value	Cost Basis	Unrealized Gains	Unrealized Losses	Fair Value
	(In millions)							
Debt securities	$ 272	$ 4	$ (7)	$ 269	$ 275	$ 7	$ (6)	$ 276

[1] Excludes short-term cash investments of $15 million.
[2] Excludes short-term cash investments of $9 million.

Proceeds from the sale of investments in AFS debt securities, realized gains and losses on those sales and interest and dividend income for the three and six months ended June 30, 2021 and 2020, were as follows:

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2021	2020[1]	2021	2020[1]
	(In millions)			
Sale proceeds	$ 8	$ 26	$ 13	$ 39
Realized gains	—	—	—	4
Realized losses	(1)	(2)	(1)	(7)
Interest and dividend income	2	9	5	14

[1] Includes amounts associated with NDTs that were previously held by JCP&L, ME, and PN. See above for additional information.

Other Investments

Other investments include employee benefit trusts, which are primarily invested in corporate-owned life insurance policies and equity method investments. Other investments were $338 million and $322 million as of June 30, 2021, and December 31, 2020, respectively, and are excluded from the amounts reported above.

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, which excludes finance lease obligations and net unamortized debt issuance costs, unamortized fair value adjustments, premiums and discounts as of June 30, 2021 and December 31, 2020:

	June 30, 2021	December 31, 2020
	(In millions)	
Carrying value [1]	$ 23,844	$ 22,377
Fair value	$ 26,802	$ 25,465

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. FirstEnergy classified short-term borrowings, long-term debt and other long-term obligations as Level 2 in the fair value hierarchy as of June 30, 2021, and December 31, 2020.

During the six months ended June 30, 2021, the following long-term debt was issued:

Company	Interest Rate	Maturity	Amount	Use of proceeds
FET	2.866%	2028	$500 million	Repay short-term borrowings under the FET Revolving Facility.
MP	3.55%	2027	$200 million	Fund MP's ongoing capital expenditures, for working capital needs and for other general corporate purposes.
TE	2.65%	2028	$150 million	Repay short-term borrowings, fund TE's ongoing capital expenditures and for other general corporate purposes.
MAIT	4.10%	2028	$150 million	Repay borrowings outstanding under FirstEnergy's regulated company money pool, fund MAIT's ongoing capital expenditures, to fund working capital and for other general corporate purposes.
JCP&L	2.75%	2032	$500 million	Repay $450 million of short-term debt under the FE Revolving Facility, storm recovery and restoration costs and expenses, to fund JCP&L's ongoing capital expenditures, working capital requirements and for other general corporate purposes.

8. 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 New Jersey by the NJBPU, in Ohio by the PUCO, 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, ATSI in Ohio, and the Transmission Companies in Pennsylvania are subject to certain regulations of the VSCC, PUCO and PPUC, respectively. 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. Further, if any of the FirstEnergy affiliates were to engage in the construction of significant new transmission facilities, depending on the state, they may be required to obtain state regulatory authorization to site, construct and operate the new transmission facility.

MARYLAND

PE operates under MDPSC approved base rates that were effective as of March 23, 2019. PE also 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 SOS supply for PE customers have expired, service continues in the same manner until changed by order of the MDPSC. PE recovers its costs plus a return for providing SOS.

The EmPOWER Maryland program requires each electric utility to file a plan to reduce electric consumption and demand 0.2% per year, up to the ultimate goal of 2% annual savings, for the duration of the 2018-2020 and 2021-2023 EmPOWER Maryland program cycles, to the extent the MDPSC determines that cost-effective programs and services are available. PE's approved 2018-2020 EmPOWER Maryland plan continues and expands upon prior years' programs, and adds new programs, for a projected total cost of $116 million over the three-year period. PE recovers program costs through an annually reconciled surcharge, with most 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. On September 1, 2020, PE filed its proposed plan for the 2021-2023 EmPOWER Maryland program cycle. The new plan largely continues PE's existing programs and is estimated to cost approximately $148 million over the three-year period. The MDPSC approved the plan on December 18, 2020.

On March 22, 2019, MDPSC issued an order approving PE's 2018 base rate case filing, which among other things, approved an annual rate increase of $6.2 million, approved three of the four EDIS programs for four years to fund enhanced service reliability programs, directed PE to file a new depreciation study within 18 months, and ordered the filing of a new base rate case in four years to correspond to the ending of the approved EDIS programs. On September 22, 2020, PE filed its depreciation study reflecting a slight increase in expense and is seeking the difference to be deferred for future recovery in PE's next base rate case. On January 29, 2021, the Maryland Office of People's Counsel filed testimony recommending an annual reduction in depreciation expense of $10.8 million, and the staff of the MDPSC filed testimony recommending an annual reduction of $9.6 million. On May 26, 2021, the judge issued a Proposed Order which would reduce PE's base rates by $2.1 million. PE filed an appeal of the Proposed Order to the MDPSC on June 25, 2021. On July 15, 2021, the Maryland Office of People's Counsel and staff submitted reply memoranda arguing that the PE appeal be denied and the Proposed Order be affirmed.

Maryland's Governor issued an order on March 16, 2020, forbidding utilities from terminating residential service or charging late fees for non-payment for the duration of the COVID-19 pandemic. On April 9, 2020, the MDPSC issued an order allowing utilities

to track and create a regulatory asset for future recovery of all prudently incurred incremental costs arising from the COVID-19 pandemic, including incremental uncollectible expense, incurred from the date of the Governor's order (or earlier if the utility could show that the expenses related to suspension of service terminations). In July 2020, the MDPSC subsequently issued orders allowing Maryland electric and gas utilities to resume residential service terminations for non-payment on November 15, 2020, subject to various restrictions, and clarifying that utilities could resume charging late fees on October 1, 2020. On June 16, 2021, the MDPSC assigned $4 million to PE of COVID-19 relief that was allocated by the Maryland General Assembly to retire residential customer utility arrearages.

NEW JERSEY

JCP&L operates under NJBPU approved rates that were effective as of January 1, 2017. JCP&L 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. 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 December 2017, the NJBPU issued proposed rules to modify its current CTA policy in base rate cases to: (i) calculate savings using a five-year look back from the beginning of the test year; (ii) allocate savings with 75% retained by the company and 25% allocated to ratepayers; and (iii) exclude transmission assets of electric distribution companies in the savings calculation, which were published in the NJ Register in the first quarter of 2018. JCP&L filed comments supporting the proposed rulemaking. On January 17, 2019, the NJBPU approved the proposed CTA rules with no changes. On May 17, 2019, the NJ Rate Counsel filed an appeal with the Appellate Division of the Superior Court of New Jersey and on June 7, 2021, the court issued an Order reversing the NJBPU's CTA rules and remanded the case back to the NJBPU. Specifically, the court's ruling requires 100% of the CTA savings to be credited to customers in lieu of the NJBPU's current policy requiring 25%. The court's ruling will be applied on a prospective basis.

On February 18, 2020, JCP&L submitted a filing with the NJBPU requesting a distribution base rate increase. On October 28, 2020, the NJBPU approved a stipulated settlement between JCP&L and various parties, providing for, among other things, a $94 million annual base distribution revenues increase for JCP&L based on an ROE of 9.6%, which will become effective for customers on November 1, 2021. Until the rates become effective, and starting on January 1, 2021, JCP&L began to amortize an existing regulatory liability totaling approximately $86 million to offset the base rate increase that otherwise would have occurred in this period. The parties also agreed that the actual net gain from the sale of JCP&L's interest in the Yards Creek pumped-storage hydro generation facility in New Jersey (210 MWs), as further discussed below, be applied to reduce JCP&L's existing regulatory asset for previously deferred storm costs. Lastly, the parties agreed that approximately $95 million of Reliability Plus capital investment for projects through December 31, 2020, is included in rate base effective December 31, 2020, with a final prudence review of only those capital investment projects from July 1, 2020, through December 31, 2020, to occur in January 2021. During the first quarter of 2021, JCP&L submitted its review of storm costs, filed a written report for its Reliability Plus projects placed in service from July 1, 2020 through December 31, 2020, and submitted the vegetation management report, all required under the stipulation of settlement. On March 24, 2021, JCP&L, NJ Rate Counsel and the NJBPU Staff submitted a stipulation of settlement to the NJBPU, which was approved on April 7, 2021, providing that the Reliability Plus projects placed into service from July 1, 2020 through December 31, 2020 were reasonable and prudent.

On April 6, 2020, JCP&L signed an asset purchase agreement with Yards Creek Energy, LLC, a subsidiary of LS Power to sell its 50% interest in the Yards Creek pumped-storage hydro generation facility. Subject to terms and conditions of the agreement, the base purchase price is $155 million. As of December 31, 2020, assets held for sale on FirstEnergy's Consolidated Balance Sheets associated with the transaction consist of property, plant and equipment of $45 million, which is included in the regulated distribution segment. On July 31, 2020, FERC approved the transfer of JCP&L's interest in the hydroelectric operating license. On October 8, 2020, FERC issued an order authorizing the transfer of JCP&L's ownership interest in the hydroelectric facilities. On October 28, 2020, the NJBPU approved the sale of Yards Creek. With the receipt of all required regulatory approvals, the transaction was consummated on March 5, 2021 and resulted in a $109 million gain within the regulated distribution segment. As further discussed above, the gain from the transaction was applied against and reduced JCP&L's existing regulatory asset for previously deferred storm costs and, as a result, was offset by expense in the "Amortization of regulatory assets, net", line on the Consolidated Statements of Income, resulting in no earnings impact to FirstEnergy or JCP&L.

On August 27, 2020, JCP&L filed an AMI Program with the NJBPU, which proposes the deployment of approximately 1.2 million advanced meters over a three-year period beginning on January 1, 2023, at a total cost of approximately $418 million, including the pre-deployment phase. The 3-year deployment is part of the 20-year AMI Program that is expected to cost a total of approximately $732 million and proposes a cost recovery mechanism through a separate AMI tariff rider. On February 26, 2021, JCP&L filed a letter requesting a suspension of the procedural schedule to allow for settlement discussions, which was granted on March 5, 2021.

On June 10, 2020, the NJBPU issued an order establishing a framework for the filing of utility-run energy efficiency and peak demand reduction programs in accordance with the New Jersey Clean Energy Act. Under the established framework, JCP&L will recover its program investments over a ten-year amortization period and its operations and maintenance expenses on an annual basis, be eligible to receive lost revenues on energy savings that resulted from its programs and be eligible for incentives or subject to penalties based on its annual program performance, beginning in the fifth year of its program offerings. On September 25, 2020, JCP&L filed its energy efficiency and peak demand reduction program. JCP&L's program consists of 11 energy efficiency and peak demand reduction programs and subprograms to be run from July 1, 2021 through June 30, 2024. The program also seeks approval of cost recovery totaling approximately $230 million as well as lost revenues associated with the energy savings resulting from the programs. On April 23, 2021, JCP&L filed a Stipulation of Settlement with the NJBPU for approval of a three-year plan including $203 million in total cost, as well as recovery of lost revenues resulting from the programs. On April 27, 2021, the NJBPU issued an Order approving the Stipulation of Settlement.
On July 2, 2020, the NJBPU issued an order allowing New Jersey utilities to track and create a regulatory asset for future recovery of all prudently incurred incremental costs arising from the COVID-19 pandemic beginning March 9, 2020 through September 30, 2021, or until the Governor issues an order stating that the COVID-19 pandemic is no longer in effect. New Jersey utilities can request recovery of such regulatory asset in a stand-alone COVID-19 regulatory asset filing or future base rate case. On October 28, 2020, the NJBPU issued an order expanding the scope of the proceeding to examine all pandemic issues, including recovery of the COVID-19 regulatory assets, by way of a generic proceeding. Through various Executive Orders issued by Governor Murphy, the moratorium period is extended to December 31, 2021.

The recent credit rating actions taken on October 28, 2020, by S&P and Fitch triggered a requirement from various NJBPU orders that JCP&L file a mitigation plan, which was filed on November 5, 2020, to demonstrate that JCP&L has sufficient liquidity to meet its BGS obligations. On December 11, 2020, the NJBPU held a public hearing on the mitigation plan. Written comments on JCP&L's mitigation plan were submitted on January 8, 2021.

On September 23, 2020, the NJBPU issued an Order requiring all New Jersey electric distribution companies to file electric vehicle programs. JCP&L filed its electric vehicle program on March 1, 2021, which consists of six sub-programs, including a consumer education and outreach initiative that would begin on January 1, 2022, and continue over a four-year period. The total proposed budget for the electric vehicle program is approximately $50 million, of which $16 million is capital expenditures and $34 million is for operations and maintenance expenses. JCP&L is proposing to recover the electric vehicle program costs via a non-bypassable rate clause applicable to all distribution customer rate classes, which would become effective on January 1, 2022. On May 26, 2021, a procedural schedule was set to include evidentiary hearings the week of October 18, 2021. On July 16, 2021, the procedural schedule was extended by thirty days as requested by JCP&L to continue settlement discussions.

On October 28, 2020, the NJBPU approved a settlement in JCP&L's distribution rate, and voted that JCP&L will be subject to an upcoming management audit. The management audit began at the end of May 2021 and is currently ongoing.

OHIO

The Ohio Companies operate under base distribution rates approved by the PUCO effective in 2009. The Ohio Companies currently operate under ESP IV effective June 1, 2016, and continuing through May 31, 2024, that continues the supply of power to non-shopping customers at a market-based price set through an auction process. ESP IV also continues the Rider DCR, which supports continued investment related to the distribution system for the benefit of customers, with increased revenue caps of $20 million per year from June 1, 2019 through May 31, 2022; and $15 million per year from June 1, 2022 through May 31, 2024. In addition, ESP IV includes: (1) continuation of a base distribution rate freeze through May 31, 2024; (2) a goal across FirstEnergy to reduce CO_2 emissions by 90% below 2005 levels by 2045; and (3) contributions, totaling $51 million to: (a) fund energy conservation programs, economic development and job retention in the Ohio Companies' service territories; (b) establish a fuel-fund in each of the Ohio Companies' service territories to assist low-income customers; and (c) establish a Customer Advisory Council to ensure preservation and growth of the competitive market in Ohio.

ESP IV further provided for the Ohio Companies to collect DMR revenues, but the SCOH reversed the PUCO's decision to include DMR in ESP IV and subsequently the PUCO entered an order directing the Ohio Companies to cease further collection through the DMR and credit back to customers a refund of the DMR funds collected since July 2, 2019. On July 15, 2019, the OCC filed an appeal with the SCOH, challenging the PUCO's exclusion of DMR revenues from the determination of the existence of significantly excessive earnings under ESP IV for OE for calendar year 2017, and claiming a $42 million refund is due to OE customers. On December 1, 2020, the SCOH reversed the PUCO's exclusion of the DMR revenues from the determination of the existence of significantly excessive earnings under ESP IV for OE for calendar year 2017, and remanded the case to the PUCO with instructions to conduct new proceedings which include the DMR revenues in the analysis, determine

the threshold against which the earned return is measured, and make other necessary determinations. FirstEnergy is unable to predict the outcome of these proceedings but has not deemed a liability probable as of June 30, 2021.

On July 23, 2019, Ohio enacted HB 6, which included provisions supporting nuclear energy, as well as a decoupling mechanism for Ohio electric utilities and ending current energy efficiency program mandates. Under HB 6 the energy efficiency program mandates would end on December 31, 2020, provided that statewide energy efficiency mandates are achieved as determined by the PUCO. On February 24, 2021, the PUCO found that statewide energy efficiency mandates had been achieved, and ordered that Ohio electric utilities' energy efficiency and peak demand reduction cost recovery riders terminate.

On March 31, 2021, Governor DeWine signed HB 128, which, among other things, repealed parts of HB 6, the legislation that established support for nuclear energy supply in Ohio, provided for a decoupling mechanism for Ohio electric utilities, and provided for the ending of current energy efficiency program mandates. HB 128 was effective June 30, 2021. As FirstEnergy would not have financially benefited from the mechanism to provide support to nuclear energy in Ohio, there is no expected additional impact to FirstEnergy due to the repeal of that provision in HB 128.

As further discussed below, in connection with a partial settlement with the OAG and other parties, the Ohio Companies filed an application with the PUCO on February 1, 2021, to set the respective decoupling riders (CSR) to zero. On February 2, 2021, the PUCO approved the application. While the partial settlement with the OAG focused specifically on decoupling, the Ohio Companies will of their own accord not seek to recover lost distribution revenue. FirstEnergy is committed to pursuing an open dialogue with stakeholders in an appropriate manner with respect to the numerous regulatory proceedings currently underway as further discussed herein. As a result of the partial settlement, and the decision to not seek lost distribution revenue, FirstEnergy recognized a $108 million pre-tax charge ($84 million after-tax) in the fourth quarter of 2020, and $77 million (pre-tax) of which is associated with forgoing collection of lost distribution revenue. On March 31, 2021, FirstEnergy announced that the Ohio Companies will proactively refund to customers amounts previously collected under decoupling, with interest, which total approximately $27 million. On April 22, 2021, in anticipation of the effective date of HB 128 and in accordance with HB 128's provisions regarding the prompt refund of decoupling funds, the Ohio Companies filed an application with the PUCO to modify CSR to return such amount over twelve months commencing June 1, 2021. On June 17, 2021, the Ohio Companies agreed to modify their proposal to return such amount in a single lump sum to customers, beginning on July 1, 2021, or promptly upon obtaining PUCO approval. On July 7, 2021, the PUCO issued an order approving the Ohio Companies' modified application and directed that all funds collected through CSR be refunded to customers over a single billing cycle beginning August 1, 2021.

On July 17, 2019, the PUCO approved, with no material modifications, a settlement agreement that provides for the implementation of the Ohio Companies' first phase of grid modernization plans, including the investment of $516 million over three years to modernize the Ohio Companies' electric distribution system, and for all tax savings associated with the Tax Act to flow back to customers. The settlement had broad support, including PUCO staff, the OCC, representatives of industrial and commercial customers, a low-income advocate, environmental advocates, hospitals, competitive generation suppliers and other parties.

In March 2020, the PUCO issued entries directing utilities to review their service disconnection and restoration policies and suspend, for the duration of the COVID-19 pandemic, otherwise applicable requirements that may impose a service continuity hardship or service restoration hardship on customers. The Ohio Companies are utilizing their existing approved cost recovery mechanisms where applicable to address the financial impacts of these directives. On July 31, 2020, the Ohio Companies filed with the PUCO their transition plan and requests for waivers to allow for the safe resumption of normal business operations, including service disconnections for non-payment. On September 23, 2020, the PUCO approved the Ohio Companies' transition plan, including approval of the resumption of service disconnections for non-payment, which the Ohio Companies began on October 5, 2020.

On July 29, 2020, the PUCO consolidated the Ohio Companies' applications for determination of the existence of significantly excessive earnings, or SEET, under ESP IV for calendar years 2018 and 2019, which had been previously filed on July 15, 2019, and May 15, 2020, respectively, and set a procedural schedule with evidentiary hearings. On September 4, 2020, the PUCO opened its quadrennial review of ESP IV, consolidated it with the Ohio Companies' 2018 and 2019 SEET Applications, and set a procedural schedule for the consolidated matters. On October 29, 2020, the PUCO issued an entry extending the deadline for the Ohio Companies to file quadrennial review of ESP IV testimony and supplemental SEET testimony to March 1, 2021, with the evidentiary hearings to commence no sooner than May 3, 2021. On January 12, 2021, the PUCO consolidated these matters with the determination of the existence of significantly excessive earnings under ESP IV for calendar year 2017, which the SCOH had remanded to the PUCO. On March 1, 2021, the Ohio Companies filed testimony in the quadrennial review and supplemental testimony in the SEET cases for calendar years 2017 through 2019. The calculations included in the quadrennial review for 2020 through 2024 demonstrate that the prospective effect of ESP IV is not substantially likely to provide the Ohio Companies with significantly excessive earnings during the balance of ESP IV. In addition, the Ohio Companies' quadrennial review testimony demonstrated that ESP IV continues to be more favorable in the aggregate and during the remaining term of ESP IV as compared to the expected results of a market rate offer. Further, the revised calculations included in the Ohio Companies' supplemental SEET testimony for calendar years 2017 through 2019 demonstrated that the Ohio Companies did not have significantly excessive earnings, on an individual company basis or on a consolidated basis. On March 31, 2021, Governor DeWine signed House Bill 128, which repeals legislation passed in 2019 that permitted the Ohio Companies to file their SEET results on a consolidated basis instead of on an individual company basis. HB 128 was effective June 30, 2021. Further, the

OCC and another party filed testimony on April 5, 2021, recommending refunds for one or more of the Ohio Companies for calendar years 2017 through 2019. On April 20, 2021, the Ohio Companies filed supplemental testimony in the quadrennial review providing prospective SEET values on an individual company basis, which demonstrate that the Ohio Companies are not projected to have significantly excessive earnings, on an individual company basis, during the balance of ESP IV. On May 28, 2021, the attorney examiner issued a procedural schedule setting hearings for August 30, 2021. No contingency has been reflected in FirstEnergy's consolidated financial statements with respect to these matters as a loss is neither probable, nor is a loss or range of a loss reasonably estimable.

On May 17, 2021, the Ohio Companies filed their application for the determination of significantly excessive earnings for calendar year 2020. The calculations included in the application demonstrated that the Ohio Companies, on an individual company basis, did not have significantly excessive earnings.

In connection with the audit of the Ohio Companies' Rider DCR for 2017, the PUCO issued an order on June 16, 2021, directing the Ohio Companies to prospectively discontinue capitalizing certain vegetation management costs and reduce the 2017 Rider DCR revenue requirement by $3.7 million associated with these costs.

On September 8, 2020, the OCC filed motions in the Ohio Companies' corporate separation audit and DMR audit dockets, requesting the PUCO to open an investigation and management audit, hire an independent auditor, and require FirstEnergy to show it did not improperly use money collected from consumers or violate any utility regulatory laws, rules or orders in its activities regarding HB 6. On December 30, 2020, in response to the OCC's motion, the PUCO reopened the DMR audit docket, and directed PUCO staff to solicit a third-party auditor and conduct a full review of the DMR to ensure funds collected from ratepayers through the DMR were only used for the purposes established in ESP IV. On June 2, 2021, the PUCO selected an auditor, and a final audit report is to be filed by October 29, 2021.

On September 15, 2020, the PUCO opened a new proceeding to review the political and charitable spending by the Ohio Companies in support of HB 6 and the subsequent referendum effort, directing the Ohio Companies to show cause, demonstrating that the costs of any political or charitable spending in support of HB 6, or the subsequent referendum effort, were not included, directly or indirectly, in any rates or charges paid by ratepayers. The Ohio Companies filed a response on September 30, 2020, stating that any political and charitable spending in support of HB 6 or the subsequent referendum were not included in rates or charges paid for by its customers. Several parties requested that the PUCO broaden the scope of the review of political and charitable spending. Discovery is ongoing.

In connection with an ongoing audit of the Ohio Companies' policies and procedures relating to the code of conduct rules between affiliates, on November 4, 2020, the PUCO initiated an additional corporate separation audit as a result of the FirstEnergy leadership transition announcement made on October 29, 2020, as further discussed below. The additional audit is to ensure compliance by the Ohio Companies and their affiliates with corporate separation laws and the Ohio Companies' corporate separation plan. The additional audit is for the period from November 2016 through October 2020, with a final audit report to be filed by August 6, 2021. On January 27, 2021, the PUCO selected an auditor, and the auditor's investigation is ongoing.

On November 24, 2020, the Environmental Law and Policy Center filed motions to vacate the PUCO's orders in proceedings related to the Ohio Companies' settlement that provides for the implementation of the first phase of grid modernization plans and for all tax savings associated with the Tax Act to flow back to customers, the Ohio Companies' energy efficiency portfolio plans for the period from 2013 through 2016, and the Ohio Companies' application for a two-year extension of the DMR, on the grounds that the former Chairman of the PUCO should have recused himself in these matters. On December 30, 2020, the PUCO denied the motions, and reinstated the requirement under ESP IV that the Ohio Companies file a base distribution rate case by May 31, 2024, the end of ESP IV, which the Ohio Companies had indicated they would not oppose.

In the fourth quarter of 2020, motions were filed with the PUCO requesting that the PUCO amend the Ohio Companies' riders for collecting charges required by HB 6, which the Ohio Companies are further required to remit to other Ohio electric distribution utilities or to the State Treasurer, to provide for refunds in the event such provisions of HB 6 are repealed. The Ohio Companies contested the motions, which are pending before the PUCO.

On December 7, 2020, the Citizens' Utility Board of Ohio filed a complaint with the PUCO against the Ohio Companies. The complaint alleges that the Ohio Companies' new charges resulting from HB 6, and any increased rates resulting from proceedings over which the former PUCO Chairman presided, are unjust and unreasonable, and that the Ohio Companies violated Ohio corporate separation laws by failing to operate separately from unregulated affiliates. The complaint requests, among other things, that any rates authorized by HB 6 or authorized by the PUCO in a proceeding over which the former Chairman presided be made refundable; that the Ohio Companies be required to file a new distribution rate case at the earliest possible date; and that the Ohio Companies' corporate separation plans be modified to introduce institutional controls. The Ohio Companies are contesting the complaint.

In connection with an ongoing annual audit of the Ohio Companies' Rider DCR for 2020, and as a result of disclosures in FirstEnergy's Form 10-K for the year ended December 31, 2020 (filed on February 18, 2021), the PUCO expanded the scope of the audit on March 10, 2021, to include a review of certain transactions that were either improperly classified, misallocated, or

lacked supporting documentation, and to determine whether funds collected from ratepayers were used to pay the vendors, and if so, whether or not the funds associated with those payments should be returned to ratepayers through Rider DCR or through an alternative proceeding. A final audit report is to be filed by August 3, 2021.

See Note 9, "Commitments, Guarantees and Contingencies" for additional details on the government investigations and subsequent litigation surrounding the investigation of HB 6.

PENNSYLVANIA

The Pennsylvania Companies operate under rates approved by the PPUC, effective as of January 27, 2017. These rates were adjusted for the net impact of the Tax Act, effective March 15, 2018. The net impact of the Tax Act for the period January 1, 2018 through March 14, 2018 was separately tracked and its treatment will be addressed in a future rate proceeding. The Pennsylvania Companies operate under DSPs for the June 1, 2019 through May 31, 2023 delivery period, which provide for the competitive procurement of generation supply for customers who do not choose an alternative EGS or for customers of alternative EGSs that fail to provide the contracted service. Under the 2019-2023 DSPs, supply will be provided by wholesale suppliers through a mix of 3, 12 and 24-month energy contracts, as well as two RFPs for 2-year SREC contracts for ME, PN and Penn.

Pursuant to Pennsylvania Act 129 of 2008 and PPUC orders, Pennsylvania EDCs implement energy efficiency and peak demand reduction programs. The Pennsylvania Companies' Phase III EE&C plans for the June 2016 through May 2021 period, which were approved in March 2016, with expected costs up to $390 million, are designed to achieve the targets established in the PPUC's Phase III Final Implementation Order with full recovery through the reconcilable EE&C riders. On June 18, 2020, the PPUC entered a Final Implementation Order for a Phase IV EE&C Plan, operating from June 2021 through May 2026. The Final Implementation Order set demand reduction targets, relative to 2007 to 2008 peak demands, at 2.9% MW for ME, 3.3% MW for PN, 2.0% MW for Penn, and 2.5% MW for WP; and energy consumption reduction targets, as a percentage of the Pennsylvania Companies' historic 2009 to 2010 reference load at 3.1% MWH for ME, 3.0% MWH for PN, 2.7% MWH for Penn, and 2.4% MWH for WP. The Pennsylvania Companies' Phase IV plans were filed November 30, 2020. A settlement has been reached in this matter, and a joint petition seeking approval of that settlement by the parties was filed on February 16, 2021. On March 25, 2021, the PPUC issued an order approving the settlement without modification.

Pennsylvania EDCs are permitted to seek PPUC approval of an LTIIP for infrastructure improvements and costs related to highway relocation projects, after which a DSIC may be approved to recover LTIIP costs. On January 16, 2020, the PPUC approved the Pennsylvania Companies' LTIIPs for the five-year period beginning January 1, 2020 and ending December 31, 2024 for a total capital investment of approximately $572 million for certain infrastructure improvement initiatives. On June 25, 2021, the Pennsylvania OCA filed a complaint against Penn's quarterly DSIC rate, disputing the recoverability of the Companies' automated distribution management system investment under the DSIC mechanism. Penn responded on July 19, 2021.

Following the Pennsylvania Companies' 2016 base rate proceedings, the PPUC ruled in a separate proceeding related to the DSIC mechanisms that the Pennsylvania Companies were not required to reflect federal and state income tax deductions related to DSIC-eligible property in DSIC rates, which decision was appealed by the Pennsylvania OCA to the Pennsylvania Commonwealth Court. The Commonwealth Court reversed the PPUC's decision and remanded the matter to require the Pennsylvania Companies to revise their tariffs and DSIC calculations to include ADIT and state income taxes. On April 7, 2020, the Pennsylvania Supreme Court issued an order granting Petitions for Allowance of Appeal by both the PPUC and the Pennsylvania Companies of the Commonwealth Court's Opinion and Order. Briefs and Reply Briefs of the parties were filed, and oral argument before the Supreme Court was held on October 21, 2020. An adverse ruling by the Pennsylvania Supreme Court is not expected to result in a material impact to FirstEnergy.

The PPUC issued an order on March 13, 2020, forbidding utilities from terminating service for non-payment for the duration of the COVID-19 pandemic. On May 13, 2020, the PPUC issued a Secretarial letter directing utilities to track all prudently incurred incremental costs arising from the COVID-19 pandemic, and to create a regulatory asset for future recovery of incremental uncollectibles incurred as a result of the COVID-19 pandemic and termination moratorium. On October 13, 2020, the PPUC entered an order lifting the service termination moratorium effective November 9, 2020, subject to certain additional notification, payment procedures and exceptions, and permits the Pennsylvania Companies to create a regulatory asset for all incremental expenses associated with their compliance with the order. On March 19, 2021, the PPUC entered an order lifting the moratorium in total effective March 31, 2021, subject to certain additional guidelines regarding the duration of payment arrangements and reporting obligations.

WEST VIRGINIA

MP and PE provide electric service to all customers through traditional cost-based, regulated utility ratemaking and operate under rates approved by the WVPSC effective February 2015. MP and PE recover net power supply costs, including fuel costs, purchased power costs and related expenses, net of related market sales revenue through the ENEC. MP's and PE's ENEC rate is updated annually.

On March 13, 2020, the WVPSC urged all utilities to suspend utility service terminations except where necessary as a matter of safety or where requested by the customer. On May 15, 2020, the WVPSC issued an order to authorize MP and PE to record a deferral of additional, extraordinary costs directly related to complying with the various COVID-19 government shut-down orders and operational precautions, including impacts on uncollectible expense and cash flow related to temporary discontinuance of service terminations for non-payment and any credits to minimum demand charges associated with business customers adversely impacted by shut-downs or temporary closures related to the pandemic. MP and PE resumed disconnection activity for commercial and industrial customers on September 15, 2020, and for residential customers on November 4, 2020.

On August 28, 2020, MP and PE filed with the WVPSC their annual ENEC case requesting a decrease in ENEC rates of $55 million beginning January 1, 2021, representing a 4% decrease in rates compared to those in effect on August 28, 2020. The decrease in the ENEC rates is net of recovering approximately $10.5 million in previously deferred, incremental uncollectible and other related costs resulting from the COVID-19 pandemic. The WVPSC approved a unanimous settlement by the parties on December 16, 2020 with rates effective January 1, 2021.

Also, on August 28, 2020, MP and PE filed with the WVPSC for recovery of costs associated with modernization and improvement program for their coal-fired boilers. The proposed annual revenue increase for these environmental compliance projects is $5 million beginning January 1, 2021. The WVPSC approved a unanimous settlement by the parties on December 16, 2020 approving the recovery of those costs.

On December 30, 2020, MP and PE filed an integrated resource plan with the WVPSC. The plan projects a small capacity deficit but an energy surplus in MP's and PE's supply resources when compared with current WV load demand and projects the capacity deficit growing over the next 15 years. The plan does not recommend additional supply-side resources with a possible exception for small utility-scale solar resources and recommends that the capacity deficit be met through the PJM capacity market. MP currently expects to seek approval in 2021 to construct solar generation sources of up to 50 MWs. On July 13, 2021, the WVPSC accepted MP's and PE's integrated resource plan and closed the case.

On December 30, 2020, MP and PE filed with the WVPSC a determination of the rate impact of the Tax Act with respect to ADIT. The filing proposes an annual revenue reduction of $2.6 million annually, effective January 1, 2022, with reconciliation and any resulting adjustments incorporated into the annual ENEC proceedings. A hearing is set for August 18, 2021.

FERC REGULATORY MATTERS

Under the FPA, FERC regulates rates for interstate wholesale sales, transmission of electric power, accounting and other matters, including construction and operation of hydroelectric projects. With respect to their wholesale services and rates, the Utilities, AE Supply and the Transmission Companies are subject to regulation by FERC. FERC regulations require JCP&L, MP, PE, WP and the Transmission Companies to provide open access transmission service at FERC-approved rates, terms and conditions. Transmission facilities of JCP&L, MP, PE, WP and the Transmission Companies are subject to functional control by PJM and transmission service using their transmission facilities is provided by PJM under the PJM Tariff.

FERC regulates the sale of power for resale in interstate commerce in part by granting authority to public utilities to sell wholesale power at market-based rates upon showing that the seller cannot exert market power in generation or transmission or erect barriers to entry into markets. The Utilities and AE Supply each have been authorized by FERC to sell wholesale power in interstate commerce at market-based rates and have a market-based rate tariff on file with FERC, although in the case of the Utilities major wholesale purchases remain subject to review and regulation by the relevant state commissions.

Federally enforceable mandatory reliability standards apply to the bulk electric system and impose certain operating, record-keeping and reporting requirements on the Utilities, AE Supply, and the Transmission Companies. 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 six regional entities, including RFC. All of the facilities that FirstEnergy operates 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 material 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, or obligations to upgrade or build transmission facilities, that could have a material adverse effect on its financial condition, results of operations and cash flows.

ATSI Transmission Formula Rate

On May 1, 2020, ATSI filed amendments to its formula rate to recover regulatory assets for certain costs that ATSI incurred as a result of its 2011 move from MISO to PJM, certain costs allocated to ATSI by FERC for transmission projects that were constructed by other MISO transmission owners, and certain costs for transmission-related vegetation management programs. Additionally, ATSI proposed certain income tax-related adjustments and certain tariff changes addressing the revenue credit components of the formula rate template. In its filing, ATSI requested recovery of approximately $85 million related to ATSI's costs to move to PJM, and the MISO transmission project costs that are allocated to ATSI through December 31, 2020; and recovery of future costs associated with the MISO transmission projects. Per prior FERC orders, ATSI included a "cost-benefit study" to support recovery of ATSI's costs to move to PJM, and the MISO transmission project costs that are allocated to ATSI. Certain intervenors filed protests of the formula rate amendments on May 29, 2020, ATSI filed a reply on June 15, 2020, and certain intervenors filed responses to ATSI's reply on June 25, and 29, 2020. On June 30, 2020, FERC issued an initial order accepting the tariff amendments subject to refund, suspending the effective date for five months to be effective December 1, 2020, and setting the matter for hearing and settlement proceedings. ATSI is engaged in settlement negotiations with the other parties to this proceeding.

FERC Actions on Tax Act

On March 15, 2018, FERC initiated proceedings on the question of how to address possible changes to ADIT and bonus depreciation as a result of the Tax Act. Such possible changes could impact FERC-jurisdictional rates, including transmission rates. On November 21, 2019, FERC issued a final rule (Order No. 864). Order No. 864 requires utilities with transmission formula rates to update their formula rate templates to include mechanisms to: (i) deduct any excess ADIT from or add any deficient ADIT to their rate base; (ii) raise or lower their income tax allowances by any amortized excess or deficient ADIT; and (iii) incorporate a new permanent worksheet into their rates that will annually track information related to excess or deficient ADIT. Per FERC directives, ATSI submitted its compliance filing on May 1, 2020. MAIT submitted its compliance filing on June 1, 2020. Certain intervenors filed protests of the compliance filings, to which ATSI and MAIT responded. On October 28, 2020, FERC staff requested additional information about ATSI's proposed rate base adjustment mechanism, and ATSI submitted the requested information on November 25, 2020. On May 4, 2021, FERC staff requested additional information about MAIT's proposed rate base adjustment mechanism, and MAIT submitted the requested information on June 3, 2021. On June 24, 2021, an intervenor protested the supplemental information that MAIT submitted, to which MAIT responded. On May 15, 2020, TrAIL submitted its compliance filing and on June 1, 2020, PATH submitted its required compliance filing. On May 4, 2021, FERC staff requested additional information about PATH's proposed rate base adjustment mechanism, and PATH submitted the requested information on June 3, 2021. On July 12, 2021, FERC staff requested additional information about TrAIL's proposed rate base adjustment mechanism; the due date for TrAIL's response is August 11, 2021. These compliance filings each remain pending before FERC. MP, WP and PE (as holders of a "stated" transmission rate) are addressing these requirements in the transmission formula rates amendments that were filed on October 29, 2020, and which have been accepted by FERC effective January 1, 2021, subject to refund, pending further hearing and settlement procedures. JCP&L addressed these requirements as part of its transmission formula rate case, which was resolved by a settlement approved by FERC on April 15, 2021, addressed further below.

Transmission ROE Methodology

On May 20, 2021, in a case not involving FirstEnergy, FERC issued Opinion No. 575 in which it reiterated the nationwide ROE methodology set forth in 2020 in Opinion No. 569-A. Under this methodology, FERC employs three financial models – discounted cash flow, capital-asset pricing, and risk premium – to calculate a composite zone of reasonableness. As it has done in other recent ROE cases, FERC rejected the use of the expected earnings methodology in calculating the authorized ROE. A request for clarification or, alternatively, rehearing of Opinion No. 575 was filed on June 21, 2021, and remains pending before FERC. FERC's Opinion Nos. 569-A and 569-B, upon which Opinion No. 575 is based, have been appealed to the D.C. Circuit. FirstEnergy is not participating in the appeal. Any changes to FERC's transmission rate ROE and incentive policies for the Utilities would be applied on a prospective basis.

In March 2020, FERC initiated a rulemaking proceeding on the transmission rate incentives provisions of Section 219 of the 2005 Energy Policy Act. FirstEnergy submitted comments through EEI and as part of a consortium of PJM Transmission Owners. In a supplemental rulemaking proceeding that was initiated on April 15, 2021, FERC requested comments on, among other things, whether to require utilities that have been members of an RTO for three years or more and that have been collecting an "RTO membership" ROE incentive adder to file tariff updates that would terminate collection of the incentive adder. Initial comments on the proposed rule were filed on June 25, 2021, and reply comments are due on July 26, 2021. FirstEnergy is a member of PJM and its transmission subsidiaries could be affected by the supplemental proposed rule. FirstEnergy is participating in comments that are to be submitted by various industry trade groups. If there were to be any changes to FirstEnergy transmission incentive ROE, such changes will be applied on a prospective basis.

JCP&L Transmission Formula Rate

On October 30, 2019, JCP&L filed tariff amendments with FERC to convert JCP&L's existing stated transmission rate to a forward-looking formula transmission rate. JCP&L requested that the tariff amendments become effective January 1, 2020. On December 19, 2019, FERC issued its initial order in the case, allowing JCP&L to transition to a forward-looking formula rate as of January 1, 2020 as requested, subject to refund, pending further hearing and settlement proceedings. JCP&L and the parties to the FERC proceeding subsequently were able to reach settlement, and on February 2, 2021, JCP&L filed an offer of settlement with FERC. On April 15, 2021, FERC approved the settlement agreement as filed, with no changes, effective January 1, 2021. JCP&L submitted a compliance filing on May 14, 2021 to implement aspects of the settlement, which is pending before FERC.

Allegheny Power Zone Transmission Formula Rate Filings

On October 29, 2020, MP, PE and WP filed tariff amendments with FERC to convert their existing stated transmission rate to a forward-looking formula transmission rate, effective January 1, 2021. In addition, on October 30, 2020, KATCo filed a proposed new tariff to establish a forward-looking formula rate and requested that the new rate become effective January 1, 2021. In its filing, KATCo explained that while it currently owns no transmission assets, it may build new transmission facilities in the Allegheny zone, and that it may seek required state and federal authorizations to acquire transmission assets from PE and WP by January 1, 2022. These transmission rate filings were accepted for filing by FERC on December 31, 2020, subject to refund, pending further hearing and settlement procedures and were consolidated into a single proceeding. MP, PE and WP, and KATCo are engaged in settlement negotiations with the other parties to the formula rate proceedings. KATCo will be included in the Regulated Transmission reportable segment.

9. COMMITMENTS, GUARANTEES AND CONTINGENCIES

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 June 30, 2021, outstanding guarantees and other assurances aggregated approximately $1.2 billion, consisting of parental guarantees on behalf of its consolidated subsidiaries ($0.6 billion), other guarantees ($0.1 billion) and other assurances ($0.5 billion).

COLLATERAL AND CONTINGENT-RELATED FEATURES

In the normal course of business, FE and its subsidiaries may enter into physical or financially settled contracts for the sale and purchase of electric capacity, energy, fuel and emission allowances. Certain agreements 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.

As of June 30, 2021, $33 million of collateral has been posted by FE or its subsidiaries, of which, $32 million was posted as a result of the credit rating downgrades in the fourth quarter of 2020.

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. The following table discloses the potential additional credit rating contingent contractual collateral obligations as of June 30, 2021:

Potential Collateral Obligations	Utilities and FET	FE	Total
		(In millions)	
Contractual Obligations for Additional Collateral			
Upon Further Downgrade	$ 37	$ —	$ 37
Surety Bonds (Collateralized Amount) [1]	56	258	314
Total Exposure from Contractual Obligations	$ 93	$ 258	$ 351

[1] Surety Bonds are not tied to a credit rating. Surety Bonds' impact assumes maximum contractual obligations, which is ordinarily 100% of the face amount of the surety bond except with the respect to $39 million of surety bond obligations for which the collateral obligation is capped at 60% of the face amount, and typical obligations require 30 days to cure.

OTHER COMMITMENTS AND CONTINGENCIES

FE is a guarantor under a $120 million syndicated senior secured term loan facility due November 12, 2024, under which Global Holding's outstanding principal balance was $108 million as of June 30, 2021. Signal Peak, Global Rail, Global Mining Group, LLC and Global Coal Sales Group, LLC, each being a direct or indirect subsidiary of Global Holding, and FE continue to provide their joint and several guaranties of the obligations of Global Holding under the facility.

In connection with the 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.

ENVIRONMENTAL MATTERS

Various federal, state and local authorities regulate FirstEnergy with regard to air and water quality, hazardous and solid waste disposal, and other environmental matters. While FirstEnergy's environmental policies and procedures are designed to achieve compliance with applicable environmental laws and regulations, such laws and regulations are subject to periodic review and potential revision by the implementing agencies. FirstEnergy cannot predict the timing or ultimate outcome of any of these reviews or how any future actions taken as a result thereof may materially impact its business, results of operations, cash flows and financial condition.

Clean Air Act

FirstEnergy complies with SO_2 and NOx emission reduction requirements under the CAA and SIP(s) by burning lower-sulfur fuel, utilizing combustion controls and post-combustion controls and/or using emission allowances.

CSAPR requires reductions of NOx and SO_2 emissions in two phases (2015 and 2017), ultimately capping SO_2 emissions in affected states to 2.4 million tons annually and NOx emissions to 1.2 million tons annually. CSAPR allows trading of NOx and SO_2 emission allowances between power plants located in the same state and interstate trading of NOx and SO_2 emission allowances with some restrictions. On July 28, 2015, the D.C. Circuit ordered the EPA to reconsider the CSAPR caps on NOx and SO_2 emissions from power plants in 13 states, including West Virginia. This followed the 2014 U.S. Supreme Court ruling generally upholding the EPA's regulatory approach under CSAPR but questioning whether the EPA required upwind states to reduce emissions by more than their contribution to air pollution in downwind states. The EPA issued a CSAPR Update on September 7, 2016, reducing summertime NOx emissions from power plants in 22 states in the eastern U.S., including West Virginia, beginning in 2017. Various states and other stakeholders appealed the CSAPR Update to the D.C. Circuit in November and December 2016. On September 13, 2019, the D.C. Circuit remanded the CSAPR Update to the EPA citing that the rule did not eliminate upwind states' significant contributions to downwind states' air quality attainment requirements within applicable attainment deadlines.

Also, during this time, in March 2018, the State of New York filed a CAA Section 126 petition with the EPA alleging that NOx emissions from nine states (including West Virginia) significantly contribute to New York's inability to attain the ozone NAAQS. The petition sought suitable emission rate limits for large stationary sources that are allegedly affecting New York's air quality within the three years allowed by CAA Section 126. On September 20, 2019, the EPA denied New York's CAA Section 126 petition. On October 29, 2019, the State of New York appealed the denial of its petition to the D.C. Circuit. On July 14, 2020, the D.C. Circuit reversed and remanded the New York petition to the EPA for further consideration. On March 15, 2021, EPA issued a revised CSAPR Update that addresses, among other things, the remands of the CSAPR Update and the New York Section 126 Petition. Depending on the outcome of any appeals and how the EPA and the states ultimately implement the revised CSAPR Update, the future cost of compliance may materially impact FirstEnergy's operations, cash flows and financial condition.

In February 2019, the EPA announced its final decision to retain without changes the NAAQS for SO_2, specifically retaining the 2010 primary (health-based) 1-hour standard of 75 PPB. As of March 31, 2020, FirstEnergy has no power plants operating in areas designated as non-attainment by the EPA.

Climate Change

There are several 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.

In September 2016, the U.S. joined in adopting the agreement reached on December 12, 2015, at the United Nations Framework Convention on Climate Change meetings in Paris to reduce GHG. The Paris Agreement's non-binding obligations to limit global warming to below two degrees Celsius became effective on November 4, 2016. On June 1, 2017, the Trump Administration announced that the U.S. would cease all participation in the Paris Agreement. On January 20, 2021, President Biden signed an executive order re-adopting the agreement on behalf of the U.S. In November 2020, FirstEnergy published its Climate Story which includes its climate position and strategy, as well as a new comprehensive and ambitious GHG emission goal. FirstEnergy

pledged to achieve carbon neutrality by 2050 and set an interim goal for a 30% reduction in GHG within FirstEnergy's direct operational control by 2030, based on 2019 levels. 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 material capital and other expenditures or result in changes to its operations.

In December 2009, the EPA released its final "Endangerment and Cause or Contribute Findings for GHG under the Clean Air Act," concluding that concentrations of several key GHGs constitute 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. Subsequently, the EPA released its final CPP regulations in August 2015 to reduce CO2 emissions from existing fossil fuel-fired EGUs and finalized separate regulations imposing CO2 emission limits for new, modified, and reconstructed fossil fuel-fired EGUs. Numerous states and private parties filed appeals and motions to stay the CPP with the D.C. Circuit in October 2015. On February 9, 2016, the U.S. Supreme Court stayed the rule during the pendency of the challenges to the D.C. Circuit and U.S. Supreme Court. On March 28, 2017, an executive order, entitled "Promoting Energy Independence and Economic Growth," instructed the EPA to review the CPP and related rules addressing GHG emissions and suspend, revise or rescind the rules if appropriate. On June 19, 2019, the EPA repealed the CPP and replaced it with the ACE rule that established guidelines for states to develop standards of performance to address GHG emissions from existing coal-fired power plants. On January 19, 2021, the D.C. Circuit vacated and remanded the ACE rule declaring that the EPA was "arbitrary and capricious" in its rule making and, as such, the ACE rule is no longer in effect and all actions thus far taken by states to implement the federally mandated rule are now null and void. The D.C. Circuit decision is subject to legal challenge. Depending on the outcomes of further appeals and how any final rules are ultimately implemented, the future cost of compliance may be material.

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 facilities. In addition, the states in which FirstEnergy operates have water quality standards applicable to FirstEnergy's operations.

On September 30, 2015, the EPA finalized new, more stringent effluent limits for the Steam Electric Power Generating category (40 CFR Part 423) for arsenic, mercury, selenium and nitrogen for wastewater from wet scrubber systems and zero discharge of pollutants in ash transport water. The treatment obligations were to phase-in as permits are renewed on a five-year cycle from 2018 to 2023. However, on April 13, 2017, the EPA granted a Petition for Reconsideration and on September 18, 2017, the EPA postponed certain compliance deadlines for two years. On August 31, 2020, the EPA issued a final rule revising the effluent limits for discharges from wet scrubber systems, retaining the zero-discharge standard for ash transport water, (with some limited discharge allowances), and extending the deadline for compliance to December 31, 2025 for both. In addition, the EPA allows for less stringent limits for sub-categories of generating units based on capacity utilization, flow volume from the scrubber system, and unit retirement date. Depending on the outcome of appeals, how final rules are ultimately implemented and the compliance options MP elects to take with the new rules, the compliance with these standards, which could include capital expenditures at the Ft. Martin and Harrison power stations, may be substantial and changes to MP's operations at those power stations may also result.

On September 29, 2016, FirstEnergy received a request from the EPA for information pursuant to CWA Section 308(a) for information concerning boron exceedances of effluent limitations established in the NPDES Permit for the former Mitchell Power Station's Mingo landfill, owned by WP. On November 1, 2016, WP provided an initial response that contained information related to a similar boron issue at the former Springdale Power Station's landfill, also owned by WP. The EPA requested additional information regarding the Springdale landfill and on November 15, 2016, WP provided a comprehensive response for both facilities and has fully complied with the Section 308(a) information request. On March 3, 2017, WP proposed to the PA DEP a re-route of its wastewater discharge to eliminate potential boron exceedances at the Springdale landfill and on January 29, 2018, WP submitted an NPDES permit renewal application to PA DEP proposing to re-route its wastewater discharge to eliminate potential boron exceedances at the Mingo landfill. On February 20, 2018, the Department of Justice issued a letter and tolling agreement to WP on behalf of the EPA alleging violations of the CWA at the Springdale and Mingo landfills and seeking to enter settlement negotiations in lieu of filing a complaint. To settle alleged past boron exceedances at both facilities, WP has agreed to a penalty amount of $610,000 to be paid over two years. It is expected that the parties will sign a Consent Decree memorializing the pipeline construction milestones and the civil penalty payments in the third quarter of 2021.

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 CCRs, such as coal ash, were exempted from hazardous waste disposal requirements pending the EPA's evaluation of the need for future regulation.

In April 2015, the EPA finalized regulations for the disposal of CCRs (non-hazardous), establishing national standards for 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. On September 13, 2017, the EPA announced that it would reconsider certain provisions of the final regulations. On July 17, 2018, the EPA Administrator signed a final rule extending the deadline for certain CCR facilities to cease disposal and commence

closure activities, as well as, establishing less stringent groundwater monitoring and protection requirements. On August 21, 2018, the D.C. Circuit remanded sections of the CCR Rule to the EPA to provide for additional safeguards for unlined CCR impoundments that are more protective of human health and the environment. On December 2, 2019, the EPA published a proposed rule accelerating the date that certain CCR impoundments must cease accepting waste and initiate closure to August 31, 2020. The proposed rule allowed for an extension of the closure deadline based on meeting proscribed site-specific criteria. On July 29, 2020, the EPA published a final rule again revising the date that certain CCR impoundments must cease accepting waste and initiate closure to April 11, 2021. The final rule also allows for an extension of the closure deadline based on meeting proscribed site-specific criteria. On November 30, 2020, AE Supply submitted a closure deadline extension request to the EPA seeking to extend the closure date of McElroy's Run CCR impoundment facility until 2024. AE Supply continues to operate McElroy's Run as a disposal facility for EH's Pleasants Power Station.

FE or 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 Sheets as of June 30, 2021, based on estimates of the total costs of cleanup, FirstEnergy's proportionate responsibility for such costs and the financial ability of other unaffiliated entities to pay. Total liabilities of approximately $101 million have been accrued through June 30, 2021, of which, approximately $67 million are for environmental remediation of former MGP and gas holder facilities in New Jersey, which are being recovered by JCP&L through a non-bypassable SBC. FE or its subsidiaries could be found potentially responsible for additional amounts or additional sites, but the loss or range of losses cannot be determined or reasonably estimated at this time.

OTHER LEGAL PROCEEDINGS

United States v. Larry Householder, et al.

On July 21, 2020, a complaint and supporting affidavit containing federal criminal allegations were unsealed against the now former Ohio House Speaker Larry Householder and other individuals and entities allegedly affiliated with Mr. Householder. Also, on July 21, 2020, and in connection with the investigation, FirstEnergy received subpoenas for records from the U.S. Attorney's Office for the S.D. Ohio. FirstEnergy was not aware of the criminal allegations, affidavit or subpoenas before July 21, 2020.

On July 21, 2021, FE entered into a three-year DPA with the U.S. Attorney's Office that, subject to court proceedings, resolves this matter. Under the DPA, FE has agreed to the filing of a criminal information charging FE with one count of conspiracy to commit honest services wire fraud. The DPA requires that FirstEnergy, among other obligations: (i) continue to cooperate with the U.S. Attorney's Office in all matters relating to the conduct described in the DPA and other conduct under investigation by the U.S. government; (ii) pay a criminal monetary penalty totaling $230 million within sixty days, which shall consist of (x) $115 million paid by FE to the United States Treasury and (y) $115 million paid by FE to the ODSA to fund certain assistance programs, as determined by the ODSA, for the benefit of low-income Ohio electric utility customers; (iii) publish a list of all payments made in 2021 to either 501(c)(4) entities or to entities known by FirstEnergy to be operating for the benefit of a public official, either directly or indirectly, and update the same on a quarterly basis during the term of the DPA; (iv) issue a public statement, as dictated in the DPA, regarding FE's use of 501(c)(4) entities; and (v) continue to implement and review its compliance and ethics program, internal controls, policies and procedures designed, implemented and enforced to prevent and detect violations of the U.S. laws throughout its operations, and to take certain related remedial measures. The $230 million payment will neither be recovered in rates or charged to FirstEnergy customers nor will FirstEnergy seek any tax deduction related to such payment. The entire amount of the monetary penalty was recognized as expense in the second quarter of 2021. Under the terms of the DPA, the criminal information will be dismissed after FirstEnergy fully complies with its obligations under the DPA.

Legal Proceedings Relating to United States v. Larry Householder, et al.

On August 10, 2020, the SEC, through its Division of Enforcement, issued an order directing an investigation of possible securities laws violations by FE, and on September 1, 2020, issued subpoenas to FE and certain FE officers. On April 28, 2021, the SEC issued an additional subpoena to FE. While no contingency has been reflected in its consolidated financial statements, FE believes that it is probable that it will incur a loss in connection with the resolution of the SEC investigation. Given the ongoing nature and complexity of the review, inquiries and investigations, FE cannot yet reasonably estimate a loss or range of loss that may arise from the resolution of the SEC investigation.

In addition to the subpoenas referenced above under "—United States v. Larry Householder, et. al." and the SEC investigation, certain FE stockholders and FirstEnergy customers filed several lawsuits against FirstEnergy and certain current and former directors, officers and other employees, and the complaints in each of these suits is related to allegations in the complaint and supporting affidavit relating to HB 6 and the now former Ohio House Speaker Larry Householder and other individuals and entities allegedly affiliated with Mr. Householder. The plaintiffs in each of the below cases seek, among other things, to recover an unspecified amount of damages (unless otherwise noted). No contingency has been reflected in FirstEnergy's consolidated financial statements with respect to these lawsuits as a loss is neither probable, nor is a loss or range of a loss reasonably estimable.

- *Owens v. FirstEnergy Corp. et al. and Frand v. FirstEnergy Corp. et al.* (Federal District Court, S.D. Ohio); on July 28, 2020 and August 21, 2020, purported stockholders of FE filed putative class action lawsuits alleging violations of the federal securities laws. Those actions have been consolidated and a lead plaintiff, the Los Angeles County Employees Retirement Association, has been appointed by the court. A consolidated complaint was filed on February 26, 2021. The consolidated complaint alleges, on behalf of a proposed class of persons who purchased FE securities between February 21, 2017 and July 21, 2020, that FE and certain current or former FE officers violated Sections 10(b) and 20(a) of the Securities Exchange Act of 1934 by issuing misrepresentations or omissions concerning FE's business and results of operations. The consolidated complaint also alleges that FE, certain current or former FE officers and directors, and a group of underwriters violated Sections 11, 12(a)(2) and 15 of the Securities Act of 1933 as a result of alleged misrepresentations or omissions in connection with offerings of senior notes by FE in February and June 2020.
- *Gendrich v. Anderson, et al. and Sloan v. Anderson, et al.* (Common Pleas Court, Summit County, OH); on July 26, 2020 and July 31, 2020, respectively, purported stockholders of FE filed shareholder derivative action lawsuits against certain FE directors and officers, alleging, among other things, breaches of fiduciary duty. These actions have been consolidated.
- *Miller v. Anderson, et al.* (Federal District Court, N.D. Ohio); *Bloom, et al. v. Anderson, et al.; Employees Retirement System of the City of St. Louis v. Jones, et al.; Electrical Workers Pension Fund, Local 103, I.B.E.W. v. Anderson et al.; Massachusetts Laborers Pension Fund v. Anderson et al.; The City of Philadelphia Board of Pensions and Retirement v. Anderson et al.; Atherton v. Dowling et al; Behar v. Anderson, et al.* (U.S. District Court, S.D. Ohio, all actions have been consolidated); beginning on August 7, 2020, purported stockholders of FE filed shareholder derivative actions alleging the board and officers breached their fiduciary duties and committed violations of Section 14(a) of the Securities Exchange Act of 1934. The cases in the S.D. Ohio have been consolidated and co-lead plaintiffs have been appointed by the court. On May 11, 2021, the court denied the defendants' motion to dismiss in the consolidated

derivative proceedings in the S.D. Ohio. As previously disclosed, on June 29, 2021, the Board established a Special Litigation Committee, effective July 1, 2021. The Special Litigation Committee has been delegated full authority by the Board to take all actions as the Special Litigation Committee deems advisable, appropriate, and in the best interests of FirstEnergy and its shareholders with respect to pending shareholder derivative litigation and demands. On July 20, 2021, the Special Litigation Committee filed motions to stay proceedings in each of the shareholder derivative actions pending in the Northern and Southern Districts of Ohio and in Summit County, Ohio, while the Special Litigation Committee investigates the matters asserted in the lawsuits.

- *Smith v. FirstEnergy Corp. et al., Buldas v. FirstEnergy Corp. et al., and Hudock and Cameo Countertops, Inc. v. FirstEnergy Corp. et al.* (Federal District Court, S.D. Ohio); on July 27, 2020, July 31, 2020, and August 5, 2020, respectively, purported customers of FirstEnergy filed putative class action lawsuits against FE and FESC, as well as certain current and former FirstEnergy officers, alleging civil Racketeer Influenced and Corrupt Organizations Act violations and related state law claims. These actions have been consolidated, and the court denied FirstEnergy's motions to dismiss and stay discovery on February 10 and 11, 2021, respectively. The defendants submitted answers to the complaint on March 10, 2021. Discovery is proceeding.
- *State of Ohio ex rel. Dave Yost, Ohio Attorney General v. FirstEnergy Corp., et al. and City of Cincinnati and City of Columbus v. FirstEnergy Corp.* (Common Pleas Court, Franklin County, OH); on September 23, 2020 and October 27, 2020, the OAG and the cities of Cincinnati and Columbus, respectively, filed complaints against several parties including FE, each alleging civil violations of the Ohio Corrupt Activity Act in connection with the passage of HB 6. On January 13, 2021, the OAG filed a motion for a temporary restraining order and preliminary injunction against FirstEnergy seeking to enjoin FirstEnergy from collecting the Ohio Companies' decoupling rider. On January 31, 2021, FE reached a partial settlement with the OAG and the cities of Cincinnati and Columbus with respect to the temporary restraining order and preliminary injunction request and related issues. In connection with the partial settlement, the Ohio Companies filed an application on February 1, 2021, with the PUCO to set their respective decoupling riders (CSR) to zero. On February 2, 2021, the PUCO approved the application of the Ohio Companies setting the rider to zero and no additional customer bills will include new decoupling rider charges after February 8, 2021. The cities of Dayton and Toledo have also been added as plaintiffs to the action. These actions have been consolidated. The cases are stayed pending final resolution of the United States v. Larry Householder, et al criminal proceeding described above.
- *Emmons v. FirstEnergy Corp. et al.* (Common Pleas Court, Cuyahoga County, OH); on August 4, 2020, a purported customer of FirstEnergy filed a putative class action lawsuit against FE, FESC, OE, TE and CEI, along with FES, alleging several causes of action, including negligence and/or gross negligence, breach of contract, unjust enrichment, and unfair or deceptive consumer acts or practices. On October 1, 2020, plaintiffs filed a First Amended Complaint, adding as a plaintiff a purported customer of FirstEnergy and alleging a civil violation of the Ohio Corrupt Activity Act and civil conspiracy against FE, FESC and FES. On May 4, 2021, the court granted the defendants' motion to dismiss plaintiffs' breach of contract claims and denied the remainder of the motions to dismiss. The defendants submitted answers to the complaint on June 1, 2021. Discovery is proceeding.

In letters dated January 26, and February 22, 2021, staff of FERC's Division of Investigations notified FirstEnergy that the Division is conducting an investigation of FirstEnergy's lobbying and governmental affairs activities concerning HB 6, and staff directed FirstEnergy to preserve and maintain all documents and information related to the same as such have been developed as part of an ongoing non-public audit being conducted by FERC's Division of Audits and Accounting. While no contingency has been reflected in its consolidated financial statements, FirstEnergy believes that it is probable that it will incur a loss in connection with the resolution of the FERC investigation. Given the ongoing nature and complexity of the review, inquiries and investigations, FirstEnergy cannot yet reasonably estimate a loss or range of loss that may arise from the resolution of the FERC investigation.

The outcome of any of these lawsuits, governmental investigations and audit are uncertain and could have a material adverse effect on FE's or its subsidiaries' reputation, business, financial condition, results of operations, liquidity, and cash flows.

Internal Investigation Relating to United States v. Larry Householder, et al.

As previously disclosed, a committee of independent members of the Board of Directors has been directing an internal investigation related to ongoing government investigations. In connection with FirstEnergy's internal investigation, such committee determined on October 29, 2020, to terminate FirstEnergy's Chief Executive Officer, Charles E. Jones, together with two other executives: Dennis M. Chack, Senior Vice President of Product Development, Marketing, and Branding; and Michael J. Dowling, Senior Vice President of External Affairs. Each of these terminated executives violated certain FirstEnergy policies and its code of conduct. These executives were terminated as of October 29, 2020. Such former members of senior management did not maintain and promote a control environment with an appropriate tone of compliance in certain areas of FirstEnergy's business, nor sufficiently promote, monitor or enforce adherence to certain FirstEnergy policies and its code of conduct. Furthermore, certain former members of senior management did not reasonably ensure that relevant information was communicated within our organization and not withheld from our independent directors, our Audit Committee, and our independent auditor. Among the matters considered with respect to the determination by the committee of independent members of the Board of Directors that certain former members of senior management violated certain FirstEnergy policies and its code of conduct related to a payment of approximately $4 million made in early 2019 in connection with the termination of a purported consulting agreement, as amended, which had been in place since 2013. The counterparty to such agreement was an entity associated with an individual who subsequently was appointed to a full-time role as an Ohio government official directly involved

in regulating the Ohio Companies, including with respect to distribution rates. Additionally, on November 8, 2020, the Senior Vice President and Chief Legal Officer, and the Vice President, General Counsel, and Chief Ethics Officer, were separated from FirstEnergy due to inaction and conduct that the Board determined was influenced by the improper tone at the top. Subsequently, effective May 26, 2021, the Vice President, Rates and Regulatory Affairs, and Acting Vice President, External Affairs was separated from FirstEnergy related to her inaction regarding an amendment in 2015 of the purported consulting agreement discussed above.

Additionally, on February 17, 2021, the Board appointed Mr. John W. Somerhalder II to the positions of Vice Chairperson of the Board and Executive Director of FE, each effective as of March 1, 2021. Mr. Donald T. Misheff will continue to serve as Non-Executive Chairman of the Board. Mr. Somerhalder will help lead efforts to enhance FirstEnergy's reputation. On March 7, 2021, the Board appointed Mr. Steven E. Strah to the position of Chief Executive Officer of FirstEnergy, effective as of March 8, 2021. On March 7, 2021, at the recommendation of the FirstEnergy Corporate Governance and Corporate Responsibility Committee, the Board also elected Mr. Strah as a Director of FirstEnergy, effective as of March 8, 2021.

Also, in connection with the internal investigation, FirstEnergy identified certain transactions, which, in some instances, extended back ten years of more, including vendor service, that were either improperly classified, misallocated to certain of the Utilities and Transmission Companies, or lacked proper supporting documentation. These transactions resulted in amounts collected from customers that were immaterial to FirstEnergy. The Utilities and Transmission Companies are working with the appropriate regulatory agencies to address these amounts.

The internal investigation has revealed no new material issues since FirstEnergy's Form 10-K was filed on February 18, 2021. The focus of the internal investigation has transitioned from a proactive investigation to continued cooperation with the ongoing government investigations.

Nuclear Plant Matters

On October 15, 2019, JCP&L, ME, PN and GPUN executed an asset purchase and sale agreement with TMI-2 Solutions, LLC, a subsidiary of EnergySolutions, LLC, concerning the transfer and dismantlement of TMI-2. This transfer of TMI-2 to TMI-2 Solutions, LLC will include the: (i) transfer of the ownership and operating NRC licenses for TMI-2; (ii) transfer of the external trusts for the decommissioning and environmental remediation of TMI-2; and (iii) assumption by TMI-2 Solutions, LLC, of certain liabilities, including all responsibility for the TMI-2 site, full decommissioning of TMI-2 and ongoing management of core debris material not previously transferred to the DOE. On August 10, 2020, JCP&L, ME, PN, GPUN, TMI-2 Solutions, LLC, and the PA DEP reached a settlement agreement regarding the decommissioning of TMI-2. On December 2, 2020, the NJBPU issued an order approving the transfer and sale under the conditions requested by NJ Rate Counsel and agreed to by JCP&L. Those conditions will restrict JCP&L from seeking recovery from its ratepayers for any future liabilities JCP&L could incur with respect to TMI-2. Also, on December 2, 2020, the NRC issued its order approving the license transfer as requested. With the receipt of all required regulatory approvals, the transaction was consummated on December 18, 2020.

Other Legal Matters

There are various lawsuits, claims (including claims for asbestos exposure) and proceedings related to FirstEnergy's normal business operations pending against FE or its subsidiaries. The loss or range of loss in these matters is not expected to be material to FE or its subsidiaries. The other potentially material items not otherwise discussed above are described under Note 8, "Regulatory Matters."

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 FE 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 FE's or its subsidiaries' financial condition, results of operations and cash flows.

10. SEGMENT INFORMATION

FE and its subsidiaries are principally involved in the transmission, distribution and generation of electricity through its reportable segments, Regulated Distribution and Regulated Transmission.

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 controls 3,580 MWs of regulated electric generation capacity located primarily in West Virginia and Virginia. The segment's results reflect the costs of securing and delivering electric generation from transmission facilities to customers, including the deferral and amortization of certain related costs. Included within the segment is $45 million of assets classified as held for sale as of December 31, 2020, associated with the asset purchase agreement with Yards Creek; see Note 8, "Regulatory Matters," for additional information.

The **Regulated Transmission** segment provides transmission infrastructure owned and operated by the Transmission Companies and certain of FirstEnergy's utilities (JCP&L, MP, PE and WP) to transmit electricity from generation sources to distribution facilities. The segment's revenues are primarily derived from forward-looking formula rates at the Transmission Companies and JCP&L as well as stated transmission rates at MP, PE and WP; although as explained in Note 8, "Regulatory Matters," effective January 1, 2021, subject to refund, MP's, PE's and WP's existing stated rates became forward-looking formula rates. JCP&L previously had stated transmission rates; however, effective January 1, 2020, JCP&L implemented forward-looking formula rates, which were approved by FERC on April 15, 2021. Both forward-looking formula and stated rates recover costs that FERC determines are permitted to be recovered and provide a return on transmission capital investment. Under forward-looking formula rates, the revenue requirement is updated annually based on a projected rate base and projected costs, which is subject to an annual true-up based on actual costs. Revenue requirements under stated rates are calculated annually by multiplying the highest one-hour peak load in each respective transmission zone by the approved, stated rate in that zone. The segment's results also reflect the net transmission expenses related to the delivery of electricity on FirstEnergy's transmission facilities.

Corporate/Other reflects corporate support and other costs not charged to FE's subsidiaries, including FE's retained Pension and OPEB assets and liabilities of the FES Debtors, interest expense on FE's holding company debt and other businesses that do not constitute an operating segment. Reconciling adjustments for the elimination of inter-segment transactions are shown separately in the following table of Segment Financial Information. As of June 30, 2021, 67 MWs of electric generating capacity, representing AE Supply's OVEC capacity entitlement, was included in continuing operations of Corporate/Other. As of June 30, 2021, Corporate/Other had approximately $7.9 billion of FE holding company debt.

Financial information for each of FirstEnergy's reportable segments is presented in the tables below:

Segment Financial Information

For the Three Months Ended	Regulated Distribution	Regulated Transmission	Corporate/ Other	Reconciling Adjustments	FirstEnergy Consolidated
			(In millions)		
June 30, 2021					
External revenues	$ 2,208	$ 411	$ 3	$ —	$ 2,622
Internal revenues	50	8	—	(58)	—
Total revenues	$ 2,258	$ 419	$ 3	$ (58)	$ 2,622
Depreciation	229	77	1	16	323
Amortization of regulatory assets, net	43	6	—	—	49
DPA penalty	—	—	230	—	230
Miscellaneous income (expense), net	88	11	14	(5)	108
Interest expense	131	63	98	(5)	287
Income taxes (benefits)	71	37	(12)	—	96
Income (loss) from continuing operations	274	116	(332)	—	58
Property additions	$ 346	$ 257	$ 19	$ —	$ 622
June 30, 2020					
External revenues	$ 2,140	$ 380	$ 2	$ —	$ 2,522
Internal revenues	48	4	—	(52)	—
Total revenues	$ 2,188	$ 384	$ 2	$ (52)	$ 2,522
Depreciation	226	78	—	17	321
Amortization of regulatory assets, net	10	3	—	—	13
Miscellaneous income (expense), net	90	8	7	(2)	103
Interest expense	123	55	87	(2)	263
Income taxes (benefits)	67	34	(35)	—	66
Income (loss) from continuing operations	251	114	(58)	—	307
Property additions	$ 386	$ 270	$ 20	$ —	$ 676
For the Six Months Ended					
June 30, 2021					
External revenues	$ 4,529	$ 812	$ 7	$ —	$ 5,348
Internal revenues	99	12	—	(111)	—
Total revenues	$ 4,628	$ 824	$ 7	$ (111)	$ 5,348
Depreciation	455	158	2	31	646
Amortization of regulatory assets, net	130	11	—	—	141
DPA penalty	—	—	230	—	230
Miscellaneous income (expense), net	195	22	36	(10)	243
Interest expense	259	124	199	(10)	572
Income taxes (benefits)	153	70	(40)	—	183
Income (loss) from continuing operations	587	225	(419)	—	393
Property additions	$ 667	$ 530	$ 29	$ —	$ 1,226
June 30, 2020					
External revenues	$ 4,451	$ 777	$ 3	$ —	$ 5,231
Internal revenues	95	8	—	(103)	—
Total revenues	$ 4,546	$ 785	$ 3	$ (103)	$ 5,231
Depreciation	449	154	2	33	638
Amortization of regulatory assets, net	59	6	—	—	65
Miscellaneous income (expense), net	165	14	32	(8)	203
Interest expense	250	107	177	(8)	526
Income taxes (benefits)	35	68	(97)	—	6
Income (loss) from continuing operations	387	231	(287)	—	331
Property additions	$ 724	$ 539	$ 29	$ —	$ 1,292
As of June 30, 2021					
Total assets	$ 30,943	$ 12,779	$ 641	$ —	$ 44,363
Total goodwill	$ 5,004	$ 614	$ —	$ —	$ 5,618
As of December 31, 2020					
Total assets	$ 30,855	$ 12,592	$ 1,017	$ —	$ 44,464
Total goodwill	$ 5,004	$ 614	$ —	$ —	$ 5,618

ITEM 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

FIRSTENERGY CORP.

FIRSTENERGY'S BUSINESS

FE and its subsidiaries are principally involved in the transmission, distribution and generation of electricity through its reportable segments, Regulated Distribution and Regulated Transmission.

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 controls 3,580 MWs of regulated electric generation capacity located primarily in West Virginia and Virginia. The segment's results reflect the costs of securing and delivering electric generation from transmission facilities to customers, including the deferral and amortization of certain related costs.

The **Regulated Transmission** segment provides transmission infrastructure owned and operated by the Transmission Companies and certain of FirstEnergy's utilities (JCP&L, MP, PE and WP) to transmit electricity from generation sources to distribution facilities. The segment's revenues are primarily derived from forward-looking formula rates at the Transmission Companies and JCP&L as well as stated transmission rates at MP, PE and WP; although as explained in Note 8, "Regulatory Matters," effective January 1, 2021, subject to refund, MP's, PE's and WP's existing stated rates became forward-looking formula rates. JCP&L previously had stated transmission rates; however, effective January 1, 2020, JCP&L implemented forward-looking formula rates, which were approved by FERC on April 15, 2021. Both forward-looking formula and stated rates recover costs that FERC determines are permitted to be recovered and provide a return on transmission capital investment. Under forward-looking formula rates, the revenue requirement is updated annually based on a projected rate base and projected costs, which is subject to an annual true-up based on actual costs. Revenue requirements under stated rates are calculated annually by multiplying the highest one-hour peak load in each respective transmission zone by the approved, stated rate in that zone. The segment's results also reflect the net transmission expenses related to the delivery of electricity on FirstEnergy's transmission facilities.

Corporate/Other reflects corporate support and other costs not charged to FE's subsidiaries, including FE's retained Pension and OPEB assets and liabilities of the FES Debtors, interest expense on FE's holding company debt and other businesses that do not constitute an operating segment. Additionally, reconciling adjustments for the elimination of inter-segment transactions are included in Corporate/Other. As of June 30, 2021, 67 MWs of electric generating capacity, representing AE Supply's OVEC capacity entitlement, was included in continuing operations of Corporate/Other. As of June 30, 2021, Corporate/Other had approximately $7.9 billion of FE holding company debt.

EXECUTIVE SUMMARY

FirstEnergy is a forward-thinking, electric utility centered on integrity, powered by a diverse team of employees, committed to making customers' lives brighter, the environment better and our communities stronger. As a fully regulated electric utility, FirstEnergy is focused on stable and predictable earnings and cash flow from its Regulated Distribution and Regulated Transmission business units that deliver enhanced customer service and reliability that supports FE's dividend.

On July 21, 2020, a complaint and supporting affidavit containing federal criminal allegations were unsealed against the now former Ohio House Speaker Larry Householder and other individuals and entities allegedly affiliated with Mr. Householder. Also, on July 21, 2020, and in connection with the investigation, FirstEnergy received subpoenas for records from the U.S. Attorney's Office for the S.D. Ohio. FirstEnergy was not aware of the criminal allegations, affidavit or subpoenas before July 21, 2020.

On July 21, 2021, FE entered into a three-year DPA with the U.S. Attorney's Office that, subject to court proceedings, resolves the U.S. Attorney's Office investigation into FirstEnergy relating to FirstEnergy's lobbying and governmental affairs activities concerning HB 6, which, among other things requires FE to pay a monetary penalty of $230 million within the next sixty days. Under the DPA, FE has agreed to the filing of a criminal information charging FE with one count of conspiracy to commit honest services wire fraud. The $230 million payment will neither be recovered in rates or charged to FirstEnergy customers nor will FirstEnergy seek any tax deduction related to such payment. Under the terms of the DPA, the criminal information will be dismissed after FirstEnergy fully complies with its obligations under the DPA.

In addition to the subpoenas referenced above, the OAG, certain FE shareholders and FirstEnergy customers filed several lawsuits against FirstEnergy and certain current and former directors, officers and other employees, each relating to the allegations against the now former Ohio House Speaker Larry Householder and other individuals and entities allegedly affiliated with Mr. Householder. In addition, on August 10, 2020, the SEC, through its Division of Enforcement, issued an order directing an investigation of possible securities laws violations by FE, and on September 1, 2020, issued subpoenas to FE and certain FE officers. Subsequently, on April 28, 2021, the SEC issued an additional subpoena to FE. Further, in a letter dated February 22, 2021, staff of FERC's Division of Investigations notified FirstEnergy that the Division is conducting an investigation of FirstEnergy's lobbying and governmental affairs activities concerning HB 6.

A committee of independent members of the FE Board of Directors was put in place to direct an internal investigation related to the ongoing government investigations. In addition, the Board formed a sub-committee of the Audit Committee to, together with the Board, assess FirstEnergy's compliance program and implement potential changes, as appropriate. FirstEnergy has taken the following steps to address current challenges and improve its compliance culture:

- Certain members of senior management, including the former Chief Executive Officer, were terminated for violating certain FirstEnergy policies and code of conduct.

- Immediately following these terminations, the independent members of its Board appointed Mr. Steven E. Strah to the position of Acting Chief Executive Officer and Mr. Christopher D. Pappas, a current member of the Board, to the temporary position of Executive Director. In March 2021, Mr. Strah was elected to the position of Chief Executive Officer and a Director of the Board.

- FirstEnergy's Chief Legal Officer and Chief Ethics Officer were separated from FirstEnergy due to inaction and conduct that the Board determined was influenced by the improper tone at the top.

- The Board appointed Mr. John W. Somerhalder II to the positions of Vice Chairperson of the Board and Executive Director, replacing Mr. Pappas, who will continue to serve on the Board as an independent director. The Board also appointed Mr. Hyun Park to the position of Senior Vice President & Chief Legal Counsel and Mr. Antonio Fernández, to the position of Vice President and Chief Ethics and Compliance Officer. These executives help play a critical role in enhancing FirstEnergy's culture of compliance, ethics, integrity and accountability.

- In March 2021, in connection with an agreement with Icahn Capital, the Board appointed Andrew Teno and Jesse Lynn as Directors to the Board, increasing the size from 12 directors to 14. However, until such time as all final regulatory approvals are obtained, neither Mr. Teno nor Mr. Lynn will have the right to vote at any meeting of the Board or any committee thereof. In May 2021, Melvin D. Williams was elected to the Board, filling a vacant seat. In June 2021, the Board appointed Lisa Winston Hicks and Paul Kaleta as directors to the Board, further increasing the size from 14 directors to 16.

- FirstEnergy is making significant changes in its approach to political and legislative engagement and advocacy, through stopping all contributions to 501(c)(4) organizations, the pause of other political disbursements, including from the FirstEnergy Political Action Committee, limiting participation in the political process, suspending or terminating various political consulting relationships, and adding additional oversight and significantly more robust disclosure around political spending to provide increased transparency.

- The Board met with FirstEnergy's top 140 leaders to discuss expectations regarding compliance and ethics.

- Performed training on up-the-ladder reporting for the Legal Department.

- Enhanced new employee and third-party on-boarding processes to include expectations of FirstEnergy's code of business conduct.
- In May 2021, FirstEnergy separated its Vice President, Rates and Regulatory Affairs, and Acting Vice President, External Affairs due to this individual's inaction with respect to a previously disclosed purported consulting agreement.
- On June 29, 2021, the Board established a Special Litigation Committee of the Board, effective July 1, 2021. The Special Litigation Committee has been delegated full authority by the Board to take all actions as the Special Litigation Committee deems advisable, appropriate, and in the best interests of FirstEnergy and its shareholders with respect to pending shareholder derivative litigation and demands. Each of Ms. Hicks and Messrs. Kaleta, Lynn and Williams were appointed to serve on the Special Litigation Committee.

- On July 20, 2021, the Board of FirstEnergy approved and adopted a new Code of Business Conduct and Ethics, which:
    - Promotes and emphasizes the Company's commitment to compliance and ethics,
    - establishes a "speak up" culture in which stakeholders are encouraged to report actual or suspected Code of Business Conduct violations without fear of retaliation,
    - Conforms to applicable compliance standards, and
    - Improves readability

- On July 20, 2021, the Board approved FE entering into a DPA with the U.S. Attorney's Office that, subject to court proceedings, resolves the U.S. Attorney's Office investigation into FirstEnergy relating to FirstEnergy's lobbying and governmental affairs activities concerning HB 6, which, among other things requires FE to pay a monetary penalty of $230 million within the next sixty days.

Also, in connection with the internal investigation, FirstEnergy identified certain transactions, which, in some instances, extended back ten years or more, including vendor service, that were either improperly classified, misallocated to certain of the Utilities and Transmission Companies, or lacked proper supporting documentation. These transactions resulted in amounts collected from customers that were immaterial to FirstEnergy. The Utilities and Transmission Companies are working with the appropriate regulatory agencies to address these amounts.

FirstEnergy has also taken proactive steps to reduce regulatory uncertainty affecting the Ohio Companies:

- On January 31, 2021, FirstEnergy reached a partial settlement with the OAG and other parties regarding decoupling. While the partial settlement with the OAG focused specifically on decoupling, the Ohio Companies will of their own accord, not seek to recover lost distribution revenue from residential and commercial customers.

- On March 31, 2021, FirstEnergy announced that the Ohio Companies will proactively refund to customers amounts previously collected under the decoupling mechanism authorized under Ohio law, which totals approximately $27 million, with interest. On July 7, 2021, the PUCO approved the Ohio Companies' proposal to return the amount to customers in August 2021.

- Also on March 31, 2021, Governor DeWine signed HB 128, which, among other things, repealed parts of HB 6, the legislation that established support for nuclear energy supply in Ohio, provided for a decoupling mechanism for electric utilities, and provided for the ending of current energy efficiency program mandates.

- FirstEnergy is committed to pursuing an open dialogue in an appropriate manner with the several regulatory proceedings currently underway, including a state management audit, and multi-year SEET and ESP quadrennial review, among other matters. FirstEnergy believes a holistic, transparent discussion with the PUCO staff, and interested stakeholders in the regulatory process, is an important step towards removing uncertainties about regulatory concerns in Ohio and critical to re-establishing trust in FirstEnergy and restoring its reputation.

Despite the many disruptions FirstEnergy is currently facing, the leadership team remains committed and focused on executing its strategy and running the business. See "Outlook - Other Legal Proceedings" below for additional details on the government investigations, the DPA, and subsequent litigation surrounding the investigation of HB 6. See also "Outlook - State Regulation - Ohio" below for details on the PUCO proceeding reviewing political and charitable spending and legislative activity in response to the investigation of HB 6. The outcome of the government investigations, PUCO proceedings, legislative activity, and any of these lawsuits is uncertain and could have a material adverse effect on FE's or its subsidiaries' financial condition, results of operations and cash flows. As discussed below, FirstEnergy has made reductions to its Regulated Distribution and Regulated Transmission capital investment plans and is considering reductions to operating expenses, as well as changes to its planned equity issuances, to allow for flexibility to address the outcomes of the ongoing government investigations and related lawsuits and regulatory actions.

FE and the Utilities and FET and certain of its subsidiaries participate in two separate five-year syndicated revolving credit facilities providing for aggregate commitments of $3.5 billion, which are available until December 6, 2022. Under the FE Revolving Facility, an aggregate amount of $2.5 billion is available to be borrowed, repaid and reborrowed, subject to separate borrowing sublimits for each borrower including FE and its regulated distribution subsidiaries. Under the FET Revolving Facility, an aggregate amount of $1.0 billion is available to be borrowed, repaid and reborrowed under a syndicated credit facility, subject to separate borrowing sublimits for each borrower including FE's transmission subsidiaries. On July 21, 2021, FE and the Utilities and FET and certain of its subsidiaries entered into amendments to the FE Revolving Facility and the FET Revolving Facility, respectively. The amendments provide for modifications and/or waivers of (i) certain representations and warranties, (ii) certain affirmative and negative covenants, contained therein, and (iii) any resulting event of default, which, in each case, resulted either from FE entering into the DPA or as a consequence of the facts and circumstances described in the DPA, thus allowing FirstEnergy to be in compliance with the revolving credit facilities and maintain access to the liquidity provided thereunder.

FirstEnergy is also working to improve how it conducts business and serve its customers. In February 2021, FirstEnergy announced a new initiative to build upon FirstEnergy's strong operations and business fundamentals and deliver immediate value and resilience, with substantial operating and capital efficiencies ramping up through 2024. Called "FE Forward," the initiative will play a critical first step in FirstEnergy's transformation journey as it looks to optimize processes and procedures through range of opportunities, including:

- Optimizing operations by expanding capabilities in areas such as strategic sourcing, inventory optimization and commercial contract terms, and by standardizing best-in-class work management policies across FirstEnergy;

- accelerating FirstEnergy's digital transformation by revamping customers' online experience, automating sourcing data collection and management, and deploying advanced analytics in asset health decisions as well as vegetation management programs; and

- productivity improvements through system integration that puts advanced technology tools, such as mobile dashboards and remote access to asset management information, in the hands of frontline employees.

During the initial phase of FE Forward, FirstEnergy reviewed existing policies and practices, as well as the structure and processes around how decisions are made. In the second phase of FE Forward completed in May 2021, FirstEnergy reviewed further improvement opportunities and developed detailed, executable plans focusing on who, when, how and at what cost opportunities can be realized. In June 2021, phase three began and is focused on executing and implementing these findings and opportunities. By 2024, FE Forward is projected to generate approximately $300 million in annualized capital expenditure efficiencies while continuing to hold operating expenses flat by absorbing approximately $100 million in projected increases. In addition, FirstEnergy expects to generate approximately $250 million in working capital improvements by 2022. This program includes an estimated $150 million of costs to achieve through 2023, which are expected to be self-funded through these efficiencies. FE Forward is not a downsizing effort and there will not be any involuntary employee reductions in connection with this program. FirstEnergy expects that FE Forward will be a significant catalyst to augment its growth potential by taking a more strategic approach to operating expenditures and reinvesting in a more diverse capital program that over the long-term continues to support a smarter and cleaner electric grid. As part of these efforts, FirstEnergy will evaluate the appropriate cadence to initiate rates cases on a state-by-state basis to best support FirstEnergy's customer-focused strategic priorities.

FE Forward Expected Capital Efficiencies and Working Capital Improvements	**For the Years Ended December 31,**		
	2021	**2022**	**2023**
		(In millions)	
Gross Capital Expenditure Efficiencies	$ 180	$ 210	$ 300
Cost to Achieve (+/- 10%)	(40)	(60)	(50)
Net Capital Expenditure Efficiencies	**$ 140**	**$ 150**	**$ 250**
Working Capital Improvements	100	150	—
Total Free Cash Flow Improvements	**$ 240**	**$ 300**	**$ 250**

With an operating territory of 65,000 square miles, the scale and diversity of the ten Utilities that comprise the Regulated Distribution business uniquely position this business for growth through opportunities for additional investment, with plans to invest up to $6.6 billion in capital from 2020 to 2023. Over the past several years, Regulated Distribution has experienced rate base growth through investments that have improved reliability and added operating flexibility to the distribution infrastructure, which provide benefits to the customers and communities those Utilities serve. Additionally, this business is exploring other opportunities for growth, including investments in electric system improvement and modernization projects to increase reliability and improve service to customers, as well as exploring opportunities in customer engagement that focus on the electrification of customers' homes and businesses by providing a full range of products and services.

With approximately 24,000 miles of transmission lines in operation, the Regulated Transmission business is the centerpiece of FirstEnergy's regulated investment strategy with 100% of its capital investments recovered under forward-looking formula rates

at the Transmission Companies effective January 1, 2021. Regulated Transmission has also experienced significant growth as part of its Energizing the Future transmission plan with plans to invest up to $5.15 billion in capital from 2020 to 2023.

FirstEnergy believes there are incremental investment opportunities for its existing transmission infrastructure of over $20 billion beyond those identified through 2023, which are expected to strengthen grid and cyber-security and make the transmission system more reliable, robust, secure and resistant to extreme weather events, with improved operational flexibility.

While FirstEnergy continues to have customer-focused investment opportunities across its distribution and transmission businesses of up to $3 billion annually, it has discontinued providing a long-term earnings compound annual growth rate until there is further clarity regarding Ohio regulatory matters and the ongoing government investigations.

FE and the Utilities and FET and certain of its subsidiaries participate in two separate five-year syndicated revolving credit facilities providing for aggregate commitments of $3.5 billion, which are available until December 6, 2022. On November 17, 2020, FE and the Utilities and FET and certain of its subsidiaries entered into amendments to the FE Revolving Facility and the FET Revolving Facility, respectively. The amendment to the FE Revolving Facility, among other things, reduces the sublimit applicable to FE to $1.5 billion, and the amendments increased certain tiers of pricing applicable to borrowings under the credit facilities.

On November 23, 2020, FE and JCP&L, ME, Penn, TE and WP, borrowed $950 million in the aggregate under the FE Revolving Facility, and FET and ATSI, borrowed $1 billion in the aggregate under the FET Revolving Facility. FE, FET and certain of their respective subsidiaries increased their borrowings under the Revolving Facilities as a proactive measure to increase their respective cash positions and preserve financial flexibility.

On March 19, 2021, FET issued $500 million of 2.866% senior unsecured notes due 2028. Proceeds from the issuance were used to repay short-term borrowings under the FET Revolving Facility.

FE repaid $250 million and $50 million in short-term borrowings under the FE Revolving Facility on March 23, 2021 and June 30, 2021, respectively.

On April 9, 2021, MP issued an additional $200 million of its 3.55% first mortgage bonds due 2027 at an effective interest rate of approximately 2.06%. Proceeds from the issuance were used to fund MP's ongoing capital expenditures, for working capital needs and for other general corporate purposes.

On May 6, 2021, TE issued $150 million of 2.65% senior secured notes due 2028. Proceeds from the issuance were used to repay short-term borrowings, fund TE's ongoing capital expenditures and for other general corporate purposes.

On May 24, 2021, MAIT issued an additional $150 million of its 4.10% senior notes due 2028 at an effective interest rate of approximately 2.55%. Proceeds from the issuance were used to repay borrowings outstanding under FirstEnergy's regulated company money pool, to fund MAIT's ongoing capital expenditures, to fund working capital and for other general corporate purposes.

On June 10, 2021, JCP&L issued $500 million of 2.75% senior notes due 2032. Proceeds from the issuance were used to repay $450 million of short-term debt under the FE Revolving Facility, storm recovery and restoration costs and expenses, to fund JCP&L's ongoing capital expenditures, working capital requirements and for other general corporate purposes.

On June 30, 2021, FET repaid $350 million under the FET Revolving Facility, bringing the outstanding principal balance under the FET Revolving Facility to $150 million with $850 million of remaining availability.

Penn repaid $50 million in short-term borrowings under the FE Revolving Facility on June 30, 2021.

FirstEnergy does not currently anticipate the need to issue additional equity through 2021 and expects to issue, subject to, among other things, market conditions, pricing terms and business operations, up to $600 million of equity annually in 2022 and 2023, including up to $100 million in equity for its regular stock investment and employee benefit plans. FirstEnergy is also exploring various alternatives to raise equity capital in a manner that could be more value-enhancing to all stakeholders. FirstEnergy's expectations regarding the amount and timing of any potential equity issuances are subject to, among other matters, the ongoing government investigations and related lawsuits and regulatory actions.

FirstEnergy has established new goals for key areas of its business that support the mission to be a forward-thinking, electric utility centered on integrity, powered by a diverse team of employees, committed to making customers' lives brighter, the environment better and our communities stronger.

In November 2020, FirstEnergy published its Climate Story which includes its climate position and strategy, as well as a new comprehensive and ambitious GHG emission goal. FirstEnergy pledged to achieve carbon neutrality by 2050 and set an interim goal for a 30% reduction in GHG within FirstEnergy's direct operational control by 2030, based on 2019 levels. In addition, FirstEnergy has also set a fleet electrification goal in which beginning in 2021, FirstEnergy plans for 100% of new purchases for

its light duty and aerial truck fleet to be electric or hybrid vehicles, creating a path to 30% fleet electrification by 2030. Also, later in 2021, FirstEnergy will seek approval to construct a solar generation source of at least 50 MWs in West Virginia. Future resource plans to achieve carbon reductions, including any determination of retirement dates of the regulated coal-fired generating facilities, will be developed by working collaboratively with regulators in West Virginia. Determination of the useful life of the regulated coal-fired generating facilities could result in changes in depreciation, and/or continued collection of net plant in rates after retirement, securitization, sale, impairment or regulatory disallowances. If MP is unable to recover these costs, it could have a material adverse effect on FirstEnergy's and/or MP's financial condition, results of operations, and cash flow.

In January 2021, the updated "Strategic Plan – Powered by our Core Values & Behaviors" was published. This comprehensive update provides a vision of FirstEnergy's path forward in an evolving electric industry. It also articulates significant new goals that will help achieve our long-term strategic commitments in a transparent, sustainable and responsible manner. The Strategic Plan includes specific targets related to:

- Enhancing a culture of compliance through transparency and accountability;
- Enabling a smarter, more resilient electric system;
- Embracing innovation across the organization;
- Meeting the challenges of climate change;
- Developing a diverse and inclusive workforce, including 2025 goals to increase the number of employees and leaders from underrepresented racial and ethnic groups by 30% each and targeting 20% of supply chain spend to be with diverse suppliers;
- Building collaborative relationships, marked by trust and respect, with all stakeholders;
- Strengthening FirstEnergy's safety-first culture; and
- Delivering strong and predictable financial results.

FINANCIAL OVERVIEW AND RESULTS OF OPERATIONS

(In millions)	For the Three Months Ended June 30,				For the Six Months Ended June 30,			
	2021	2020	Change		2021	2020	Change	
Revenues	$ 2,622	$ 2,522	$ 100	4 %	$ 5,348	$ 5,231	$ 117	2 %
Operating expenses	2,310	2,007	303	15 %	4,477	4,184	293	7 %
Operating income	312	515	(203)	(39)%	871	1,047	(176)	(17)%
Other expenses, net	(158)	(142)	(16)	(11)%	(295)	(710)	415	58 %
Income before income taxes	154	373	(219)	(59)%	576	337	239	71 %
Income taxes	96	66	30	45 %	183	6	177	NM
Income from continuing operations	58	307	(249)	(81)%	393	331	62	19 %
Discontinued operations, net of tax	—	2	(2)	NM	—	52	(52)	NM
Net income	$ 58	$ 309	$ (251)	(81)%	$ 393	$ 383	$ 10	3 %

*NM= not meaningful

The financial results discussed below include revenues and expenses from transactions among FirstEnergy's business segments. A reconciliation of segment financial results is provided in Note 10, "Segment Information," of the Notes to Consolidated Financial Statements.

Summary of Results of Operations — Second Quarter 2021 Compared with Second Quarter 2020

Financial results for FirstEnergy's business segments in the second quarter of 2021 and 2020 were as follows:

Second Quarter 2021 Financial Results	Regulated Distribution	Regulated Transmission	Corporate/Other and Reconciling Adjustments	FirstEnergy Consolidated
		(In millions)		
Revenues:				
Electric	$ 2,209	$ 411	$ (36)	$ 2,584
Other	49	8	(19)	38
Total Revenues	2,258	419	(55)	2,622
Operating Expenses:				
Fuel	112	—	—	112
Purchased power	609	—	5	614
Other operating expenses	696	79	(57)	718
Provision for depreciation	229	77	17	323
Amortization of regulatory assets, net	43	6	—	49
General taxes	192	62	10	264
DPA penalty	—	—	230	230
Total Operating Expenses	1,881	224	205	2,310
Operating Income (Loss)	377	195	(260)	312
Other Income (Expense):				
Miscellaneous income, net	88	11	9	108
Interest expense	(131)	(63)	(93)	(287)
Capitalized financing costs	11	10	—	21
Total Other Expense	(32)	(42)	(84)	(158)
Income (Loss) Before Income Taxes (Benefits)	345	153	(344)	154
Income taxes (benefits)	71	37	(12)	96
Net Income (Loss)	$ 274	$ 116	$ (332)	$ 58

Second Quarter 2020 Financial Results	Regulated Distribution	Regulated Transmission	Corporate/Other and Reconciling Adjustments	FirstEnergy Consolidated
		(In millions)		
Revenues:				
Electric	$ 2,132	$ 380	$ (35)	$ 2,477
Other	56	4	(15)	45
Total Revenues	2,188	384	(50)	2,522
Operating Expenses:				
Fuel	77	—	—	77
Purchased power	610	—	3	613
Other operating expenses	733	62	(65)	730
Provision for depreciation	226	78	17	321
Amortization of regulatory assets, net	10	3	—	13
General taxes	189	56	8	253
Total Operating Expenses	1,845	199	(37)	2,007
Operating Income (Loss)	343	185	(13)	515
Other Income (Expense):				
Miscellaneous income, net	90	8	5	103
Interest expense	(123)	(55)	(85)	(263)
Capitalized financing costs	8	10	—	18
Total Other Expense	(25)	(37)	(80)	(142)
Income (Loss) Before Income Taxes (Benefits)	318	148	(93)	373
Income taxes (benefits)	67	34	(35)	66
Income (Loss) From Continuing Operations	251	114	(58)	307
Discontinued operations, net of tax	—	—	2	2
Net Income (Loss)	$ 251	$ 114	$ (56)	$ 309

Changes Between Second Quarter 2021 and Second Quarter 2020 Financial Results	Regulated Distribution	Regulated Transmission	Corporate/Other and Reconciling Adjustments	FirstEnergy Consolidated
		(In millions)		
Revenues:				
Electric	$ 77	$ 31	$ (1)	$ 107
Other	(7)	4	(4)	(7)
Total Revenues	70	35	(5)	100
Operating Expenses:				
Fuel	35	—	—	35
Purchased power	(1)	—	2	1
Other operating expenses	(37)	17	8	(12)
Provision for depreciation	3	(1)	—	2
Amortization of regulatory assets, net	33	3	—	36
General taxes	3	6	2	11
DPA penalty	—	—	230	230
Total Operating Expenses	36	25	242	303
Operating Income (Loss)	34	10	(247)	(203)
Other Income (Expense):				
Miscellaneous income, net	(2)	3	4	5
Interest expense	(8)	(8)	(8)	(24)
Capitalized financing costs	3	—	—	3
Total Other Expense	(7)	(5)	(4)	(16)
Income (Loss) Before Income Taxes (Benefits)	27	5	(251)	(219)
Income taxes (benefits)	4	3	23	30
Income (Loss) From Continuing Operations	23	2	(274)	(249)
Discontinued operations, net of tax	—	—	(2)	(2)
Net Income (Loss)	$ 23	$ 2	$ (276)	$ (251)

Regulated Distribution — Second Quarter 2021 Compared with Second Quarter 2020

Regulated Distribution's net income increased $23 million in the second quarter of 2021, as compared to the same period of 2020, primarily resulting from higher weather-related demand, earnings benefits from investment-related riders and the implementation of the base distribution rate case in New Jersey, and lower pension and other operating expenses, partially offset by the absence of lost distribution revenues, lower weather-adjusted residential demand and higher interest expense from increased borrowings under the FE Revolving Facility.

Revenues —

The $70 million increase in total revenues resulted from the following sources:

	For the Three Months Ended June 30,		
Revenues by Type of Service	**2021**	**2020**	**Increase (Decrease)**
		(In millions)	
Distribution[1]	$ 1,304	$ 1,256	$ 48
Generation sales:			
Retail	831	826	5
Wholesale	74	50	24
Total generation sales	905	876	29
Other	49	56	(7)
Total Revenues	$ 2,258	$ 2,188	$ 70

[1] Includes $15 million of ARP revenues for the three months ended June 30, 2020.

Distribution revenues increased $48 million in the second quarter of 2021, as compared to the same period of 2020, primarily resulting from higher weather-related demands, higher rates associated with riders in Ohio and Pennsylvania, including the recovery of capital investment programs and transmission expenses, and increased weather-adjusted commercial and industrial sales, partially offset by the absence of lost distribution revenues in Ohio, the elimination of energy efficiency mandates and energy efficiency programs in Ohio, the expiration of a NUG contract, and lower weather-adjusted residential sales. The change in distribution revenues by sales class are primarily due to the cancellation of state mandated COVID-19 stay-at-home orders. Distribution services by customer class are summarized in the following table:

	For the Three Months Ended June 30,					
(in thousands)	**Actual**			**Weather-Adjusted**		
Electric Distribution MWH Deliveries	**2021**	**2020**	**Increase (Decrease)**	**2021**	**2020**	**Increase (Decrease)**
Residential	12,347	12,764	(3.3) %	11,861	12,669	(6.4) %
Commercial[1]	8,590	7,825	9.8 %	8,466	7,823	8.2 %
Industrial	13,384	12,009	11.4 %	13,384	12,007	11.5 %
Total Electric Distribution MWH Deliveries	34,321	32,598	5.3 %	33,711	32,499	3.7 %

[1] Includes street lighting.

Distribution deliveries to residential, commercial and industrial customers reflect the cancellation of the state mandated COVID-19 stay-at-home orders. Residential and commercial deliveries were also impacted by higher weather-related customer usage. Cooling degree days were 21% above 2020 and 24% above normal. Increases in industrial deliveries were primarily seen in the manufacturing and educational sectors.

The following table summarizes the price and volume factors contributing to the $29 million increase in generation revenues for the second quarter of 2021, as compared to the same period of 2020:

Source of Change in Generation Revenues	Increase (Decrease)
	(In millions)
Retail:	
Change in sales volumes	$ 22
Change in prices	(17)
	5
Wholesale:	
Change in sales volumes	24
Change in Generation Revenues	$ 29

The increase in retail generation sales volumes was primarily due to higher weather-related usage, partially offset by increased shopping. Total generation provided by alternative suppliers as a percentage of total MWH deliveries in the second quarter of 2021, as compared to the same period of 2020, increased to 65% from 64% in Pennsylvania. The decrease in retail generation prices primarily resulted from lower non-shopping generation auction rates.

Wholesale generation revenues increased $24 million in the second quarter of 2021, as compared to the same period of 2020, due to increased sales volumes. The difference between current wholesale generation revenues and certain energy costs incurred are deferred for future recovery or refund, with no material impact to earnings.

Other revenues decreased $7 million in the second quarter of 2021, as compared to the same period of 2020, primarily due to lower pole attachment revenue.

Operating Expenses —

Total operating expenses increased $36 million in the second quarter of 2021, as compared to the same period of 2020, primarily due to the following:

- Fuel expense increased $35 million in the second quarter of 2021, as compared to the same period of 2020, primarily due to higher unit costs and increased generation output. Due to the ENEC, fuel expense has no material impact on current period earnings.

- Purchased power costs decreased $1 million in the second quarter of 2021, as compared to the same period of 2020, primarily due to lower unit costs and the expiration of a NUG contract, partially offset by increased capacity expenses and increased volumes as described above.

Source of Change in Purchased Power	Increase (Decrease)
	(In millions)
Purchases	
Change due to unit costs	$ (41)
Change due to volumes	18
	(23)
Capacity expense	22
Change in Purchased Power Costs	$ (1)

- Other operating expenses decreased $37 million in the second quarter of 2021, as compared to the same period of 2020, primarily due to the following:

    - Lower uncollectible expense of $57 million, of which $32 million was deferred for future recovery.
    - Lower storm restoration costs of $22 million, which were mostly deferred for future recovery, resulting in no material impact on current period earnings.
    - Lower COVID-19 related expenses of $20 million, of which $2 million was deferred for future recovery.
    - Lower pension and OPEB service costs of $2 million.
    - Higher network transmission expenses of $39 million, which were mostly deferred for future recovery, resulting in no material impact on current period earnings.
    - Higher other operating and maintenance expenses of $25 million primarily associated with increased corporate support and employee benefit costs, partially offset by fewer planned outages at the regulated generation facilities.
    - Higher energy efficiency costs of $4 million, offset by lower West Virginia vegetation management spend of $4 million. These costs are deferred for future recovery, resulting in no material impact on current period earnings.

- Depreciation expense increased $3 million in the second quarter of 2021, as compared to the same period of 2020, primarily due to a higher asset base, partially offset by a reduction in accretion expense as a result of the TMI-2 transfer, which has no impact to earnings.

- Amortization of regulatory assets, net increased $33 million in the second quarter of 2021, as compared to the same period of 2020, primarily due to lower deferrals of uncollectible, storm restoration, transmission and COVID-19 related costs, partially offset by the amortization of a regulatory liability as part of the New Jersey base rate case implementation in 2021, higher energy efficiency and generation related deferrals, the expiration of a NUG contract, and lower Pennsylvania smart meter amortization.

- General taxes increased $3 million in the second quarter of 2021, as compared to the same period of 2020, primarily due to higher property taxes and sales-related taxes, partially offset by lower payroll taxes.

Other Expenses —

Other expense increased $7 million in the second quarter of 2021, as compared to the same period of 2020, primarily due to higher interest expense from increased borrowings under the FE Revolving Facility to increase cash position and preserve financial flexibility, partially offset by lower pension non-service costs.

Income Taxes —

Regulated Distribution's effective tax rate was 20.6% and 21.1% for the three months ended June 30, 2021 and 2020, respectively.

Regulated Transmission — Second Quarter 2021 Compared with Second Quarter 2020

Regulated Transmission's net income increased $2 million in the second quarter of 2021, as compared to the same period of 2020, primarily due to a higher rate base at MAIT and ATSI, partially offset by higher interest expense associated with new debt issuances at FET and increased borrowings under the FET Revolving Facility.

Revenues —

Total revenues increased $35 million in the second quarter of 2021, as compared to the same period of 2020, primarily due to recovery of incremental operating expenses and a higher rate base at MAIT and ATSI.

The following table shows revenues by transmission asset owner:

Revenues by Transmission Asset Owner	For the Three Months Ended June 30, 2021	2020	Increase
		(In millions)	
ATSI	$ 198	$ 193	$ 5
TrAIL	59	59	—
MAIT	81	59	22
JCP&L	46	39	7
MP, PE and WP	35	34	1
Total Revenues	$ 419	$ 384	$ 35

Operating Expenses —

Total operating expenses increased $25 million in the second quarter of 2021, as compared to the same period of 2020, primarily due to higher operation and maintenance costs, and increased property taxes due to a higher asset base. The majority of operating expenses are recovered through formula rates, resulting in no material impact on current period earnings.

Other Expense —

Other expenses increased $5 million due to higher interest expense associated with new debt issuances at FET and increased borrowings under the FET Revolving Facility.

Income Taxes —

Regulated Transmission's effective tax rate was 24.2% and 23.0% for the three months ended June 30, 2021 and 2020, respectively.

Corporate / Other — Second Quarter 2021 Compared with Second Quarter 2020

Financial results at Corporate/Other resulted in a $276 million increase in net loss in the second quarter of 2021, as compared to the same period of 2020, primarily due to the $230 million DPA monetary penalty, higher other operating expenses from legal expenses related to the ongoing government investigations, higher interest expense due to increased long-term debt, and lower tax benefits from the remeasurement of West Virginia deferred income taxes resulting from a state tax law change passed in 2021, and the absence of tax benefits from accelerated amortization of certain investment tax credits recognized in the second quarter of 2020.

Summary of Results of Operations — First Six Months of 2021 Compared with First Six Months of 2020

Financial results for FirstEnergy's business segments in the first six months of 2021 and 2020 were as follows:

First Six Months 2021 Financial Results	Regulated Distribution	Regulated Transmission	Corporate/Other and Reconciling Adjustments	FirstEnergy Consolidated
		(In millions)		
Revenues:				
Electric	$ 4,525	$ 812	$ (70)	$ 5,267
Other	103	12	(34)	81
Total Revenues	4,628	824	(104)	5,348
Operating Expenses:				
Fuel	230	—	—	230
Purchased power	1,323	—	9	1,332
Other operating expenses	1,424	146	(100)	1,470
Provision for depreciation	455	158	33	646
Amortization of regulatory assets, net	130	11	—	141
General taxes	393	124	20	537
DPA penalty	—	—	230	230
Gain on sale of Yards Creek	(109)	—	—	(109)
Total Operating Expenses	3,846	439	192	4,477
Operating Income (Loss)	782	385	(296)	871
Other Income (Expense):				
Miscellaneous income, net	195	22	26	243
Interest expense	(259)	(124)	(189)	(572)
Capitalized financing costs	22	12	—	34
Total Other Expense	(42)	(90)	(163)	(295)
Income (Loss) Before Income Taxes (Benefits)	740	295	(459)	576
Income taxes (benefits)	153	70	(40)	183
Net Income (Loss)	$ 587	$ 225	$ (419)	$ 393

First Six Months 2020 Financial Results	Regulated Distribution	Regulated Transmission	Corporate/Other and Reconciling Adjustments	FirstEnergy Consolidated
		(In millions)		
Revenues:				
Electric	$ 4,431	$ 777	$ (70)	$ 5,138
Other	115	8	(30)	93
Total Revenues	4,546	785	(100)	5,231
Operating Expenses:				
Fuel	175	—	—	175
Purchased power	1,300	—	7	1,307
Other operating expenses	1,432	115	(68)	1,479
Provision for depreciation	449	154	35	638
Amortization of regulatory assets, net	59	6	—	65
General taxes	384	118	18	520
Total Operating Expenses	3,799	393	(8)	4,184
Operating Income (Loss)	747	392	(92)	1,047
Other Income (Expense):				
Miscellaneous income, net	165	14	24	203
Pension and OPEB mark-to-market adjustment	(257)	(19)	(147)	(423)
Interest expense	(250)	(107)	(169)	(526)
Capitalized financing costs	17	19	—	36
Total Other Expense	(325)	(93)	(292)	(710)
Income (Loss) Before Income Taxes (Benefits)	422	299	(384)	337
Income taxes (benefits)	35	68	(97)	6
Income (Loss) From Continuing Operations	387	231	(287)	331
Discontinued operations, net of tax	—	—	52	52
Net Income (Loss)	$ 387	$ 231	$ (235)	$ 383

Changes Between First Six Months 2021 and First Six Months 2020 Financial Results	Regulated Distribution	Regulated Transmission	Corporate/Other and Reconciling Adjustments	FirstEnergy Consolidated
		(In millions)		
Revenues:				
Electric	$ 94	$ 35	$ —	$ 129
Other	(12)	4	(4)	(12)
Total Revenues	82	39	(4)	117
Operating Expenses:				
Fuel	55	—	—	55
Purchased power	23	—	2	25
Other operating expenses	(8)	31	(32)	(9)
Provision for depreciation	6	4	(2)	8
Amortization of regulatory assets, net	71	5	—	76
General taxes	9	6	2	17
DPA penalty	—	—	230	230
Gain on sale of Yards Creek	(109)	—	—	(109)
Total Operating Expenses	47	46	200	293
Operating Income (Loss)	35	(7)	(204)	(176)
Other Income (Expense):				
Miscellaneous income, net	30	8	2	40
Pension and OPEB mark-to-market adjustment	257	19	147	423
Interest expense	(9)	(17)	(20)	(46)
Capitalized financing costs	5	(7)	—	(2)
Total Other Expense	283	3	129	415
Income (Loss) Before Income Taxes (Benefits)	318	(4)	(75)	239
Income taxes (benefits)	118	2	57	177
Income (Loss) From Continuing Operations	200	(6)	(132)	62
Discontinued operations, net of tax	—	—	(52)	(52)
Net Income (Loss)	$ 200	$ (6)	$ (184)	$ 10

Regulated Distribution — First Six Months of 2021 Compared with First Six Months of 2020

Regulated Distribution's net income increased $200 million in the first six months of 2021, as compared to the same period of 2020, primarily resulting from the absence of the pension and OPEB mark-to-market adjustment in 2020, higher weather-related demands, earnings benefits from investment-related riders and the implementation of the base distribution rate case in New Jersey, and lower pension and OPEB expenses, partially offset by the absence of Ohio decoupling and lost distribution revenues, higher interest and the absence of deferred gain tax benefits recognized in 2020 that were triggered by the FES Debtors' emergence from bankruptcy.

Revenues —

The $82 million increase in total revenues resulted from the following sources:

	For the Six Months Ended June 30,		
Revenues by Type of Service	**2021**	**2020**	**Increase (Decrease)**
		(In millions)	
Distribution services[1]	$ 2,616	$ 2,580	$ 36
Generation sales:			
Retail	1,766	1,730	36
Wholesale	143	121	22
Total generation sales	1,909	1,851	58
Other	103	115	(12)
Total Revenues	$ 4,628	$ 4,546	$ 82

[1] Includes $(27) million and $83 million of ARP revenues for the six months ended June 30, 2021 and 2020, respectively. The $27 million reduction in ARP revenues in the six months ended June 30, 2021, reflects the Ohio Companies decision to collectively refund to customers amounts previously collected under decoupling, with interest. See "Outlook," below for further discussion on Ohio decoupling rates.

Distribution services revenues increased $36 million in the first six months 2021, as compared to the same period of 2020, primarily resulting from higher rates associated with riders in Ohio and Pennsylvania including the recovery of capital investment programs and transmission expenses and higher weather-related usage, partially offset by the absence of decoupling and lost distribution revenues, the elimination of energy efficiency mandates and energy efficiency programs in Ohio, and the expiration of a NUG contract. Distribution services by customer class are summarized in the following table:

	For the Six Months Ended June 30,								
(in thousands)	**Actual**				**Weather-Adjusted and Leap Year-Adjusted**				
Electric Distribution MWH Deliveries	**2021**	**2020**	**Increase (Decrease)**		**2021**	**2020**	**Increase (Decrease)**		
Residential	27,237	25,968	4.9	%	27,258	27,568	(1.1)	%	
Commercial[1]	17,221	16,727	3.0	%	17,318	17,222	0.6	%	
Industrial	26,641	25,558	4.2	%	26,641	25,506	4.4	%	
Total Electric Distribution MWH Deliveries	71,099	68,253	4.2	%	71,217	70,296	1.3	%	

[1] Includes street lighting.

Distribution deliveries to residential, commercial and industrial customers reflects the cancellation of the state mandated COVID-19 stay-at-home orders. Residential and commercial deliveries were also impacted by higher weather-related customer usage. Cooling degree days were 21% above 2020 and 24% above normal and heating degree days were 6% above 2020 and 4% below normal. Increases in industrial deliveries were primarily seen in the manufacturing and educational sectors.

The following table summarizes the price and volume factors contributing to the $58 million increase in generation revenues for the first six months of 2021, as compared to the same period of 2020:

Source of Change in Generation Revenues	Increase (Decrease)
	(In millions)
Retail:	
Change in sales volumes	$ 133
Change in prices	(97)
	36
Wholesale:	
Change in sales volumes	13
Change in prices	21
Capacity revenue	(12)
	22
Change in Generation Revenues	$ 58

The increase in retail generation sales volumes was primarily due to higher weather-related usage and decreased customer shopping in New Jersey and Pennsylvania. Total generation provided by alternative suppliers as a percentage of total MWH deliveries in the first six months of 2021, as compared to the same period of 2020, decreased to 47% from 49% in New Jersey and to 63% from 65% in Pennsylvania. The decrease in retail generation prices primarily resulted from lower non-shopping generation auction rates.

Wholesale generation revenues increased $22 million in the first six months of 2021, as compared to the same period in 2020, primarily due to increased sales volumes and an increase in spot market energy prices, partially offset by lower capacity revenues. The difference between current wholesale generation revenues and certain energy costs incurred are deferred for future recovery or refund, with no material impact to earnings.

Other revenues decreased $12 million in the first six months of 2021, as compared to the same period in 2020, primarily due to lower pole attachment revenue.

Operating Expenses —

Total operating expenses increased $47 million, primarily due to the following:

- Fuel costs increased $55 million during the first six months of 2021, as compared to the same period of 2020, primarily due to higher unit costs and increased generation output. Due to the ENEC, fuel expense has no material impact on current earnings.

- Purchased power costs increased $23 million during the first six months of 2021, as compared to the same period of 2020, primarily due to increased volumes as described above and increased capacity expenses, partially offset by lower unit costs and the expiration of a NUG contract.

Source of Change in Purchased Power	Increase (Decrease)
	(In millions)
Purchases:	
Change due to unit costs	$ (82)
Change due to volumes	82
	—
Capacity	23
Change in Purchased Power Costs	$ 23

- Other operating expenses decreased $8 million in the first six months of 2021, as compared to the same period of 2020, primarily due to:

    - Lower uncollectible expense of $77 million, of which $39 million was deferred for future recovery.
    - Lower West Virginia vegetation management spend and energy efficiency program costs of $25 million, which are deferred for future recovery, resulting in no material impact on earnings.
    - Lower COVID-19 related expenses of $12 million, of which $1 million was deferred for future recovery.
    - Higher employee benefit costs of approximately $11 million.
    - Higher network transmission expenses of $69 million. These costs are deferred for future recovery, resulting in no material impact on current period earnings.
    - Higher pension and OPEB service costs of $4 million.
    - Higher other operating and maintenance expenses of $22 million, primarily associated with increased labor and corporate support costs, partially offset by fewer planned outages at the regulated generation facilities and lower contractor spend.

- Depreciation expense increased $6 million in the first six months of 2021, as compared to the same period of 2020, primarily due to a higher asset base, partially offset by a reduction in accretion expense as a result of the TMI-2 transfer, which has no impact to earnings.

- Amortization of regulatory assets, net increased $71 million in the first six months of 2021, as compared to the same period of 2020, primarily due to the reduction of the New Jersey deferred storm cost regulatory asset as a result of the Yards Creek sale, lower uncollectible and COVID-19 related deferrals and a decrease in deferral of accretion expense as a result of the TMI-2 transfer, partially offset by the amortization of a regulatory liability as part of the New Jersey base rate case implementation in 2021, higher generation and transmission deferrals and lower Pennsylvania smart meter amortization.

- General taxes increased $9 million in the first six months of 2021, as compared to the same period of 2020, primarily due to higher Ohio property taxes and sales-related taxes, partially offset by lower payroll taxes.

- Gain on sale of the Yards Creek Generating Facility of $109 million was netted against the New Jersey storm deferral, as described above, resulting in no impact to earnings.

Other Expense —

Other expense decreased $283 million in the first six months of 2021, as compared to the same period of 2020, primarily due to a $257 million pension and OPEB mark-to-market adjustment in 2020 and higher net miscellaneous income resulting from lower pension non-service costs, partially offset by higher interest expense from increased borrowings under the FE Revolving Facility to increase cash position and preserve financial flexibility.

Income Taxes —

Regulated Distribution's effective tax rate was 20.7% and 8.3% for the six months ended June 30, 2021 and 2020, respectively. The change in the effective tax rate was primarily due to the recognition of $52 million in deferred gains relating to prior intercompany transfers of generation assets that were triggered by the deconsolidation of the FES Debtors from FirstEnergy's consolidated federal income tax group as a result of their emergence from bankruptcy in the first quarter of 2020.

Regulated Transmission — First Six Months of 2021 Compared with First Six Months of 2020

Regulated Transmission's net income decreased $6 million in the first six months of 2021, as compared to the same period of 2020, primarily resulting from higher interest expense associated with new debt issuances at FET and increased borrowings under the FET Revolving Facility, partially offset by the impact of a higher rate base at ATSI and MAIT.

Revenues —

Total revenues increased $39 million, primarily due to the recovery of incremental operating expenses and a higher rate base at ATSI and MAIT, partially offset by a lower rate base at TrAIL.

The following table shows revenues by transmission asset owner:

Revenues by Transmission Asset Owner	For the Six Months Ended June 30, 2021	2020	Increase (Decrease)
		(In millions)	
ATSI	$ 404	$ 396	$ 8
TrAIL	121	125	(4)
MAIT	149	119	30
JCP&L	85	77	8
MP, PE and WP	65	68	(3)
Total Revenues	$ 824	$ 785	$ 39

Operating Expenses —

Total operating expenses increased $46 million in the first six months of 2021, as compared to the same period of 2020, primarily due to higher operation and maintenance costs, priority pole maintenance costs, and increased property taxes and depreciation due to a higher asset base. The majority of operating expenses are recovered through formula rates, resulting in no material impact on current period earnings.

Other Expense —

Total other expense decreased $3 million in the first six months of 2021, as compared to the same period of 2020, primarily due to a $19 million pension and OPEB mark-to-market adjustment in the first quarter of 2020, partially offset by higher interest expense associated with new debt issuances at FET and increased borrowings under the FET Revolving Facility.

Income Taxes —

Regulated Transmission's effective tax rate was 23.7% and 22.7% for the six months ended June 30, 2021 and 2020, respectively.

Corporate / Other — First Six Months of 2021 Compared with First Six Months of 2020

Financial results at Corporate/Other resulted in a $184 million increase in net loss in the first six months of 2021, as compared to the same period of 2020, primarily due to the $230 million DPA monetary penalty, higher interest expense due to increased long-term debt, lower tax benefits from the remeasurement of West Virginia deferred income taxes resulting from a state tax law change passed in 2021 and the absence of tax benefits from accelerated amortization of certain investment tax credits recognized in 2020, and the absence of a gain from discontinued operations, net of tax, partially offset by the absence of a pension and OPEB mark-to-market adjustment in 2020.

For the six months ended June 30, 2020, FirstEnergy recorded a gain from discontinued operations, net of tax, of $52 million. The gain primarily related to settlement expense of $1 million, accelerated net pension and OPEB prior service credits of $18 million and income tax benefits (including the estimated worthless stock deduction and adjustments from the tax sharing agreement with the FES Debtors) of $35 million.

REGULATORY ASSETS AND LIABILITIES

Regulatory assets represent incurred costs that have been deferred because of their probable future recovery from customers through regulated rates. Regulatory liabilities represent amounts that are expected to be credited to customers through future regulated rates or amounts collected from customers for costs not yet incurred. FirstEnergy, the Utilities and the Transmission Companies net their regulatory assets and liabilities based on federal and state jurisdictions.

Management assesses the probability of recovery of regulatory assets at each balance sheet date and whenever new events occur. Factors that may affect probability include changes in the regulatory environment, issuance of a regulatory commission order or passage of new legislation. Management applies judgment in evaluating the evidence available to assess the probability of recovery of regulatory assets from customers, including, but not limited to evaluating evidence related to precedent for similar items at FirstEnergy and information on comparable companies within similar jurisdictions, as well as assessing progress of communications between FirstEnergy and regulators. Certain of these regulatory assets, totaling approximately $117 million as of June 30, 2021 and December 31, 2020, respectively, are recorded based on prior precedent or anticipated recovery based on rate making premises without a specific order, of which, $78 million and $79 million as of June 30, 2021 and December 31, 2020, respectively, are being sought for recovery in a formula rate amendment filing at ATSI that is pending before FERC. See Note 8, "Regulatory Matters" for additional information.

The following table provides information about the composition of net regulatory assets and liabilities as of June 30, 2021, and December 31, 2020, and the changes during the six months ended June 30, 2021:

Net Regulatory Assets (Liabilities) by Source	June 30, 2021	December 31, 2020	Change
		(In millions)	
Customer payables for future income taxes	$ (2,312)	$ (2,369)	$ 57
Spent nuclear fuel disposal costs	(100)	(102)	2
Asset removal costs	(683)	(721)	38
Deferred transmission costs	218	319	(101)
Deferred generation costs	43	17	26
Deferred distribution costs	45	79	(34)
Contract valuations	27	41	(14)
Storm-related costs	641	748	(107)
Uncollectible and COVID-19 related costs	64	97	(33)
Energy efficiency program costs	50	42	8
New Jersey societal benefit costs	108	112	(4)
Regulatory transition costs	(32)	(20)	(12)
Vegetation management	17	22	(5)
Other	(12)	(9)	(3)
Net Regulatory Liabilities included on the Consolidated Balance Sheets	$ (1,926)	$ (1,744)	$ (182)

The following is a description of the regulatory assets and liabilities described above:

Customer payables for future income taxes - Reflects amounts to be recovered or refunded through future rates to pay income taxes that become payable when rate revenue is provided to recover items such as AFUDC-equity and depreciation of property, plant and equipment for which deferred income taxes were not recognized for ratemaking purposes, including amounts attributable to tax rate changes such as tax reform. These amounts are being amortized over the period in which the related deferred tax assets reverse, which is generally over the expected life of the underlying asset.

Spent nuclear fuel disposal costs - Reflects amounts collected from customers, and the investment income, losses and changes in fair value of the trusts for spent nuclear fuel disposal costs related to the former nuclear generating facilities, Oyster Creek and TMI-1.

Asset removal costs - Primarily represents the rates charged to customers that include a provision for the cost of future activities to remove assets, including obligations for which an ARO has been recognized, that are expected to be incurred at the time of retirement.

Deferred transmission costs - Primarily represents differences between revenues earned based on actual costs for the formula-rate Transmission Companies and the amounts billed. Amounts are recorded as a regulatory asset or liability and recovered or refunded, respectively, in subsequent periods.

Deferred generation costs - Primarily relates to regulatory assets associated with the securitized recovery of certain electric customer heating discounts, fuel and purchased power regulatory assets at the Ohio Companies (amortized through 2034) as well as the ENEC at MP and PE. MP and PE recover net power supply costs, including fuel costs, purchased power costs and related expenses, net of related market sales revenue through the ENEC. The ENEC rate is updated annually.

Deferred distribution costs - Primarily relates to the Ohio Companies' deferral of certain expenses resulting from distribution and reliability related expenditures, including interest (amortized through 2036), as well as the Ohio Companies' 2020 deferrals related to the decoupling mechanism which are recorded as a regulatory asset or liability and recovered or refunded, respectively, in subsequent periods.

Contract valuations - Includes the amortization of purchase accounting adjustments at PE which were recorded in connection with the Allegheny Energy, Inc. merger representing the fair value of NUG purchased power contracts (amortized over the life of the contracts through 2030).

Storm-related costs - Relates to the deferral of storm costs, net of recovery, which vary by jurisdiction. Approximately $152 million and $167 million are currently being recovered through rates as of June 30, 2021 and December 31, 2020, respectively.

Uncollectible and COVID-19 related costs - Includes the deferral of prudently incurred incremental costs arising from COVID-19, including uncollectible expenses under new and existing riders prior to the pandemic.

Energy efficiency program costs - Relates to the recovery of costs in excess of revenues associated with energy efficiency programs including the Pennsylvania Companies' EE&C programs, the Ohio Companies' Demand Side Management and Energy Efficiency Rider, and PE's EmPOWER Maryland Surcharge.

New Jersey societal benefit costs - Primarily relates to regulatory assets associated with manufactured gas plant remediation, energy efficiency and renewable energy programs, universal service and lifeline funds, and consumer education in New Jersey.

Regulatory transition costs - Includes the recovery of PN above-market NUG costs; JCP&L costs incurred during the transition to a competitive retail market and under-recovery during the period from August 1, 1999 through July 31, 2003; and JCP&L costs associated with BGS, capacity and ancillary services, net of revenues from the sale of the committed supply in the wholesale market.

Vegetation management - Relates to regulatory assets in New Jersey and West Virginia associated with the recovery of distribution vegetation management costs.

The following table provides information about the composition of net regulatory assets that do not earn a current return as of June 30, 2021 and December 31, 2020, of which approximately $180 million and $195 million, respectively, are currently being recovered through rates over varying periods, through 2068, depending on the nature of the deferral and the jurisdiction.

Regulatory Assets by Source Not Earning a Current Return	June 30, 2021	December 31, 2020	Change
		(In millions)	
Deferred transmission costs	$ 14	$ 17	$ (3)
Deferred generation costs	6	5	1
Storm-related costs	539	654	(115)
COVID-19 related costs	65	66	(1)
Regulatory transition costs	14	16	(2)
Vegetation management	17	22	(5)
Other	10	9	1
Regulatory Assets Not Earning a Current Return	$ 665	$ 789	$ (124)

CAPITAL RESOURCES AND LIQUIDITY

FirstEnergy's business is capital intensive, requiring significant resources to fund operating expenses, construction expenditures, scheduled debt maturities and interest payments, dividend payments, and potential contributions to its pension plan.

FirstEnergy does not currently anticipate the need to issue additional equity through 2021 and expects to issue, subject to, among other things, market conditions, pricing terms and business operations, up to $600 million of equity annually in 2022 and 2023, including up to $100 million in equity for its regular stock investment and employee benefit plans. FirstEnergy is also exploring various alternatives to raise equity capital in a manner that could be more value-enhancing to all stakeholders. FirstEnergy's expectations regarding the amount and timing of any potential equity issuances are subject to, among other matters, the ongoing government investigations and related lawsuits and regulatory actions.

FE and its distribution and transmission subsidiaries expect their existing sources of liquidity to remain sufficient to meet their respective anticipated obligations. In addition to internal sources to fund liquidity and capital requirements for 2021 and beyond, FE and its distribution and transmission subsidiaries expect to rely on external sources of funds. Short-term cash requirements not met by cash provided from operations are generally satisfied through short-term borrowings. Long-term cash needs may be met through the issuance of long-term debt by FE and certain of its distribution and transmission subsidiaries to, among other things, fund capital expenditures and refinance short-term and maturing long-term debt, subject to market conditions and other factors.

With an operating territory of 65,000 square miles, the scale and diversity of the ten Utilities that comprise the Regulated Distribution business uniquely position this business for growth through opportunities for additional investment, with plans to invest up to $6.6 billion in capital from 2020 to 2023. Over the past several years, Regulated Distribution has experienced rate base growth through investments that have improved reliability and added operating flexibility to the distribution infrastructure, which provide benefits to the customers and communities those Utilities serve. Additionally, this business is exploring other opportunities for growth, including investments in electric system improvement and modernization projects to increase reliability and improve service to customers, as well as exploring opportunities in customer engagement that focus on the electrification of customers' homes and businesses by providing a full range of products and services.

FirstEnergy believes there are incremental investment opportunities for its existing transmission infrastructure of over $20 billion beyond those identified through 2023, which are expected to strengthen grid and cyber-security and make the transmission system more reliable, robust, secure and resistant to extreme weather events, with improved operational flexibility.

In alignment with FirstEnergy's strategy to invest in its Regulated Transmission and Regulated Distribution segments as a fully regulated company, FirstEnergy is focused on maintaining balance sheet strength and flexibility. Specifically, at the regulated businesses, regulatory authority has been obtained for various regulated distribution and transmission subsidiaries to issue and/or refinance debt.

Any financing plans by FE or any of its consolidated subsidiaries, including the issuance of equity and debt, and the refinancing of short-term and maturing long-term debt are subject to market conditions and other factors. No assurance can be given that any such issuances, financing or refinancing, as the case may be, will be completed as anticipated or at all. Any delay in the completion of financing plans could require FE or any of its consolidated subsidiaries to utilize short-term borrowing capacity, which could impact available liquidity. In addition, FE and its consolidated subsidiaries expect to continually evaluate any planned financings, which may result in changes from time to time.

On March 31, 2018, the FES Debtors announced that, in order to facilitate an orderly financial restructuring, they filed voluntary petitions under Chapter 11 of the United States Bankruptcy Code with the Bankruptcy Court. On February 27, 2020, the FES Debtors effectuated their plan, emerged from bankruptcy and FirstEnergy tendered the bankruptcy court approved settlement payments totaling $853 million and a $125 million tax sharing payment to the FES Debtors.

FirstEnergy is continuously evaluating the global COVID-19 pandemic and taking steps to mitigate known risks. FirstEnergy is actively monitoring the continued impact COVID-19 is having on its customers' receivable balances, which include increasing arrears balances since the pandemic has begun. FirstEnergy has incurred, and it is expected to incur for the foreseeable future, COVID-19 pandemic related expenses. COVID-19 related expenses consist of additional costs that FirstEnergy is incurring to protect its employees, contractors and customers, and to support social distancing requirements. These costs include, but are not limited to, new or added benefits provided to employees, the purchase of additional personal protection equipment and disinfecting supplies, additional facility cleaning services, initiated programs and communications to customers on utility response, and increased technology expenses to support remote working, where possible. The full impact on FirstEnergy's business from the COVID-19 pandemic, including the governmental and regulatory responses, is unknown at this time and difficult to predict. FirstEnergy provides a critical and essential service to its customers and the health and safety of its employees, contractors and customers is its first priority. FirstEnergy is continuously monitoring its supply chain and is working closely with essential vendors to understand the continued impact the COVID-19 pandemic is having on its business; however, FirstEnergy does not currently expect disruptions in its ability to deliver service to customers or any material impact on its capital spending plan.

FirstEnergy continues to effectively manage operations during the pandemic in order to provide critical service to customers and believes it is well positioned to manage through the economic slowdown. FirstEnergy Distribution and Transmission revenues benefit from geographic and economic diversity across a five-state service territory, which also allows for flexibility with capital investments and measures to maintain sufficient liquidity over the next twelve months. However, the situation remains fluid and future impacts to FirstEnergy that are presently unknown or unanticipated may occur. Furthermore, the likelihood of an impact to FirstEnergy, and the severity of any impact that does occur, could increase the longer the global pandemic persists.

On July 21, 2020, a complaint and supporting affidavit containing federal criminal allegations were unsealed against the now former Ohio House Speaker Larry Householder and other individuals and entities allegedly affiliated with Mr. Householder. Also, on July 21, 2020, and in connection with the investigation, FirstEnergy received subpoenas for records from the U.S. Attorney's Office for the S.D. Ohio. FirstEnergy was not aware of the criminal allegations, affidavit or subpoenas before July 21, 2020.

On July 21, 2021, FE entered into a three-year DPA with the U.S. Attorney's Office that, subject to court proceedings, resolves the U.S. Attorney's Office investigation into FirstEnergy relating to FirstEnergy's lobbying and governmental affairs activities concerning HB 6, which, among other things requires FE to pay a monetary penalty of $230 million within the next sixty days. Under the DPA, FE has agreed to the filing of a criminal information charging FE with one count of conspiracy to commit honest services wire fraud. The $230 million payment will neither be recovered in rates or charged to FirstEnergy customers nor will FirstEnergy seek any tax deduction related to such payment. Under the terms of the DPA, the criminal information will be dismissed after FirstEnergy fully complies with its obligations under the DPA.

In addition to the subpoenas referenced above, the OAG, certain FE shareholders and FirstEnergy customers filed several lawsuits against FirstEnergy and certain current and former directors, officers and other employees, each relating to the allegations against the now former Ohio House Speaker Larry Householder and other individuals and entities allegedly affiliated with Mr. Householder. In addition, on August 10, 2020, the SEC, through its Division of Enforcement, issued an order directing an investigation of possible securities laws violations by FE, and on September 1, 2020, issued subpoenas to FE and certain FE officers. Subsequently, on April 28, 2021, the SEC issued an additional subpoena to FE. Further, in a letter dated February 22, 2021, staff of FERC's Division of Investigations notified FirstEnergy that the Division is conducting an investigation of FirstEnergy's lobbying and governmental affairs activities concerning HB 6.

Despite the many disruptions FirstEnergy is currently facing, the leadership team remains committed and focused on executing its strategy and running the business. See "Outlook - Other Legal Proceedings" below for additional details on the government investigations, the DPA, and subsequent litigation surrounding the investigation of HB 6. See also "Outlook - State Regulation - Ohio" below for details on the PUCO proceeding reviewing political and charitable spending and legislative activity in response to the investigation of HB 6. The outcome of the government investigations, PUCO proceedings, legislative activity, and any of these lawsuits is uncertain and could have a material adverse effect on FE's or its subsidiaries' financial condition, results of operations and cash flows. As discussed below, FirstEnergy has made reductions to its Regulated Distribution and Regulated Transmission capital investment plans and is considering reductions to operating expenses, as well as changes to its planned equity issuances, to allow for flexibility to address the outcomes of the ongoing government investigations and related lawsuits and regulatory actions.

As of June 30, 2021, FirstEnergy's net deficit in working capital (current assets less current liabilities) was primarily due to accounts payable, short-term borrowings, current portions of long-term debt, and accrued interest, taxes, and compensation and benefits. FirstEnergy believes its cash from operations and available liquidity will be sufficient to meet its current working capital needs.

Short-Term Borrowings / Revolving Credit Facilities

FE and the Utilities and FET and certain of its subsidiaries participate in two separate five-year syndicated revolving credit facilities providing for aggregate commitments of $3.5 billion, which are available until December 6, 2022. Under the FE Revolving Facility, an aggregate amount of $2.5 billion is available to be borrowed, repaid and reborrowed, subject to separate borrowing sublimits for each borrower including FE and its regulated distribution subsidiaries. Under the FET Revolving Facility, an aggregate amount of $1.0 billion is available to be borrowed, repaid and reborrowed under a syndicated credit facility, subject to separate borrowing sublimits for each borrower including FE's transmission subsidiaries. On July 21, 2021, FE and the Utilities and FET and certain of its subsidiaries entered into amendments to the FE Revolving Facility and the FET Revolving Facility, respectively. The amendments provide for modifications and/or waivers of (i) certain representations and warranties, (ii) certain affirmative and negative covenants, contained therein, and (iii) any resulting event of default, which, in each case, resulted either from FE entering into the DPA or as a consequence of the facts and circumstances described in the DPA, thus allowing FirstEnergy to be in compliance with the revolving credit facilities and maintain access to the liquidity provided thereunder.

Borrowings under the credit facilities may be used for working capital and other general corporate purposes, including intercompany loans and advances by a borrower to any of its subsidiaries. Generally, borrowings under each of the credit 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 credit facilities contains financial covenants requiring each borrower to maintain a consolidated debt-to-total-capitalization ratio (as defined under each of the credit facilities) of no more than 65%, and 75% for FET, measured at the end of each fiscal quarter.

FirstEnergy's revolving credit facilities bear interest at fluctuating interest rates, primarily based on LIBOR. LIBOR tends to fluctuate based on general interest rates, rates set by the U.S. Federal Reserve and other central banks, the supply of and demand for credit in the London interbank market and general economic conditions. FirstEnergy has not hedged its interest rate exposure with respect to its floating rate debt. Accordingly, FirstEnergy's interest expense for any particular period will fluctuate based on LIBOR and other variable interest rates. On July 27, 2017, the Financial Conduct Authority (the authority that regulates LIBOR), or FCA, announced that it intends to stop compelling banks to submit rates for the calculation of LIBOR after 2021. Subsequently, on March 5, 2021, ICE Benchmark Administration Limited (the entity that calculates and publishes LIBOR), or IBA, and FCA made public statements regarding the future cessation of LIBOR. According to the FCA, IBA will permanently cease to publish each of the LIBOR settings on either December 31, 2021 or June 30, 2023. IBA did not identify any successor administrator in its announcement. The announced final publication date for 1-week and 2-month LIBOR settings and all settings for non-USD LIBOR is December 31, 2021. The announced final publication date for overnight, 1-month, 3-month, 6-month and 12-month LIBOR settings is June 30, 2023. It is unclear whether new methods of calculating LIBOR will be established such that it continues to exist after such end dates, and there is considerable uncertainty regarding the publication or representativeness of LIBOR beyond such end dates. The U.S. Federal Reserve, in conjunction with the Alternative Reference Rates Committee, is seeking to replace U.S. dollar LIBOR with a newly created index (the secured overnight financing rate or SOFR), calculated based on repurchase agreements backed by treasury securities. It is not possible to predict the effect of these changes, other reforms or the establishment of alternative reference rates in the United Kingdom, the United States or elsewhere. To the extent these interest rates increase, interest expense will increase. If sources of capital for us are reduced, capital costs could increase materially. Restricted access to capital markets and/or increased borrowing costs could have an adverse effect on FirstEnergy's results of operations, cash flows, financial condition and liquidity.

On November 17, 2020, FE and the Utilities and FET and certain of its subsidiaries entered into amendments to the FE Revolving Facility and the FET Revolving Facility, respectively. The amendments provide for modifications and/or waivers of: (i) certain representations and warranties and (ii) certain affirmative and negative covenants, contained therein, which allowed FirstEnergy to regain compliance with such provisions. In addition, among other things, the amendment to the FE Revolving Facility reduces the sublimit applicable to FE to $1.5 billion, and the amendments increased certain tiers of pricing applicable to borrowings under the credit facilities.

On November 23, 2020, JCP&L, ME, Penn, TE and WP, borrowed $950 million in the aggregate under the FE Revolving Facility, bringing the outstanding principal balance under the FE Revolving Facility to $1.2 billion, with $1.3 billion of remaining availability under the FE Revolving Facility. On November 23, 2020, FET and ATSI, borrowed $1 billion in the aggregate under the FET Revolving Facility, bringing the outstanding principal balance under the FET Revolving Facility to $1 billion, with no remaining availability under the FET Revolving Facility. FE, FET and certain of their respective subsidiaries increased their borrowings under the Revolving Facilities as a proactive measure to increase their respective cash positions and preserve financial flexibility.

The following table summarizes the borrowings and repayments under the FE and FET Revolving Credit Facilities since December 31, 2020:

	FE Revolving Facility							FET Revolving Facility		
(in millions)	**FE**	**TE**	**WP**	**ME**	**Penn**	**JCP&L**	**Total**	**FET**	**ATSI**	**Total**
Borrowings as of December 31, 2020	$ 350	$ 100	$ 150	$ 100	$ 50	$ 450	$ 1,200	$ 850	$ 150	$ 1,000
Repayments:										
March 23, 2021	(250)	—	—	—	—	—	(250)	(500)	—	(500)
June 10, 2021	(50)	—	—	—	—	(450)	(500)	—	—	—
June 30, 2021	(50)	—	—	—	(50)	—	(100)	(350)	—	(350)
Total Repayments	(350)	—	—	—	(50)	(450)	(850)	(850)	—	(850)
Borrowings as of June 30, 2021	$ —	$ 100	$ 150	$ 100	$ —	$ —	$ 350	$ —	$ 150	$ 150

FirstEnergy had $500 million and $2.2 billion of short-term borrowings as of June 30, 2021 and December 31, 2020, respectively. FirstEnergy's available liquidity from external sources as of July 21, 2021, was as follows:

Borrower(s)	Type	Maturity	Commitment	Available Liquidity
			(In millions)	
FirstEnergy[1]	Revolving	December 2022	$ 2,500	$ 2,496
FET[2]	Revolving	December 2022	1,000	1,000
		Subtotal	$ 3,500	$ 3,496
		Cash and cash equivalents	—	460
		Total	$ 3,500	$ 3,956

(1) FE and the Utilities. Available liquidity includes impact of $4 million of LOCs issued under various terms.
(2) Includes FET and the Transmission Companies.

The following table summarizes the borrowing sublimits 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 June 30, 2021:

Borrower	FirstEnergy Revolving Facility Sublimit	FET Revolving Facility Sublimit	Regulatory and Other Short-Term Debt Limitations	
		(In millions)		
FE	$ 1,500	$ —	$ —	(1)
FET	—	1,000	—	(1)
OE	500	—	500	(2)
CEI	500	—	500	(2)
TE	300	—	300	(2)
JCP&L	500	—	500	(2)
ME	500	—	500	(2)
PN	300	—	300	(2)
WP	200	—	200	(2)
MP	500	—	500	(2)
PE	150	—	150	(2)
ATSI	—	500	500	(2)
Penn	100	—	100	(2)
TrAIL	—	400	400	(2)
MAIT	—	400	400	(2)

(1) No limitations.
(2) Includes amounts which may be borrowed under the regulated companies' money pool.

Subject to each borrower's sublimit, $250 million of the FE Revolving Facility and $100 million of the FET Revolving Facility, 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 sublimit.

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. 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.

As of June 30, 2021, the borrowers were in compliance with the applicable debt-to-total-capitalization ratio covenants in each case as defined under the respective Facilities.

FirstEnergy Money Pools

FirstEnergy's utility operating subsidiary companies also have the ability to borrow from each other and FE to meet their short-term working capital requirements. Similar but separate arrangements exist among FirstEnergy's unregulated companies with AE Supply, FE, FET, FEV and certain other unregulated subsidiaries. FESC administers these money pools and tracks surplus funds of FE and the respective regulated and unregulated subsidiaries, as the case may be, 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 the second quarter of 2021 was 1.75% per annum for the regulated companies' money pool and 1.06% per annum for the unregulated companies' money pool.

Long-Term Debt Capacity

FE's and its subsidiaries' access to capital markets and costs of financing are influenced by the credit ratings of their securities. The following table displays FE's and its subsidiaries' credit ratings as of July 19, 2021:

	Corporate Credit Rating			Senior Secured			Senior Unsecured			Outlook/Watch [1]		
Issuer	**S&P**	**Moody's**	**Fitch**	**S&P**	**Moody's**	**Fitch**	**S&P**	**Moody's**	**Fitch**	**S&P**	**Moody's**	**Fitch**
FE	BB	Ba1	BB+	—	—	—	BB	Ba1	BB+	CW-N	N	N
AGC	BB	Baa2	BBB-	—	—	—	—	—	—	CW-N	S	N
ATSI	BB	A3	BBB-	—	—	—	BB+	A3	BBB	CW-N	S	N
CEI	BB	Baa2	BBB-	BBB	A3	BBB+	BB+	Baa2	BBB	CW-N	N	N
FET	BB	Baa2	BB+	—	—	—	BB	Baa2	BB+	CW-N	N	N
JCP&L	BB	A3	BBB-	—	—	—	BB+	A3	BBB	CW-N	S	N
ME	BB	A3	BBB-	—	—	—	BB+	A3	BBB	CW-N	S	N
MAIT	BB	A3	BBB-	—	—	—	BB+	A3	BBB	CW-N	S	N
MP	BB	Baa2	BBB-	BBB	A3	BBB+	BB+	Baa2	—	CW-N	S	N
OE	BB	A3	BBB-	BBB	A1	BBB+	BB+	A3	BBB	CW-N	N	N
PN	BB	Baa1	BBB-	—	—	—	BB+	Baa1	BBB	CW-N	S	N
Penn	BB	A3	BBB-	BBB	A1	BBB+	—	—	—	CW-N	S	N
PE	BB	Baa2	BBB-	BBB	A3	BBB+	—	—	—	CW-N	S	N
TE	BB	Baa1	BBB-	BBB	A2	BBB+	—	—	—	CW-N	N	N
TrAIL	BB	A3	BBB-	—	—	—	BB+	A3	BBB	CW-N	S	N
WP	BB	A3	BBB-	BBB	A1	BBB+	—	—	—	CW-N	S	N

[1] S = Stable, P = Positive, N = Negative, CW-N = CreditWatch with Negative implications

The applicable undrawn and drawn margin on the FE and FET credit facilities are subject to ratings based pricing grids. The applicable fee paid on the undrawn commitments under the FE and FET credit facilities are based on FE and FET's senior unsecured non-credit enhanced debt ratings as determined by S&P and Moody's. The fee paid on actual borrowings are determined based on each borrower's senior unsecured non-credit enhanced debt ratings as determined by S&P and Moody's.

The interest rate payable on approximately $3.85 billion in FE's senior unsecured notes are subject to adjustments from time to time if the ratings on the notes from any one or more of S&P, Moody's and Fitch decreases to a rating set forth in the applicable documents. Generally a one-notch downgrade by the applicable rating agency may result in a 25 bps coupon rate increase beginning at BB, Ba1, and BB+ for S&P, Moody's and Fitch, respectively, to the extent such rating is applicable to the series of outstanding senior unsecured notes, during the next interest period, subject to an aggregate cap of 2% from issuance interest rate.

Debt capacity is subject to the consolidated debt-to-total-capitalization limits in the credit facilities previously discussed. As of June 30, 2021, FE and its subsidiaries could issue additional debt of approximately $5.3 billion, or incur a $2.9 billion reduction to equity, and remain within the limitations of the financial covenants required by the FE Revolving Facility.

Changes in Cash Position

As of June 30, 2021, FirstEnergy had approximately $1.3 billion of cash and cash equivalents and $58 million of restricted cash compared to approximately $1.7 billion of cash and cash equivalents and $67 million of restricted cash as of December 31, 2020, on the Consolidated Balance Sheets.

Cash Flows From Operating Activities

FirstEnergy's most significant sources of cash are derived from electric service provided by its distribution and transmission operating subsidiaries. Beyond the cash settlement and tax sharing payments to the FES Debtors in the first quarter of 2020, the most significant use of cash from operating activities is buying electricity to serve non-shopping customers and paying fuel suppliers, employees, tax authorities, lenders and others for a wide range of materials and services.

FirstEnergy's Consolidated Statement of Cash Flows combines cash flows from discontinued operations with cash flows from continuing operations within each cash flow category. For the six months ended June 30, 2020, cash flows from operating activities includes income from discontinued operations of $52 million.

In the first six months of 2021, cash provided from operating activities was approximately $1.3 billion compared to $150 million in the same period of 2020. The increase in cash provided from operating activities is primarily due to the absence of a $978 million cash settlement and tax sharing payment made to the FES Debtors upon their emergence in February 2020, increased sales, impact of the distribution rider and transmission investment recovery, and increased collections of customer account receivable balances.

Cash Flows From Financing Activities

In the first six months of 2021, cash provided from (used for) financing activities was $(662) million compared to $742 million during the same period of 2020. The following table summarizes new debt financing, redemptions, repayments, short-term borrowings and dividends:

	For the Six Months Ended June 30,	
Securities Issued or Redeemed / Repaid	**2021**	**2020**
	(In millions)	
New Issues		
Unsecured notes	$ 1,150	$ 3,000
Senior secured notes	150	—
FMBs	200	175
	$ 1,500	$ 3,175
Redemptions / Repayments		
Term loan	$ —	$ (750)
Unsecured notes	—	(250)
FMBs	—	(50)
Senior secured notes	(33)	(32)
	$ (33)	$ (1,082)
Short-term borrowings redemptions, net	$ (1,700)	$ (885)
Common stock dividend payments	$ (424)	$ (422)

On March 19, 2021, FET issued $500 million of 2.866% senior unsecured notes due 2028. Proceeds from the issuance were used to repay short-term borrowings under the FET Revolving Facility.

On April 9, 2021, MP issued an additional $200 million of its 3.55% first mortgage bonds due 2027 at an effective interest rate of approximately 2.06%. Proceeds from the issuance were used to fund MP's ongoing capital expenditures, for working capital needs and for other general corporate purposes.

On May 6, 2021, TE issued $150 million of 2.65% senior secured notes due 2028. Proceeds from the issuance were used to repay short-term borrowings, fund TE's ongoing capital expenditures and for other general corporate purposes.

On May 24, 2021, MAIT issued an additional $150 million of its 4.10% senior notes due 2028 at an effective interest rate of approximately 2.55%. Proceeds from the issuance were used to repay borrowings outstanding under FirstEnergy's regulated company money pool, to fund MAIT's ongoing capital expenditures, to fund working capital and for other general corporate purposes.

On June 10, 2021, JCP&L issued $500 million of 2.75% senior notes due 2032. Proceeds from the issuance were used to repay $450 million of short-term debt under the FE Revolving Facility, storm recovery and restoration costs and expenses, to fund JCP&L's ongoing capital expenditures, working capital requirements and for other general corporate purposes.

Cash Flows From Investing Activities

Cash used for investing activities in the first six months of 2021 principally represented cash used for property additions. The following table summarizes investing activities for the first six months of 2021 and 2020:

Cash Used for Investing Activities	For the Six Months Ended June 30, 2021	2020	Increase (Decrease)
		(In millions)	
Property Additions:			
Regulated Distribution	$ 667	$ 724	$ (57)
Regulated Transmission	530	539	(9)
Corporate / Other	29	29	—
Proceeds from sale of Yards Creek	(155)	—	(155)
Investments	6	14	(8)
Asset removal costs	111	102	9
Other	(14)	(2)	(12)
	$ 1,174	$ 1,406	$ (232)

Cash used for investing activities for the second quarter of 2021 decreased $232 million, compared to the same period of 2020, primarily due to the proceeds from the sale of Yards Creek and lower capital expenditures.

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. The maximum potential amount of future payments FirstEnergy and its subsidiaries could be required to make under these guarantees as of June 30, 2021, was approximately $1.2 billion, as summarized below:

Guarantees and Other Assurances	Maximum Exposure
	(In millions)
FE's Guarantees on Behalf of its Consolidated Subsidiaries	
Deferred compensation arrangements	$ 492
Vehicle leases	75
AE Supply asset sales[1]	15
Other	7
	589
FE's Guarantees on Other Assurances	
Surety Bonds	329
Global holding facility	108
Deferred compensation arrangements	132
LOCs and other	11
	580
Total Guarantees and Other Assurances	$ 1,169

(1) As a condition to closing AE Supply's transfer of Pleasants Power Station and as contemplated under the FES Bankruptcy settlement agreement, FE has provided two guarantees for certain retained liabilities of AE Supply, the first totaling up to $15 million for certain environmental liabilities associated with Pleasants Power Station, and the second being limited solely to environmental liabilities for the McElroy's Run CCR Impoundment Facility, for which an ARO of $47 million is reflected on FirstEnergy's Consolidated Balance Sheet, and which is not reflected on the table above.

Collateral and Contingent-Related Features

In the normal course of business, FE and its subsidiaries may enter into physical or financially settled contracts for the sale and purchase of electric capacity, energy, fuel and emission allowances. Certain agreements 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.

As of June 30, 2021, $33 million of collateral has been posted by FE or its subsidiaries, of which, $32 million was posted as a result of the credit rating downgrades in the fourth quarter of 2020.

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. The following table discloses the potential additional credit rating contingent contractual collateral obligations as of June 30, 2021:

Potential Collateral Obligations	Utilities and FET	FE	Total
		(In millions)	
Contractual Obligations for Additional Collateral			
Upon further downgrade	$ 37	$ —	$ 37
Surety Bonds (collateralized amount)[1]	56	258	314
Total Exposure from Contractual Obligations	$ 93	$ 258	$ 351

(1) Surety bonds are not tied to a credit rating. Surety Bonds' impact assumes maximum contractual obligations, which is ordinarily 100% of the face amount of the surety bond except with the respect to $39 million of surety bond obligations for which the collateral obligation is capped at 60% of the face amount, and typical obligations require 30 days to cure.

Other Commitments and Contingencies

FE is a guarantor under a $120 million syndicated senior secured term loan facility due November 12, 2024, under which Global Holding's outstanding principal balance was $108 million as of June 30, 2021. Signal Peak, Global Rail, Global Mining Group,

LLC and Global Coal Sales Group, LLC, each being a direct or indirect subsidiary of Global Holding, and FE continue to provide their joint and several guaranties of the obligations of Global Holding under the facility.

In connection with the 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.

MARKET RISK INFORMATION

FirstEnergy uses various market risk sensitive instruments, including derivative contracts, primarily to manage the risk of price and interest rate fluctuations. FirstEnergy's Risk Policy Committee, comprised of members of senior management, provides general oversight for risk management activities throughout FirstEnergy.

Commodity Price Risk

FirstEnergy has limited exposure to financial risks resulting from fluctuating commodity prices, such as prices for electricity, coal and energy transmission. FirstEnergy's Risk Management and Risk Policy Committees are 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.

The valuation of derivative contracts is based on observable market information. As of June 30, 2021, FirstEnergy has a net asset of $3 million in non-hedge derivative contracts that are related to FTRs at certain of the Utilities. FTRs are subject to regulatory accounting and do not impact earnings.

Equity Price Risk

As of June 30, 2021, the FirstEnergy pension plan assets were allocated approximately as follows: 34% in equity securities, 33% in fixed income securities, 8% in absolute return strategies, 9% in real estate, 7% in private equity, 2% in derivatives and 7% in cash and short-term securities. As further discussed below, due to the American Rescue Plan Act of 2021, under current assumptions, including an expected annual return on assets of 7.50%, FirstEnergy does not currently expect to have a required contribution to the pension plan. However, a decline in the value of pension plan assets could result in additional funding requirements. Additionally, FirstEnergy may elect to contribute to the pension plan voluntarily. As of June 30, 2021, FirstEnergy's OPEB plan assets were allocated approximately as follows: 52% in equity securities, 45% in fixed income securities and 3% in cash and short-term securities. Investment markets experienced elevated market volatility during 2020 as a result of the U.S. general election and the COVID-19 pandemic. In order to reduce the effect of market volatility on the plan's funded status and to preserve capital gains experienced during 2020, approximately $1.4 billion of return-seeking assets were sold (including approximately $800 million of equity securities) during the third quarter of 2020. As previously disclosed, the FirstEnergy pension plan assets were expected to be reinvested in return-seeking investments during 2021 to more consistently align the pension trust portfolios to FirstEnergy's target asset allocations. In the first half of 2021, the return-seeking investments were increased by approximately 15%, and as a result, as of June 30, 2021, the FirstEnergy pension plan return-seeking assets are now consistently aligned to the target asset allocation. See Note 5, "Pension and Other Post-Employment Benefits," of the Notes to Consolidated Financial Statements for additional details on FirstEnergy's pension and OPEB plans.

In the six months ended June 30, 2021, FirstEnergy's pension and OPEB plan assets have gained approximately 3.3% and 8.1%, respectively, as compared to an annual expected return on plan assets of 7.5%.

Interest Rate Risk

FirstEnergy recognizes net actuarial gains or losses for its pension and OPEB plans in the fourth quarter of each fiscal year and whenever a plan is determined to qualify for a remeasurement. A primary factor contributing to these actuarial gains and losses are changes in the discount rates used to value pension and OPEB obligations as of the measurement date and the difference between expected and actual returns on the plans' assets. At this time, FirstEnergy is unable to determine or project the mark-to-market adjustment that may be recorded as of December 31, 2021.

CREDIT RISK

Credit risk is the risk that FirstEnergy would incur a loss as a result of nonperformance by counterparties of their contractual obligations. FirstEnergy maintains credit policies and procedures with respect to counterparty credit (including requirement that counterparties maintain specified credit ratings) and require other assurances in the form of credit support or collateral in certain circumstance in order to limit counterparty credit risk. In addition, in response to the COVID-19 pandemic, FirstEnergy has increased reviews of counterparties, customers and industries that have been negatively impacted, which could affect meeting contractual obligations with FirstEnergy. FirstEnergy has concentrations of suppliers and customers among electric utilities, financial institutions and energy marketing and trading companies. These concentrations may impact FirstEnergy's overall exposure to credit risk, positively or negatively, as counterparties may be similarly affected by changes in economic, regulatory or

other conditions. In the event an energy supplier of the Ohio Companies, Pennsylvania Companies, JCP&L or PE defaults on its obligation, the affected company would be required to seek replacement power in the market. In general, subject to regulatory review or other processes, it is expected that appropriate incremental costs incurred by these entities would be recoverable from customers through applicable rate mechanisms, thereby mitigating the financial risk for these entities. FirstEnergy's credit policies to manage credit risk include the use of an established credit approval process, daily credit mitigation provisions, such as margin, prepayment or collateral requirements, and surveys to determine negative impacts to essential vendors as a result of the COVID-19 pandemic. FE and its subsidiaries may request additional credit assurance, in certain circumstances, in the event that the counterparties' credit ratings fall below investment grade, their tangible net worth falls below specified percentages or their exposures exceed an established credit limit.

OUTLOOK

AMERICAN RESCUE PLAN ACT OF 2021

On March 11, 2021, President Biden signed into law the American Rescue Plan Act of 2021. While the Act is primarily an economic stimulus package, it also, among other changes, expanded the scope of Section 162(m) of the Internal Revenue Code that limits deductions on certain executive officer compensation. FirstEnergy does not currently expect these changes to have a material impact.

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 New Jersey by the NJBPU, in Ohio by the PUCO, 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, ATSI in Ohio, and the Transmission Companies in Pennsylvania are subject to certain regulations of the VSCC, PUCO and PPUC, respectively. 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. Further, if any of the FirstEnergy affiliates were to engage in the construction of significant new transmission facilities, depending on the state, they may be required to obtain state regulatory authorization to site, construct and operate the new transmission facility.

MARYLAND

PE operates under MDPSC approved base rates that were effective as of March 23, 2019. PE also 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 SOS supply for PE customers have expired, service continues in the same manner until changed by order of the MDPSC. PE recovers its costs plus a return for providing SOS.

The EmPOWER Maryland program requires each electric utility to file a plan to reduce electric consumption and demand 0.2% per year, up to the ultimate goal of 2% annual savings, for the duration of the 2018-2020 and 2021-2023 EmPOWER Maryland program cycles, to the extent the MDPSC determines that cost-effective programs and services are available. PE's approved 2018-2020 EmPOWER Maryland plan continues and expands upon prior years' programs, and adds new programs, for a projected total cost of $116 million over the three-year period. PE recovers program costs through an annually reconciled surcharge, with most 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. On September 1, 2020, PE filed its proposed plan for the 2021-2023 EmPOWER Maryland program cycle. The new plan largely continues PE's existing programs and is estimated to cost approximately $148 million over the three-year period. The MDPSC approved the plan on December 18, 2020.

On March 22, 2019, MDPSC issued an order approving PE's 2018 base rate case filing, which among other things, approved an annual rate increase of $6.2 million, approved three of the four EDIS programs for four years to fund enhanced service reliability programs, directed PE to file a new depreciation study within 18 months, and ordered the filing of a new base rate case in four years to correspond to the ending of the approved EDIS programs. On September 22, 2020, PE filed its depreciation study reflecting a slight increase in expense and is seeking the difference to be deferred for future recovery in PE's next base rate case. On January 29, 2021, the Maryland Office of People's Counsel filed testimony recommending an annual reduction in depreciation expense of $10.8 million, and the staff of the MDPSC filed testimony recommending an annual reduction of $9.6 million. On May 26, 2021, the judge issued a Proposed Order which would reduce PE's base rates by $2.1 million. PE filed an appeal of the Proposed Order to the MDPSC on June 25, 2021. On July 15, 2021, the Maryland Office of People's Counsel and staff submitted reply memoranda arguing that the PE appeal be denied and the Proposed Order be affirmed.

Maryland's Governor issued an order on March 16, 2020, forbidding utilities from terminating residential service or charging late fees for non-payment for the duration of the COVID-19 pandemic. On April 9, 2020, the MDPSC issued an order allowing utilities to track and create a regulatory asset for future recovery of all prudently incurred incremental costs arising from the COVID-19 pandemic, including incremental uncollectible expense, incurred from the date of the Governor's order (or earlier if the utility could show that the expenses related to suspension of service terminations). In July 2020, the MDPSC subsequently issued

orders allowing Maryland electric and gas utilities to resume residential service terminations for non-payment on November 15, 2020, subject to various restrictions, and clarifying that utilities could resume charging late fees on October 1, 2020. On June 16, 2021, the MDPSC assigned $4 million to PE of COVID-19 relief that was allocated by the Maryland General Assembly to retire residential customer utility arrearages.

NEW JERSEY

JCP&L operates under NJBPU approved rates that were effective as of January 1, 2017. JCP&L 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. 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 December 2017, the NJBPU issued proposed rules to modify its current CTA policy in base rate cases to: (i) calculate savings using a five-year look back from the beginning of the test year; (ii) allocate savings with 75% retained by the company and 25% allocated to ratepayers; and (iii) exclude transmission assets of electric distribution companies in the savings calculation, which were published in the NJ Register in the first quarter of 2018. JCP&L filed comments supporting the proposed rulemaking. On January 17, 2019, the NJBPU approved the proposed CTA rules with no changes. On May 17, 2019, the NJ Rate Counsel filed an appeal with the Appellate Division of the Superior Court of New Jersey and on June 7, 2021, the court issued an Order reversing the NJBPU's CTA rules and remanded the case back to the NJBPU. Specifically, the court's ruling requires 100% of the CTA savings to be credited to customers in lieu of the NJBPU's current policy requiring 25%. The court's ruling will be applied on a prospective basis.

On February 18, 2020, JCP&L submitted a filing with the NJBPU requesting a distribution base rate increase. On October 28, 2020, the NJBPU approved a stipulated settlement between JCP&L and various parties, providing for, among other things, a $94 million annual base distribution revenues increase for JCP&L based on an ROE of 9.6%, which will become effective for customers on November 1, 2021. Until the rates become effective, and starting on January 1, 2021, JCP&L began to amortize an existing regulatory liability totaling approximately $86 million to offset the base rate increase that otherwise would have occurred in this period. The parties also agreed that the actual net gain from the sale of JCP&L's interest in the Yards Creek pumped-storage hydro generation facility in New Jersey (210 MWs), as further discussed below, be applied to reduce JCP&L's existing regulatory asset for previously deferred storm costs. Lastly, the parties agreed that approximately $95 million of Reliability Plus capital investment for projects through December 31, 2020, is included in rate base effective December 31, 2020, with a final prudence review of only those capital investment projects from July 1, 2020, through December 31, 2020, to occur in January 2021. During the first quarter of 2021, JCP&L submitted its review of storm costs, filed a written report for its Reliability Plus projects placed in service from July 1, 2020 through December 31, 2020, and submitted the vegetation management report, all required under the stipulation of settlement. On March 24, 2021, JCP&L, NJ Rate Counsel and the NJBPU Staff submitted a stipulation of settlement to the NJBPU, which was approved on April 7, 2021, providing that the Reliability Plus projects placed into service from July 1, 2020 through December 31, 2020 were reasonable and prudent.

On April 6, 2020, JCP&L signed an asset purchase agreement with Yards Creek Energy, LLC, a subsidiary of LS Power to sell its 50% interest in the Yards Creek pumped-storage hydro generation facility. Subject to terms and conditions of the agreement, the base purchase price is $155 million. As of December 31, 2020, assets held for sale on FirstEnergy's Consolidated Balance Sheets associated with the transaction consist of property, plant and equipment of $45 million, which is included in the regulated distribution segment. On July 31, 2020, FERC approved the transfer of JCP&L's interest in the hydroelectric operating license. On October 8, 2020, FERC issued an order authorizing the transfer of JCP&L's ownership interest in the hydroelectric facilities. On October 28, 2020, the NJBPU approved the sale of Yards Creek. With the receipt of all required regulatory approvals, the transaction was consummated on March 5, 2021 and resulted in a $109 million gain within the regulated distribution segment. As further discussed above, the gain from the transaction was applied against and reduced JCP&L's existing regulatory asset for previously deferred storm costs and, as a result, was offset by expense in the "Amortization of regulatory assets, net", line on the Consolidated Statements of Income, resulting in no earnings impact to FirstEnergy or JCP&L.

On August 27, 2020, JCP&L filed an AMI Program with the NJBPU, which proposes the deployment of approximately 1.2 million advanced meters over a three-year period beginning on January 1, 2023, at a total cost of approximately $418 million, including the pre-deployment phase. The 3-year deployment is part of the 20-year AMI Program that is expected to cost a total of approximately $732 million and proposes a cost recovery mechanism through a separate AMI tariff rider. On February 26, 2021, JCP&L filed a letter requesting a suspension of the procedural schedule to allow for settlement discussions, which was granted on March 5, 2021.

On June 10, 2020, the NJBPU issued an order establishing a framework for the filing of utility-run energy efficiency and peak demand reduction programs in accordance with the New Jersey Clean Energy Act. Under the established framework, JCP&L will recover its program investments over a ten-year amortization period and its operations and maintenance expenses on an annual basis, be eligible to receive lost revenues on energy savings that resulted from its programs and be eligible for incentives or subject to penalties based on its annual program performance, beginning in the fifth year of its program offerings. On September 25, 2020, JCP&L filed its energy efficiency and peak demand reduction program. JCP&L's program consists of 11 energy efficiency and peak demand reduction programs and subprograms to be run from July 1, 2021 through June 30, 2024. The program also seeks approval of cost recovery totaling approximately $230 million as well as lost revenues associated with the

energy savings resulting from the programs. On April 23, 2021, JCP&L filed a Stipulation of Settlement with the NJBPU for approval of a three-year plan including $203 million in total cost, as well as recovery of lost revenues resulting from the programs. On April 27, 2021, the NJBPU issued an Order approving the Stipulation of Settlement.

On July 2, 2020, the NJBPU issued an order allowing New Jersey utilities to track and create a regulatory asset for future recovery of all prudently incurred incremental costs arising from the COVID-19 pandemic beginning March 9, 2020 through September 30, 2021, or until the Governor issues an order stating that the COVID-19 pandemic is no longer in effect. New Jersey utilities can request recovery of such regulatory asset in a stand-alone COVID-19 regulatory asset filing or future base rate case. On October 28, 2020, the NJBPU issued an order expanding the scope of the proceeding to examine all pandemic issues, including recovery of the COVID-19 regulatory assets, by way of a generic proceeding. Through various Executive Orders issued by Governor Murphy, the moratorium period is extended to December 31, 2021.

The recent credit rating actions taken on October 28, 2020, by S&P and Fitch triggered a requirement from various NJBPU orders that JCP&L file a mitigation plan, which was filed on November 5, 2020, to demonstrate that JCP&L has sufficient liquidity to meet its BGS obligations. On December 11, 2020, the NJBPU held a public hearing on the mitigation plan. Written comments on JCP&L's mitigation plan were submitted on January 8, 2021.

On September 23, 2020, the NJBPU issued an Order requiring all New Jersey electric distribution companies to file electric vehicle programs. JCP&L filed its electric vehicle program on March 1, 2021, which consists of six sub-programs, including a consumer education and outreach initiative that would begin on January 1, 2022, and continue over a four-year period. The total proposed budget for the electric vehicle program is approximately $50 million, of which $16 million is capital expenditures and $34 million is for operations and maintenance expenses. JCP&L is proposing to recover the electric vehicle program costs via a non-bypassable rate clause applicable to all distribution customer rate classes, which would become effective on January 1, 2022. On May 26, 2021, a procedural schedule was set to include evidentiary hearings the week of October 18, 2021. On July 16, 2021, the procedural schedule was extended by thirty days as requested by JCP&L to continue settlement discussions.

On October 28, 2020, the NJBPU approved a settlement in JCP&L's distribution rate, and voted that JCP&L will be subject to an upcoming management audit. The management audit began at the end of May 2021 and is currently ongoing.

OHIO

The Ohio Companies operate under base distribution rates approved by the PUCO effective in 2009. The Ohio Companies currently operate under ESP IV effective June 1, 2016, and continuing through May 31, 2024, that continues the supply of power to non-shopping customers at a market-based price set through an auction process. ESP IV also continues the Rider DCR, which supports continued investment related to the distribution system for the benefit of customers, with increased revenue caps of $20 million per year from June 1, 2019 through May 31, 2022; and $15 million per year from June 1, 2022 through May 31, 2024. In addition, ESP IV includes: (1) continuation of a base distribution rate freeze through May 31, 2024; (2) a goal across FirstEnergy to reduce CO_2 emissions by 90% below 2005 levels by 2045; and (3) contributions, totaling $51 million to: (a) fund energy conservation programs, economic development and job retention in the Ohio Companies' service territories; (b) establish a fuel-fund in each of the Ohio Companies' service territories to assist low-income customers; and (c) establish a Customer Advisory Council to ensure preservation and growth of the competitive market in Ohio.

ESP IV further provided for the Ohio Companies to collect DMR revenues, but the SCOH reversed the PUCO's decision to include DMR in ESP IV and subsequently the PUCO entered an order directing the Ohio Companies to cease further collection through the DMR and credit back to customers a refund of the DMR funds collected since July 2, 2019. On July 15, 2019, the OCC filed an appeal with the SCOH, challenging the PUCO's exclusion of DMR revenues from the determination of the existence of significantly excessive earnings under ESP IV for OE for calendar year 2017, and claiming a $42 million refund is due to OE customers. On December 1, 2020, the SCOH reversed the PUCO's exclusion of the DMR revenues from the determination of the existence of significantly excessive earnings under ESP IV for OE for calendar year 2017, and remanded the case to the PUCO with instructions to conduct new proceedings which include the DMR revenues in the analysis, determine the threshold against which the earned return is measured, and make other necessary determinations. FirstEnergy is unable to predict the outcome of these proceedings but has not deemed a liability probable as of June 30, 2021.

On July 23, 2019, Ohio enacted HB 6, which included provisions supporting nuclear energy, as well as a decoupling mechanism for Ohio electric utilities and ending current energy efficiency program mandates. Under HB 6 the energy efficiency program mandates would end on December 31, 2020, provided that statewide energy efficiency mandates are achieved as determined by the PUCO. On February 24, 2021, the PUCO found that statewide energy efficiency mandates had been achieved, and ordered that Ohio electric utilities' energy efficiency and peak demand reduction cost recovery riders terminate.

On March 31, 2021, Governor DeWine signed HB 128, which, among other things, repealed parts of HB 6, the legislation that established support for nuclear energy supply in Ohio, provided for a decoupling mechanism for Ohio electric utilities, and provided for the ending of current energy efficiency program mandates. HB 128 was effective June 30, 2021. As FirstEnergy would not have financially benefited from the mechanism to provide support to nuclear energy in Ohio, there is no expected additional impact to FirstEnergy due to the repeal of that provision in HB 128.

As further discussed below, in connection with a partial settlement with the OAG and other parties, the Ohio Companies filed an application with the PUCO on February 1, 2021, to set the respective decoupling riders (CSR) to zero. On February 2, 2021, the PUCO approved the application. While the partial settlement with the OAG focused specifically on decoupling, the Ohio Companies will of their own accord not seek to recover lost distribution revenue. FirstEnergy is committed to pursuing an open dialogue with stakeholders in an appropriate manner with respect to the numerous regulatory proceedings currently underway as further discussed herein. As a result of the partial settlement, and the decision to not seek lost distribution revenue, FirstEnergy recognized a $108 million pre-tax charge ($84 million after-tax) in the fourth quarter of 2020, and $77 million (pre-tax) of which is associated with forgoing collection of lost distribution revenue. On March 31, 2021, FirstEnergy announced that the Ohio Companies will proactively refund to customers amounts previously collected under decoupling, with interest, which total approximately $27 million. On April 22, 2021, in anticipation of the effective date of HB 128 and in accordance with HB 128's provisions regarding the prompt refund of decoupling funds, the Ohio Companies filed an application with the PUCO to modify CSR to return such amount over twelve months commencing June 1, 2021. On June 17, 2021, the Ohio Companies agreed to modify their proposal to return such amount in a single lump sum to customers, beginning on July 1, 2021, or promptly upon obtaining PUCO approval. On July 7, 2021, the PUCO issued an order approving the Ohio Companies' modified application and directed that all funds collected through CSR be refunded to customers over a single billing cycle beginning August 1, 2021.

On July 17, 2019, the PUCO approved, with no material modifications, a settlement agreement that provides for the implementation of the Ohio Companies' first phase of grid modernization plans, including the investment of $516 million over three years to modernize the Ohio Companies' electric distribution system, and for all tax savings associated with the Tax Act to flow back to customers. The settlement had broad support, including PUCO staff, the OCC, representatives of industrial and commercial customers, a low-income advocate, environmental advocates, hospitals, competitive generation suppliers and other parties.

In March 2020, the PUCO issued entries directing utilities to review their service disconnection and restoration policies and suspend, for the duration of the COVID-19 pandemic, otherwise applicable requirements that may impose a service continuity hardship or service restoration hardship on customers. The Ohio Companies are utilizing their existing approved cost recovery mechanisms where applicable to address the financial impacts of these directives. On July 31, 2020, the Ohio Companies filed with the PUCO their transition plan and requests for waivers to allow for the safe resumption of normal business operations, including service disconnections for non-payment. On September 23, 2020, the PUCO approved the Ohio Companies' transition plan, including approval of the resumption of service disconnections for non-payment, which the Ohio Companies began on October 5, 2020.

On July 29, 2020, the PUCO consolidated the Ohio Companies' applications for determination of the existence of significantly excessive earnings, or SEET, under ESP IV for calendar years 2018 and 2019, which had been previously filed on July 15, 2019, and May 15, 2020, respectively, and set a procedural schedule with evidentiary hearings. On September 4, 2020, the PUCO opened its quadrennial review of ESP IV, consolidated it with the Ohio Companies' 2018 and 2019 SEET Applications, and set a procedural schedule for the consolidated matters. On October 29, 2020, the PUCO issued an entry extending the deadline for the Ohio Companies to file quadrennial review of ESP IV testimony and supplemental SEET testimony to March 1, 2021, with the evidentiary hearings to commence no sooner than May 3, 2021. On January 12, 2021, the PUCO consolidated these matters with the determination of the existence of significantly excessive earnings under ESP IV for calendar year 2017, which the SCOH had remanded to the PUCO. On March 1, 2021, the Ohio Companies filed testimony in the quadrennial review and supplemental testimony in the SEET cases for calendar years 2017 through 2019. The calculations included in the quadrennial review for 2020 through 2024 demonstrate that the prospective effect of ESP IV is not substantially likely to provide the Ohio Companies with significantly excessive earnings during the balance of ESP IV. In addition, the Ohio Companies' quadrennial review testimony demonstrated that ESP IV continues to be more favorable in the aggregate and during the remaining term of ESP IV as compared to the expected results of a market rate offer. Further, the revised calculations included in the Ohio Companies' supplemental SEET testimony for calendar years 2017 through 2019 demonstrated that the Ohio Companies did not have significantly excessive earnings, on an individual company basis or on a consolidated basis. On March 31, 2021, Governor DeWine signed House Bill 128, which repeals legislation passed in 2019 that permitted the Ohio Companies to file their SEET results on a consolidated basis instead of on an individual company basis. HB 128 was effective June 30, 2021. Further, the OCC and another party filed testimony on April 5, 2021, recommending refunds for one or more of the Ohio Companies for calendar years 2017 through 2019. On April 20, 2021, the Ohio Companies filed supplemental testimony in the quadrennial review providing prospective SEET values on an individual company basis, which demonstrate that the Ohio Companies are not projected to have significantly excessive earnings, on an individual company basis, during the balance of ESP IV. On May 28, 2021, the attorney examiner issued a procedural schedule setting hearings for August 30, 2021. No contingency has been reflected in FirstEnergy's consolidated financial statements with respect to these matters as a loss is neither probable, nor is a loss or range of a loss reasonably estimable.

On May 17, 2021, the Ohio Companies filed their application for the determination of significantly excessive earnings for calendar year 2020. The calculations included in the application demonstrated that the Ohio Companies, on an individual company basis, did not have significantly excessive earnings.

In connection with the audit of the Ohio Companies' Rider DCR for 2017, the PUCO issued an order on June 16, 2021, directing the Ohio Companies to prospectively discontinue capitalizing certain vegetation management costs and reduce the 2017 Rider DCR revenue requirement by $3.7 million associated with these costs.

On September 8, 2020, the OCC filed motions in the Ohio Companies' corporate separation audit and DMR audit dockets, requesting the PUCO to open an investigation and management audit, hire an independent auditor, and require FirstEnergy to show it did not improperly use money collected from consumers or violate any utility regulatory laws, rules or orders in its activities regarding HB 6. On December 30, 2020, in response to the OCC's motion, the PUCO reopened the DMR audit docket, and directed PUCO staff to solicit a third-party auditor and conduct a full review of the DMR to ensure funds collected from ratepayers through the DMR were only used for the purposes established in ESP IV. On June 2, 2021, the PUCO selected an auditor, and a final audit report is to be filed by October 29, 2021.

On September 15, 2020, the PUCO opened a new proceeding to review the political and charitable spending by the Ohio Companies in support of HB 6 and the subsequent referendum effort, directing the Ohio Companies to show cause, demonstrating that the costs of any political or charitable spending in support of HB 6, or the subsequent referendum effort, were not included, directly or indirectly, in any rates or charges paid by ratepayers. The Ohio Companies filed a response on September 30, 2020, stating that any political and charitable spending in support of HB 6 or the subsequent referendum were not included in rates or charges paid for by its customers. Several parties requested that the PUCO broaden the scope of the review of political and charitable spending. Discovery is ongoing.

In connection with an ongoing audit of the Ohio Companies' policies and procedures relating to the code of conduct rules between affiliates, on November 4, 2020, the PUCO initiated an additional corporate separation audit as a result of the FirstEnergy leadership transition announcement made on October 29, 2020, as further discussed below. The additional audit is to ensure compliance by the Ohio Companies and their affiliates with corporate separation laws and the Ohio Companies' corporate separation plan. The additional audit is for the period from November 2016 through October 2020, with a final audit report to be filed by August 6, 2021. On January 27, 2021, the PUCO selected an auditor, and the auditor's investigation is ongoing.

On November 24, 2020, the Environmental Law and Policy Center filed motions to vacate the PUCO's orders in proceedings related to the Ohio Companies' settlement that provides for the implementation of the first phase of grid modernization plans and for all tax savings associated with the Tax Act to flow back to customers, the Ohio Companies' energy efficiency portfolio plans for the period from 2013 through 2016, and the Ohio Companies' application for a two-year extension of the DMR, on the grounds that the former Chairman of the PUCO should have recused himself in these matters. On December 30, 2020, the PUCO denied the motions, and reinstated the requirement under ESP IV that the Ohio Companies file a base distribution rate case by May 31, 2024, the end of ESP IV, which the Ohio Companies had indicated they would not oppose.

In the fourth quarter of 2020, motions were filed with the PUCO requesting that the PUCO amend the Ohio Companies' riders for collecting charges required by HB 6, which the Ohio Companies are further required to remit to other Ohio electric distribution utilities or to the State Treasurer, to provide for refunds in the event such provisions of HB 6 are repealed. The Ohio Companies contested the motions, which are pending before the PUCO.

On December 7, 2020, the Citizens' Utility Board of Ohio filed a complaint with the PUCO against the Ohio Companies. The complaint alleges that the Ohio Companies' new charges resulting from HB 6, and any increased rates resulting from proceedings over which the former PUCO Chairman presided, are unjust and unreasonable, and that the Ohio Companies violated Ohio corporate separation laws by failing to operate separately from unregulated affiliates. The complaint requests, among other things, that any rates authorized by HB 6 or authorized by the PUCO in a proceeding over which the former Chairman presided be made refundable; that the Ohio Companies be required to file a new distribution rate case at the earliest possible date; and that the Ohio Companies' corporate separation plans be modified to introduce institutional controls. The Ohio Companies are contesting the complaint.

In connection with an ongoing annual audit of the Ohio Companies' Rider DCR for 2020, and as a result of disclosures in FirstEnergy's Form 10-K for the year ended December 31, 2020 (filed on February 18, 2021), the PUCO expanded the scope of the audit on March 10, 2021, to include a review of certain transactions that were either improperly classified, misallocated, or lacked supporting documentation, and to determine whether funds collected from ratepayers were used to pay the vendors, and if so, whether or not the funds associated with those payments should be returned to ratepayers through Rider DCR or through an alternative proceeding. A final audit report is to be filed by August 3, 2021.

See "Outlook - Other Legal Proceedings" below for additional details on the government investigation and subsequent litigation surrounding the investigation of HB 6.

PENNSYLVANIA

The Pennsylvania Companies operate under rates approved by the PPUC, effective as of January 27, 2017. These rates were adjusted for the net impact of the Tax Act, effective March 15, 2018. The net impact of the Tax Act for the period January 1, 2018 through March 14, 2018 was separately tracked and its treatment will be addressed in a future rate proceeding. The Pennsylvania Companies operate under DSPs for the June 1, 2019 through May 31, 2023 delivery period, which provide for the competitive procurement of generation supply for customers who do not choose an alternative EGS or for customers of alternative EGSs that fail to provide the contracted service. Under the 2019-2023 DSPs, supply will be provided by wholesale suppliers through a mix of 3, 12 and 24-month energy contracts, as well as two RFPs for 2-year SREC contracts for ME, PN and Penn.

Pursuant to Pennsylvania Act 129 of 2008 and PPUC orders, Pennsylvania EDCs implement energy efficiency and peak demand reduction programs. The Pennsylvania Companies' Phase III EE&C plans for the June 2016 through May 2021 period, which were approved in March 2016, with expected costs up to $390 million, are designed to achieve the targets established in the PPUC's Phase III Final Implementation Order with full recovery through the reconcilable EE&C riders. On June 18, 2020, the PPUC entered a Final Implementation Order for a Phase IV EE&C Plan, operating from June 2021 through May 2026. The Final Implementation Order set demand reduction targets, relative to 2007 to 2008 peak demands, at 2.9% MW for ME, 3.3% MW for PN, 2.0% MW for Penn, and 2.5% MW for WP; and energy consumption reduction targets, as a percentage of the Pennsylvania Companies' historic 2009 to 2010 reference load at 3.1% MWH for ME, 3.0% MWH for PN, 2.7% MWH for Penn, and 2.4% MWH for WP. The Pennsylvania Companies' Phase IV plans were filed November 30, 2020. A settlement has been reached in this matter, and a joint petition seeking approval of that settlement by the parties was filed on February 16, 2021. On March 25, 2021, the PPUC issued an order approving the settlement without modification.

Pennsylvania EDCs are permitted to seek PPUC approval of an LTIIP for infrastructure improvements and costs related to highway relocation projects, after which a DSIC may be approved to recover LTIIP costs. On January 16, 2020, the PPUC approved the Pennsylvania Companies' LTIIPs for the five-year period beginning January 1, 2020 and ending December 31, 2024 for a total capital investment of approximately $572 million for certain infrastructure improvement initiatives. On June 25, 2021, the Pennsylvania OCA filed a complaint against Penn's quarterly DSIC rate, disputing the recoverability of the Companies' automated distribution management system investment under the DSIC mechanism. Penn responded on July 19, 2021.

Following the Pennsylvania Companies' 2016 base rate proceedings, the PPUC ruled in a separate proceeding related to the DSIC mechanisms that the Pennsylvania Companies were not required to reflect federal and state income tax deductions related to DSIC-eligible property in DSIC rates, which decision was appealed by the Pennsylvania OCA to the Pennsylvania Commonwealth Court. The Commonwealth Court reversed the PPUC's decision and remanded the matter to require the Pennsylvania Companies to revise their tariffs and DSIC calculations to include ADIT and state income taxes. On April 7, 2020, the Pennsylvania Supreme Court issued an order granting Petitions for Allowance of Appeal by both the PPUC and the Pennsylvania Companies of the Commonwealth Court's Opinion and Order. Briefs and Reply Briefs of the parties were filed, and oral argument before the Supreme Court was held on October 21, 2020. An adverse ruling by the Pennsylvania Supreme Court is not expected to result in a material impact to FirstEnergy.

The PPUC issued an order on March 13, 2020, forbidding utilities from terminating service for non-payment for the duration of the COVID-19 pandemic. On May 13, 2020, the PPUC issued a Secretarial letter directing utilities to track all prudently incurred incremental costs arising from the COVID-19 pandemic, and to create a regulatory asset for future recovery of incremental uncollectibles incurred as a result of the COVID-19 pandemic and termination moratorium. On October 13, 2020, the PPUC entered an order lifting the service termination moratorium effective November 9, 2020, subject to certain additional notification, payment procedures and exceptions, and permits the Pennsylvania Companies to create a regulatory asset for all incremental expenses associated with their compliance with the order. On March 19, 2021, the PPUC entered an order lifting the moratorium in total effective March 31, 2021, subject to certain additional guidelines regarding the duration of payment arrangements and reporting obligations.

WEST VIRGINIA

MP and PE provide electric service to all customers through traditional cost-based, regulated utility ratemaking and operate under rates approved by the WVPSC effective February 2015. MP and PE recover net power supply costs, including fuel costs, purchased power costs and related expenses, net of related market sales revenue through the ENEC. MP's and PE's ENEC rate is updated annually.

On March 13, 2020, the WVPSC urged all utilities to suspend utility service terminations except where necessary as a matter of safety or where requested by the customer. On May 15, 2020, the WVPSC issued an order to authorize MP and PE to record a deferral of additional, extraordinary costs directly related to complying with the various COVID-19 government shut-down orders and operational precautions, including impacts on uncollectible expense and cash flow related to temporary discontinuance of service terminations for non-payment and any credits to minimum demand charges associated with business customers adversely impacted by shut-downs or temporary closures related to the pandemic. MP and PE resumed disconnection activity for commercial and industrial customers on September 15, 2020, and for residential customers on November 4, 2020.

On August 28, 2020, MP and PE filed with the WVPSC their annual ENEC case requesting a decrease in ENEC rates of $55 million beginning January 1, 2021, representing a 4% decrease in rates compared to those in effect on August 28, 2020. The decrease in the ENEC rates is net of recovering approximately $10.5 million in previously deferred, incremental uncollectible and other related costs resulting from the COVID-19 pandemic. The WVPSC approved a unanimous settlement by the parties on December 16, 2020 with rates effective January 1, 2021.

Also, on August 28, 2020, MP and PE filed with the WVPSC for recovery of costs associated with modernization and improvement program for their coal-fired boilers. The proposed annual revenue increase for these environmental compliance projects is $5 million beginning January 1, 2021. The WVPSC approved a unanimous settlement by the parties on December 16, 2020 approving the recovery of those costs.

On December 30, 2020, MP and PE filed an integrated resource plan with the WVPSC. The plan projects a small capacity deficit but an energy surplus in MP's and PE's supply resources when compared with current WV load demand and projects the capacity deficit growing over the next 15 years. The plan does not recommend additional supply-side resources with a possible exception for small utility-scale solar resources and recommends that the capacity deficit be met through the PJM capacity market. MP currently expects to seek approval in 2021 to construct solar generation sources of up to 50 MWs. On July 13, 2021, the WVPSC accepted MP's and PE's integrated resource plan and closed the case.

On December 30, 2020, MP and PE filed with the WVPSC a determination of the rate impact of the Tax Act with respect to ADIT. The filing proposes an annual revenue reduction of $2.6 million annually, effective January 1, 2022, with reconciliation and any resulting adjustments incorporated into the annual ENEC proceedings. A hearing is set for August 18, 2021.

FERC REGULATORY MATTERS

Under the FPA, FERC regulates rates for interstate wholesale sales, transmission of electric power, accounting and other matters, including construction and operation of hydroelectric projects. With respect to their wholesale services and rates, the Utilities, AE Supply and the Transmission Companies are subject to regulation by FERC. FERC regulations require JCP&L, MP, PE, WP and the Transmission Companies to provide open access transmission service at FERC-approved rates, terms and conditions. Transmission facilities of JCP&L, MP, PE, WP and the Transmission Companies are subject to functional control by PJM and transmission service using their transmission facilities is provided by PJM under the PJM Tariff.

FERC regulates the sale of power for resale in interstate commerce in part by granting authority to public utilities to sell wholesale power at market-based rates upon showing that the seller cannot exert market power in generation or transmission or erect barriers to entry into markets. The Utilities and AE Supply each have been authorized by FERC to sell wholesale power in interstate commerce at market-based rates and have a market-based rate tariff on file with FERC, although in the case of the Utilities major wholesale purchases remain subject to review and regulation by the relevant state commissions.

Federally enforceable mandatory reliability standards apply to the bulk electric system and impose certain operating, record-keeping and reporting requirements on the Utilities, AE Supply, and the Transmission Companies. 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 six regional entities, including RFC. All of the facilities that FirstEnergy operates 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 material 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, or obligations to upgrade or build transmission facilities, that could have a material adverse effect on its financial condition, results of operations and cash flows.

ATSI Transmission Formula Rate

On May 1, 2020, ATSI filed amendments to its formula rate to recover regulatory assets for certain costs that ATSI incurred as a result of its 2011 move from MISO to PJM, certain costs allocated to ATSI by FERC for transmission projects that were constructed by other MISO transmission owners, and certain costs for transmission-related vegetation management programs. Additionally, ATSI proposed certain income tax-related adjustments and certain tariff changes addressing the revenue credit components of the formula rate template. In its filing, ATSI requested recovery of approximately $85 million related to ATSI's costs to move to PJM, and the MISO transmission project costs that are allocated to ATSI through December 31, 2020; and recovery of future costs associated with the MISO transmission projects. Per prior FERC orders, ATSI included a "cost-benefit study" to support recovery of ATSI's costs to move to PJM, and the MISO transmission project costs that are allocated to ATSI. Certain intervenors filed protests of the formula rate amendments on May 29, 2020, ATSI filed a reply on June 15, 2020, and certain intervenors filed responses to ATSI's reply on June 25, and 29, 2020. On June 30, 2020, FERC issued an initial order accepting the tariff amendments subject to refund, suspending the effective date for five months to be effective December 1, 2020, and setting the matter for hearing and settlement proceedings. ATSI is engaged in settlement negotiations with the other parties to this proceeding.

FERC Actions on Tax Act

On March 15, 2018, FERC initiated proceedings on the question of how to address possible changes to ADIT and bonus depreciation as a result of the Tax Act. Such possible changes could impact FERC-jurisdictional rates, including transmission rates. On November 21, 2019, FERC issued a final rule (Order No. 864). Order No. 864 requires utilities with transmission formula rates to update their formula rate templates to include mechanisms to: (i) deduct any excess ADIT from or add any deficient ADIT to their rate base; (ii) raise or lower their income tax allowances by any amortized excess or deficient ADIT; and (iii) incorporate a new permanent worksheet into their rates that will annually track information related to excess or deficient ADIT. Per FERC directives, ATSI submitted its compliance filing on May 1, 2020. MAIT submitted its compliance filing on June 1, 2020. Certain intervenors filed protests of the compliance filings, to which ATSI and MAIT responded. On October 28, 2020, FERC staff requested additional information about ATSI's proposed rate base adjustment mechanism, and ATSI submitted the requested information on November 25, 2020. On May 4, 2021, FERC staff requested additional information about MAIT's proposed rate base adjustment mechanism, and MAIT submitted the requested information on June 3, 2021. On June 24, 2021, an intervenor protested the supplemental information that MAIT submitted, to which MAIT responded. On May 15, 2020, TrAIL submitted its compliance filing and on June 1, 2020, PATH submitted its required compliance filing. On May 4, 2021, FERC staff requested additional information about PATH's proposed rate base adjustment mechanism, and PATH submitted the requested information on June 3, 2021. On July 12, 2021, FERC staff requested additional information about TrAIL's proposed rate base adjustment mechanism; the due date for TrAIL's response is August 11, 2021. These compliance filings each remain pending before FERC. MP, WP and PE (as holders of a "stated" transmission rate) are addressing these requirements in the transmission formula rates amendments that were filed on October 29, 2020, and which have been accepted by FERC effective January 1, 2021, subject to refund, pending further hearing and settlement procedures. JCP&L addressed these requirements as part of its transmission formula rate case, which was resolved by a settlement approved by FERC on April 15, 2021, addressed further below.

Transmission ROE Methodology

On May 20, 2021, in a case not involving FirstEnergy, FERC issued Opinion No. 575 in which it reiterated the nationwide ROE methodology set forth in 2020 in Opinion No. 569-A. Under this methodology, FERC employs three financial models – discounted cash flow, capital-asset pricing, and risk premium – to calculate a composite zone of reasonableness. As it has done in other recent ROE cases, FERC rejected the use of the expected earnings methodology in calculating the authorized ROE. A request for clarification or, alternatively, rehearing of Opinion No. 575 was filed on June 21, 2021, and remains pending before FERC. FERC's Opinion Nos. 569-A and 569-B, upon which Opinion No. 575 is based, have been appealed to the D.C. Circuit. FirstEnergy is not participating in the appeal. Any changes to FERC's transmission rate ROE and incentive policies for the Utilities would be applied on a prospective basis.

In March 2020, FERC initiated a rulemaking proceeding on the transmission rate incentives provisions of Section 219 of the 2005 Energy Policy Act. FirstEnergy submitted comments through EEI and as part of a consortium of PJM Transmission Owners. In a supplemental rulemaking proceeding that was initiated on April 15, 2021, FERC requested comments on, among other things, whether to require utilities that have been members of an RTO for three years or more and that have been collecting an "RTO membership" ROE incentive adder to file tariff updates that would terminate collection of the incentive adder. Initial comments on the proposed rule were filed on June 25, 2021, and reply comments are due on July 26, 2021. FirstEnergy is a member of PJM and its transmission subsidiaries could be affected by the supplemental proposed rule. FirstEnergy is participating in comments that are to be submitted by various industry trade groups. If there were to be any changes to FirstEnergy transmission incentive ROE, such changes will be applied on a prospective basis.

JCP&L Transmission Formula Rate

On October 30, 2019, JCP&L filed tariff amendments with FERC to convert JCP&L's existing stated transmission rate to a forward-looking formula transmission rate. JCP&L requested that the tariff amendments become effective January 1, 2020. On December 19, 2019, FERC issued its initial order in the case, allowing JCP&L to transition to a forward-looking formula rate as of January 1, 2020 as requested, subject to refund, pending further hearing and settlement proceedings. JCP&L and the parties to the FERC proceeding subsequently were able to reach settlement, and on February 2, 2021, JCP&L filed an offer of settlement with FERC. On April 15, 2021, FERC approved the settlement agreement as filed, with no changes, effective January 1, 2021. JCP&L submitted a compliance filing on May 14, 2021 to implement aspects of the settlement, which is pending before FERC.

Allegheny Power Zone Transmission Formula Rate Filings

On October 29, 2020, MP, PE and WP filed tariff amendments with FERC to convert their existing stated transmission rate to a forward-looking formula transmission rate, effective January 1, 2021. In addition, on October 30, 2020, KATCo filed a proposed new tariff to establish a forward-looking formula rate and requested that the new rate become effective January 1, 2021. In its filing, KATCo explained that while it currently owns no transmission assets, it may build new transmission facilities in the Allegheny zone, and that it may seek required state and federal authorizations to acquire transmission assets from PE and WP by January 1, 2022. These transmission rate filings were accepted for filing by FERC on December 31, 2020, subject to refund, pending further hearing and settlement procedures and were consolidated into a single proceeding. MP, PE and WP, and KATCo are engaged in settlement negotiations with the other parties to the formula rate proceedings. KATCo will be included in the Regulated Transmission reportable segment.

ENVIRONMENTAL MATTERS

Various federal, state and local authorities regulate FirstEnergy with regard to air and water quality, hazardous and solid waste disposal, and other environmental matters. While FirstEnergy's environmental policies and procedures are designed to achieve compliance with applicable environmental laws and regulations, such laws and regulations are subject to periodic review and potential revision by the implementing agencies. FirstEnergy cannot predict the timing or ultimate outcome of any of these reviews or how any future actions taken as a result thereof may materially impact its business, results of operations, cash flows and financial condition.

Clean Air Act

FirstEnergy complies with SO_2 and NOx emission reduction requirements under the CAA and SIP(s) by burning lower-sulfur fuel, utilizing combustion controls and post-combustion controls and/or using emission allowances.

CSAPR requires reductions of NOx and SO_2 emissions in two phases (2015 and 2017), ultimately capping SO_2 emissions in affected states to 2.4 million tons annually and NOx emissions to 1.2 million tons annually. CSAPR allows trading of NOx and SO_2 emission allowances between power plants located in the same state and interstate trading of NOx and SO_2 emission allowances with some restrictions. On July 28, 2015, the D.C. Circuit ordered the EPA to reconsider the CSAPR caps on NOx and SO_2 emissions from power plants in 13 states, including West Virginia. This followed the 2014 U.S. Supreme Court ruling generally upholding the EPA's regulatory approach under CSAPR but questioning whether the EPA required upwind states to reduce emissions by more than their contribution to air pollution in downwind states. The EPA issued a CSAPR Update on September 7, 2016, reducing summertime NOx emissions from power plants in 22 states in the eastern U.S., including West Virginia, beginning in 2017. Various states and other stakeholders appealed the CSAPR Update to the D.C. Circuit in November and December 2016. On September 13, 2019, the D.C. Circuit remanded the CSAPR Update to the EPA citing that the rule did not eliminate upwind states' significant contributions to downwind states' air quality attainment requirements within applicable attainment deadlines.

Also, during this time, in March 2018, the State of New York filed a CAA Section 126 petition with the EPA alleging that NOx emissions from nine states (including West Virginia) significantly contribute to New York's inability to attain the ozone NAAQS. The petition sought suitable emission rate limits for large stationary sources that are allegedly affecting New York's air quality within the three years allowed by CAA Section 126. On September 20, 2019, the EPA denied New York's CAA Section 126 petition. On October 29, 2019, the State of New York appealed the denial of its petition to the D.C. Circuit. On July 14, 2020, the D.C. Circuit reversed and remanded the New York petition to the EPA for further consideration. On March 15, 2021, EPA issued a revised CSAPR Update that addresses, among other things, the remands of the CSAPR Update and the New York Section 126 Petition. Depending on the outcome of any appeals and how the EPA and the states ultimately implement the revised CSAPR Update, the future cost of compliance may materially impact FirstEnergy's operations, cash flows and financial condition.

In February 2019, the EPA announced its final decision to retain without changes the NAAQS for SO_2, specifically retaining the 2010 primary (health-based) 1-hour standard of 75 PPB. As of March 31, 2020, FirstEnergy has no power plants operating in areas designated as non-attainment by the EPA.

Climate Change

There are several 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.

In September 2016, the U.S. joined in adopting the agreement reached on December 12, 2015, at the United Nations Framework Convention on Climate Change meetings in Paris to reduce GHG. The Paris Agreement's non-binding obligations to limit global warming to below two degrees Celsius became effective on November 4, 2016. On June 1, 2017, the Trump Administration announced that the U.S. would cease all participation in the Paris Agreement. On January 20, 2021, President Biden signed an executive order re-adopting the agreement on behalf of the U.S. In November 2020, FirstEnergy published its Climate Story which includes its climate position and strategy, as well as a new comprehensive and ambitious GHG emission goal. FirstEnergy pledged to achieve carbon neutrality by 2050 and set an interim goal for a 30% reduction in GHG within FirstEnergy's direct operational control by 2030, based on 2019 levels. 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 material capital and other expenditures or result in changes to its operations.

In December 2009, the EPA released its final "Endangerment and Cause or Contribute Findings for GHG under the Clean Air Act," concluding that concentrations of several key GHGs constitute 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. Subsequently, the EPA released its final CPP regulations in August 2015 to reduce CO2 emissions from existing fossil fuel-fired EGUs and finalized separate regulations imposing CO2 emission limits for new, modified, and reconstructed fossil fuel-fired EGUs. Numerous states and private parties filed appeals and motions to stay the CPP with the D.C. Circuit in October 2015. On February 9, 2016, the U.S. Supreme Court stayed the rule during the pendency of the challenges to the D.C. Circuit and U.S. Supreme Court. On March 28, 2017, an executive order, entitled "Promoting Energy Independence and Economic Growth," instructed the EPA to review the CPP and related rules addressing GHG emissions and suspend, revise or rescind the rules if appropriate. On June 19, 2019, the EPA repealed the CPP and replaced it with the ACE rule that established guidelines for states to develop standards of performance to address GHG emissions from existing coal-fired power plants. On January 19, 2021, the D.C. Circuit vacated and remanded the ACE rule declaring that the EPA was "arbitrary and capricious" in its rule making and, as such, the ACE rule is no longer in effect and all actions thus far taken by states to implement the federally mandated rule are now null and void. The D.C. Circuit decision is subject to legal challenge. Depending on the outcomes of further appeals and how any final rules are ultimately implemented, the future cost of compliance may be material.

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 facilities. In addition, the states in which FirstEnergy operates have water quality standards applicable to FirstEnergy's operations.

On September 30, 2015, the EPA finalized new, more stringent effluent limits for the Steam Electric Power Generating category (40 CFR Part 423) for arsenic, mercury, selenium and nitrogen for wastewater from wet scrubber systems and zero discharge of pollutants in ash transport water. The treatment obligations were to phase-in as permits are renewed on a five-year cycle from 2018 to 2023. However, on April 13, 2017, the EPA granted a Petition for Reconsideration and on September 18, 2017, the EPA postponed certain compliance deadlines for two years. On August 31, 2020, the EPA issued a final rule revising the effluent limits for discharges from wet scrubber systems, retaining the zero-discharge standard for ash transport water, (with some limited discharge allowances), and extending the deadline for compliance to December 31, 2025 for both. In addition, the EPA allows for less stringent limits for sub-categories of generating units based on capacity utilization, flow volume from the scrubber system, and unit retirement date. Depending on the outcome of appeals, how final rules are ultimately implemented and the compliance options MP elects to take with the new rules, the compliance with these standards, which could include capital expenditures at the Ft. Martin and Harrison power stations, may be substantial and changes to MP's operations at those power stations may also result.

On September 29, 2016, FirstEnergy received a request from the EPA for information pursuant to CWA Section 308(a) for information concerning boron exceedances of effluent limitations established in the NPDES Permit for the former Mitchell Power Station's Mingo landfill, owned by WP. On November 1, 2016, WP provided an initial response that contained information related to a similar boron issue at the former Springdale Power Station's landfill, also owned by WP. The EPA requested additional information regarding the Springdale landfill and on November 15, 2016, WP provided a comprehensive response for both facilities and has fully complied with the Section 308(a) information request. On March 3, 2017, WP proposed to the PA DEP a re-route of its wastewater discharge to eliminate potential boron exceedances at the Springdale landfill and on January 29, 2018, WP submitted an NPDES permit renewal application to PA DEP proposing to re-route its wastewater discharge to eliminate potential boron exceedances at the Mingo landfill. On February 20, 2018, the Department of Justice issued a letter and tolling agreement to WP on behalf of the EPA alleging violations of the CWA at the Springdale and Mingo landfills and seeking to enter settlement negotiations in lieu of filing a complaint. To settle alleged past boron exceedances at both facilities, WP has agreed to

a penalty amount of $610,000 to be paid over two years. It is expected that the parties will sign a Consent Decree memorializing the pipeline construction milestones and the civil penalty payments in the third quarter of 2021.

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 CCRs, such as coal ash, were exempted from hazardous waste disposal requirements pending the EPA's evaluation of the need for future regulation.

In April 2015, the EPA finalized regulations for the disposal of CCRs (non-hazardous), establishing national standards for 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. On September 13, 2017, the EPA announced that it would reconsider certain provisions of the final regulations. On July 17, 2018, the EPA Administrator signed a final rule extending the deadline for certain CCR facilities to cease disposal and commence closure activities, as well as, establishing less stringent groundwater monitoring and protection requirements. On August 21, 2018, the D.C. Circuit remanded sections of the CCR Rule to the EPA to provide for additional safeguards for unlined CCR impoundments that are more protective of human health and the environment. On December 2, 2019, the EPA published a proposed rule accelerating the date that certain CCR impoundments must cease accepting waste and initiate closure to August 31, 2020. The proposed rule allowed for an extension of the closure deadline based on meeting proscribed site-specific criteria. On July 29, 2020, the EPA published a final rule again revising the date that certain CCR impoundments must cease accepting waste and initiate closure to April 11, 2021. The final rule also allows for an extension of the closure deadline based on meeting proscribed site-specific criteria. On November 30, 2020, AE Supply submitted a closure deadline extension request to the EPA seeking to extend the closure date of McElroy's Run CCR impoundment facility until 2024. AE Supply continues to operate McElroy's Run as a disposal facility for EH's Pleasants Power Station.

FE or 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 Sheets as of June 30, 2021, based on estimates of the total costs of cleanup, FirstEnergy's proportionate responsibility for such costs and the financial ability of other unaffiliated entities to pay. Total liabilities of approximately $101 million have been accrued through June 30, 2021, of which, approximately $67 million are for environmental remediation of former MGP and gas holder facilities in New Jersey, which are being recovered by JCP&L through a non-bypassable SBC. FE or its subsidiaries could be found potentially responsible for additional amounts or additional sites, but the loss or range of losses cannot be determined or reasonably estimated at this time.

OTHER LEGAL PROCEEDINGS

United States v. Larry Householder, et al.

On July 21, 2020, a complaint and supporting affidavit containing federal criminal allegations were unsealed against the now former Ohio House Speaker Larry Householder and other individuals and entities allegedly affiliated with Mr. Householder. Also, on July 21, 2020, and in connection with the investigation, FirstEnergy received subpoenas for records from the U.S. Attorney's Office for the S.D. Ohio. FirstEnergy was not aware of the criminal allegations, affidavit or subpoenas before July 21, 2020.

On July 21, 2021, FE entered into a three-year DPA with the U.S. Attorney's Office that, subject to court proceedings, resolves this matter. Under the DPA, FE has agreed to the filing of a criminal information charging FE with one count of conspiracy to commit honest services wire fraud. The DPA requires that FirstEnergy, among other obligations: (i) continue to cooperate with the U.S. Attorney's Office in all matters relating to the conduct described in the DPA and other conduct under investigation by the U.S. government; (ii) pay a criminal monetary penalty totaling $230 million within sixty days, which shall consist of (x) $115 million paid by FE to the United States Treasury and (y) $115 million paid by FE to the ODSA to fund certain assistance programs, as determined by the ODSA, for the benefit of low-income Ohio electric utility customers; (iii) publish a list of all payments made in 2021 to either 501(c)(4) entities or to entities known by FirstEnergy to be operating for the benefit of a public official, either directly or indirectly, and update the same on a quarterly basis during the term of the DPA; (iv) issue a public statement, as dictated in the DPA, regarding FE's use of 501(c)(4) entities; and (v) continue to implement and review its compliance and ethics program, internal controls, policies and procedures designed, implemented and enforced to prevent and detect violations of the U.S. laws throughout its operations, and to take certain related remedial measures. The $230 million payment will neither be recovered in rates or charged to FirstEnergy customers nor will FirstEnergy seek any tax deduction related to such payment. The entire amount of the monetary penalty was recognized as expense in the second quarter of 2021. Under the terms of the DPA, the criminal information will be dismissed after FirstEnergy fully complies with its obligations under the DPA.

Legal Proceedings Relating to United States v. Larry Householder, et al.

On August 10, 2020, the SEC, through its Division of Enforcement, issued an order directing an investigation of possible securities laws violations by FE, and on September 1, 2020, issued subpoenas to FE and certain FE officers. On April 28, 2021,

the SEC issued an additional subpoena to FE. While no contingency has been reflected in its consolidated financial statements, FE believes that it is probable that it will incur a loss in connection with the resolution of the SEC investigation. Given the ongoing nature and complexity of the review, inquiries and investigations, FE cannot yet reasonably estimate a loss or range of loss that may arise from the resolution of the SEC investigation.

In addition to the subpoenas referenced above under "—United States v. Larry Householder, et. al." and the SEC investigation, certain FE stockholders and FirstEnergy customers filed several lawsuits against FirstEnergy and certain current and former directors, officers and other employees, and the complaints in each of these suits is related to allegations in the complaint and supporting affidavit relating to HB 6 and the now former Ohio House Speaker Larry Householder and other individuals and entities allegedly affiliated with Mr. Householder. The plaintiffs in each of the below cases seek, among other things, to recover an unspecified amount of damages (unless otherwise noted). No contingency has been reflected in FirstEnergy's consolidated financial statements with respect to these lawsuits as a loss is neither probable, nor is a loss or range of a loss reasonably estimable.

- *Owens v. FirstEnergy Corp. et al. and Frand v. FirstEnergy Corp. et al.* (Federal District Court, S.D. Ohio); on July 28, 2020 and August 21, 2020, purported stockholders of FE filed putative class action lawsuits alleging violations of the federal securities laws. Those actions have been consolidated and a lead plaintiff, the Los Angeles County Employees Retirement Association, has been appointed by the court. A consolidated complaint was filed on February 26, 2021. The consolidated complaint alleges, on behalf of a proposed class of persons who purchased FE securities between February 21, 2017 and July 21, 2020, that FE and certain current or former FE officers violated Sections 10(b) and 20(a) of the Securities Exchange Act of 1934 by issuing misrepresentations or omissions concerning FE's business and results of operations. The consolidated complaint also alleges that FE, certain current or former FE officers and directors, and a group of underwriters violated Sections 11, 12(a)(2) and 15 of the Securities Act of 1933 as a result of alleged misrepresentations or omissions in connection with offerings of senior notes by FE in February and June 2020.
- *Gendrich v. Anderson, et al. and Sloan v. Anderson, et al.* (Common Pleas Court, Summit County, OH); on July 26, 2020 and July 31, 2020, respectively, purported stockholders of FE filed shareholder derivative action lawsuits against certain FE directors and officers, alleging, among other things, breaches of fiduciary duty. These actions have been consolidated.
- *Miller v. Anderson, et al.* (Federal District Court, N.D. Ohio); *Bloom, et al. v. Anderson, et al.; Employees Retirement System of the City of St. Louis v. Jones, et al.; Electrical Workers Pension Fund, Local 103, I.B.E.W. v. Anderson et al.; Massachusetts Laborers Pension Fund v. Anderson et al.; The City of Philadelphia Board of Pensions and Retirement v. Anderson et al.; Atherton v. Dowling et al; Behar v. Anderson, et al.* (U.S. District Court, S.D. Ohio, all actions have been consolidated); beginning on August 7, 2020, purported stockholders of FE filed shareholder derivative actions alleging the board and officers breached their fiduciary duties and committed violations of Section 14(a) of the Securities Exchange Act of 1934. The cases in the S.D. Ohio have been consolidated and co-lead plaintiffs have been appointed by the court. On May 11, 2021, the court denied the defendants' motion to dismiss in the consolidated derivative proceedings in the S.D. Ohio. As previously disclosed, on June 29, 2021, the Board established a Special Litigation Committee, effective July 1, 2021. The Special Litigation Committee has been delegated full authority by the Board to take all actions as the Special Litigation Committee deems advisable, appropriate, and in the best interests of FirstEnergy and its shareholders with respect to pending shareholder derivative litigation and demands. On July 20, 2021, the Special Litigation Committee filed motions to stay proceedings in each of the shareholder derivative actions pending in the Northern and Southern Districts of Ohio and in Summit County, Ohio, while the Special Litigation Committee investigates the matters asserted in the lawsuits.
- *Smith v. FirstEnergy Corp. et al., Buldas v. FirstEnergy Corp. et al., and Hudock and Cameo Countertops, Inc. v. FirstEnergy Corp. et al.* (Federal District Court, S.D. Ohio); on July 27, 2020, July 31, 2020, and August 5, 2020, respectively, purported customers of FirstEnergy filed putative class action lawsuits against FE and FESC, as well as certain current and former FirstEnergy officers, alleging civil Racketeer Influenced and Corrupt Organizations Act violations and related state law claims. These actions have been consolidated, and the court denied FirstEnergy's motions to dismiss and stay discovery on February 10 and 11, 2021, respectively. The defendants submitted answers to the complaint on March 10, 2021. Discovery is proceeding.
- *State of Ohio ex rel. Dave Yost, Ohio Attorney General v. FirstEnergy Corp., et al. and City of Cincinnati and City of Columbus v. FirstEnergy Corp.* (Common Pleas Court, Franklin County, OH); on September 23, 2020 and October 27, 2020, the OAG and the cities of Cincinnati and Columbus, respectively, filed complaints against several parties including FE, each alleging civil violations of the Ohio Corrupt Activity Act in connection with the passage of HB 6. On January 13, 2021, the OAG filed a motion for a temporary restraining order and preliminary injunction against FirstEnergy seeking to enjoin FirstEnergy from collecting the Ohio Companies' decoupling rider. On January 31, 2021, FE reached a partial settlement with the OAG and the cities of Cincinnati and Columbus with respect to the temporary restraining order and preliminary injunction request and related issues. In connection with the partial settlement, the Ohio Companies filed an application on February 1, 2021, with the PUCO to set their respective decoupling riders (CSR) to zero. On February 2, 2021, the PUCO approved the application of the Ohio Companies setting the rider to zero and no additional customer bills will include new decoupling rider charges after February 8, 2021. The cities of Dayton and Toledo have also been added as plaintiffs to the action. These actions have been consolidated. The cases are stayed pending final resolution of the United States v. Larry Householder, et al criminal proceeding described above.
- *Emmons v. FirstEnergy Corp. et al.* (Common Pleas Court, Cuyahoga County, OH); on August 4, 2020, a purported customer of FirstEnergy filed a putative class action lawsuit against FE, FESC, OE, TE and CEI, along with FES,

alleging several causes of action, including negligence and/or gross negligence, breach of contract, unjust enrichment, and unfair or deceptive consumer acts or practices. On October 1, 2020, plaintiffs filed a First Amended Complaint, adding as a plaintiff a purported customer of FirstEnergy and alleging a civil violation of the Ohio Corrupt Activity Act and civil conspiracy against FE, FESC and FES. On May 4, 2021, the court granted the defendants' motion to dismiss plaintiffs' breach of contract claims and denied the remainder of the motions to dismiss. The defendants submitted answers to the complaint on June 1, 2021. Discovery is proceeding.

In letters dated January 26, and February 22, 2021, staff of FERC's Division of Investigations notified FirstEnergy that the Division is conducting an investigation of FirstEnergy's lobbying and governmental affairs activities concerning HB 6, and staff directed FirstEnergy to preserve and maintain all documents and information related to the same as such have been developed as part of an ongoing non-public audit being conducted by FERC's Division of Audits and Accounting. While no contingency has been reflected in its consolidated financial statements, FirstEnergy believes that it is probable that it will incur a loss in connection with the resolution of the FERC investigation. Given the ongoing nature and complexity of the review, inquiries and investigations, FirstEnergy cannot yet reasonably estimate a loss or range of loss that may arise from the resolution of the FERC investigation.

The outcome of any of these lawsuits, governmental investigations and audit are uncertain and could have a material adverse effect on FE's or its subsidiaries' reputation, business, financial condition, results of operations, liquidity, and cash flows.

Internal Investigation Relating to United States v. Larry Householder, et al.

As previously disclosed, a committee of independent members of the Board of Directors has been directing an internal investigation related to ongoing government investigations. In connection with FirstEnergy's internal investigation, such committee determined on October 29, 2020, to terminate FirstEnergy's Chief Executive Officer, Charles E. Jones, together with two other executives: Dennis M. Chack, Senior Vice President of Product Development, Marketing, and Branding; and Michael J. Dowling, Senior Vice President of External Affairs. Each of these terminated executives violated certain FirstEnergy policies and its code of conduct. These executives were terminated as of October 29, 2020. Such former members of senior management did not maintain and promote a control environment with an appropriate tone of compliance in certain areas of FirstEnergy's business, nor sufficiently promote, monitor or enforce adherence to certain FirstEnergy policies and its code of conduct. Furthermore, certain former members of senior management did not reasonably ensure that relevant information was communicated within our organization and not withheld from our independent directors, our Audit Committee, and our independent auditor. Among the matters considered with respect to the determination by the committee of independent members of the Board of Directors that certain former members of senior management violated certain FirstEnergy policies and its code of conduct related to a payment of approximately $4 million made in early 2019 in connection with the termination of a purported consulting agreement, as amended, which had been in place since 2013. The counterparty to such agreement was an entity associated with an individual who subsequently was appointed to a full-time role as an Ohio government official directly involved in regulating the Ohio Companies, including with respect to distribution rates. Additionally, on November 8, 2020, the Senior Vice President and Chief Legal Officer, and the Vice President, General Counsel, and Chief Ethics Officer, were separated from FirstEnergy due to inaction and conduct that the Board determined was influenced by the improper tone at the top. Subsequently, effective May 26, 2021, the Vice President, Rates and Regulatory Affairs, and Acting Vice President, External Affairs was separated from FirstEnergy related to her inaction regarding an amendment in 2015 of the purported consulting agreement discussed above.

Additionally, on February 17, 2021, the Board appointed Mr. John W. Somerhalder II to the positions of Vice Chairperson of the Board and Executive Director of FE, each effective as of March 1, 2021. Mr. Donald T. Misheff will continue to serve as Non-Executive Chairman of the Board. Mr. Somerhalder will help lead efforts to enhance FirstEnergy's reputation. On March 7, 2021, the Board appointed Mr. Steven E. Strah to the position of Chief Executive Officer of FirstEnergy, effective as of March 8, 2021. On March 7, 2021, at the recommendation of the FirstEnergy Corporate Governance and Corporate Responsibility Committee, the Board also elected Mr. Strah as a Director of FirstEnergy, effective as of March 8, 2021.

Also, in connection with the internal investigation, FirstEnergy identified certain transactions, which, in some instances, extended back ten years of more, including vendor service, that were either improperly classified, misallocated to certain of the Utilities and Transmission Companies, or lacked proper supporting documentation. These transactions resulted in amounts collected from customers that were immaterial to FirstEnergy. The Utilities and Transmission Companies are working with the appropriate regulatory agencies to address these amounts.

The internal investigation has revealed no new material issues since FirstEnergy's Form 10-K was filed on February 18, 2021. The focus of the internal investigation has transitioned from a proactive investigation to continued cooperation with the ongoing government investigations.

Nuclear Plant Matters

On October 15, 2019, JCP&L, ME, PN and GPUN executed an asset purchase and sale agreement with TMI-2 Solutions, LLC, a subsidiary of EnergySolutions, LLC, concerning the transfer and dismantlement of TMI-2. This transfer of TMI-2 to TMI-2 Solutions, LLC will include the: (i) transfer of the ownership and operating NRC licenses for TMI-2; (ii) transfer of the external

trusts for the decommissioning and environmental remediation of TMI-2; and (iii) assumption by TMI-2 Solutions, LLC, of certain liabilities, including all responsibility for the TMI-2 site, full decommissioning of TMI-2 and ongoing management of core debris material not previously transferred to the DOE. On August 10, 2020, JCP&L, ME, PN, GPUN, TMI-2 Solutions, LLC, and the PA DEP reached a settlement agreement regarding the decommissioning of TMI-2. On December 2, 2020, the NJBPU issued an order approving the transfer and sale under the conditions requested by NJ Rate Counsel and agreed to by JCP&L. Those conditions will restrict JCP&L from seeking recovery from its ratepayers for any future liabilities JCP&L could incur with respect to TMI-2. Also, on December 2, 2020, the NRC issued its order approving the license transfer as requested. With the receipt of all required regulatory approvals, the transaction was consummated on December 18, 2020.

Other Legal Matters

There are various lawsuits, claims (including claims for asbestos exposure) and proceedings related to FirstEnergy's normal business operations pending against FE or its subsidiaries. The loss or range of loss in these matters is not expected to be material to FE or its subsidiaries. The other potentially material items not otherwise discussed above are described under Note 8, "Regulatory Matters."

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 FE 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 FE's or its subsidiaries' financial condition, results of operations and cash flows.

NEW ACCOUNTING PRONOUNCEMENTS

See Note 1, "Organization and Basis of Presentation," for a discussion of new accounting pronouncements.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

See "FirstEnergy Corp. Management's Discussion and Analysis of Financial Condition and Results of Operations — Market Risk Information" in Item 2 above.

ITEM 4. CONTROLS AND PROCEDURES

(a) Evaluation of Disclosure Controls and Procedures

The management of FirstEnergy, with the participation of our chief executive officer and chief financial officer, have evaluated the effectiveness of its disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act), as of June 30, 2021. Based on that evaluation, the chief executive officer and chief financial officer of FirstEnergy have concluded that our disclosure controls and procedures were not effective as of June 30, 2021, due to the material weakness in internal control over financial reporting described below.

Notwithstanding the material weakness described below, management has concluded that its consolidated financial statements included in the current and prior period filings were not materially misstated and presented fairly, in all material respects, FirstEnergy's consolidated financial statements as of the three and six months ended June 30, 2021 and 2020.

Material Weakness in Internal Control Over Financial Reporting Existing as of June 30, 2021

A material weakness is a deficiency, or a combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of FirstEnergy's annual or interim financial statements will not be prevented or detected on a timely basis.

We did not maintain an effective control environment as our senior management failed to set an appropriate tone at the top. Specifically, certain members of senior management failed to reinforce the need for compliance with FirstEnergy's policies and its code of conduct, which resulted in inappropriate conduct that was inconsistent with FirstEnergy's policies and its code of conduct.

This control deficiency did not result in a material misstatement of our annual or interim consolidated financial statements. However, this control deficiency could have resulted in material misstatements to the annual or interim consolidated financial statements that would not have been prevented or detected. Accordingly, our management has concluded that this control deficiency constitutes a material weakness.

Remediation Plans

Management and the Board of Directors take FirstEnergy's internal control over financial reporting and the integrity of its financial statements seriously. Management, the Board of Directors, along with the Audit Committee, and its subcommittee, are currently working to remediate the material weakness identified above. The remedial activities include the following:

- the appointment of a new Chief Executive Officer to improve the tone at the top;
- the termination of certain members of senior management, including FirstEnergy's former Chief Executive Officer, for violations of certain FirstEnergy policies and its code of conduct;
- the separation of two senior members of the legal department, due to inaction and conduct that the Board of Directors determined was influenced by the improper tone at the top;
- the establishment of a subcommittee of FirstEnergy's Audit Committee, who, with the Board of Directors, assessed the compliance program, provided recommendations, and is overseeing the implementation of changes (as appropriate) in FirstEnergy's compliance program;
- the appointment of a new Chief Legal Officer;
- the appointment of a new Vice Chairperson of the Board and Executive Director to help lead efforts to enhance FirstEnergy's reputation with external stakeholders;
- the appointment of new independent directors to the Board;
- the appointment of a new Chief Ethics & Compliance Officer who is overseeing the ethics and compliance program and implementation of enhancements to the existing compliance structure and role;

- the Board of Directors' reinforcement of and executive team's recommitment to the importance of setting appropriate tone at the top and the expectation to demonstrate FirstEnergy's core values and behaviors which support an ethical and compliant culture, as well as adherence to internal control over financial reporting; and

- increased communication and training of employees with respect to:

    - our commitment to ethical standards and integrity of our business procedures,
    - compliance requirements,
    - our code of conduct and other FirstEnergy policies, and
    - availability of and the process for reporting suspected violations of law or code of conduct.

Management and the Board of Directors are committed to maintaining a strong internal control environment and believes the above efforts will effectively remediate the material weakness; however, the material weakness cannot be considered remediated until the applicable remedial actions are implemented and operating for a sufficient period of time to allow management to conclude, through testing, that a remediation plan is implemented and the controls are operating effectively. Management, under the oversight of the Board of Directors, has developed and are implementing a comprehensive remediation plan, and continues to consider additional enhancement measures, as appropriate, which includes defined responsibilities and measurable milestones to evaluate the progress of the remediation activities. Management and the Board of Directors are monitoring the progress of these activities on an ongoing basis and management will continue to assess the effectiveness of the remediation efforts in connection with evaluations of internal control over financial reporting.

(b) Changes in Internal Control over Financial Reporting

During the quarter ended June 30, 2021, there were no changes in internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) under the Securities Exchange Act of 1934) that have materially affected, or are reasonably likely to materially affect, FirstEnergy's internal control over financial reporting.

PART II. OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

Information required for Part II, Item 1 is incorporated by reference to the discussions in Note 8, "Regulatory Matters," and Note 9, "Commitments, Guarantees and Contingencies," of the Notes to Consolidated Financial Statements in Part I, Item 1 of this Form 10-Q.

ITEM 1A. RISK FACTORS

You should carefully consider the risk factors discussed in "Item 1A. Risk Factors" in FirstEnergy's Annual Report on Form 10-K for the year ended December 31, 2020, and its Quarterly Report on Form 10-Q for the quarter ended March 31, 2021, which could materially affect FirstEnergy's business, financial condition or future results.

The information set forth in this report, including without limitation, the risk factors presented below, updates and should be read in conjunction with, the risk factors and information disclosed in FirstEnergy's Annual Report on Form 10-K for the year ended December 31, 2020, and its Quarterly Report on Form 10-Q for the quarter ended March 31, 2021.

We Have Received Requests for Information Related to Government Investigations. The Investigations and Related Litigation Could Have a Material Adverse Effect on our Reputation, Business, Financial Condition, Results of Operations, Liquidity or Cash Flows.

On July 21, 2020, we received subpoenas for records from the U.S. Attorney's Office for the S.D. Ohio requesting the production of information concerning an investigation surrounding HB 6 involving the now former Ohio House Speaker Larry Householder and other individuals and entities allegedly affiliated with Mr. Householder. Following the announcement of the investigation surrounding HB 6, certain of our stockholders and customers filed several lawsuits against us and certain current and former directors, officers and other employees. In addition, on August 10, 2020, the SEC, through its Division of Enforcement, issued an order directing an investigation of possible securities laws violations by FirstEnergy, and on September 1, 2020, issued subpoenas to FirstEnergy and certain of its officers. We are cooperating with both the U.S. Attorney's Office and the SEC in their ongoing investigations. On July 21, 2021, FE entered into a three-year DPA with the U.S. Attorney's Office that, subject to court proceedings, resolves the previously disclosed U.S. Attorney's Office investigation into FirstEnergy relating to FirstEnergy's lobbying and governmental affairs activities concerning HB 6, which, among other things requires FE to pay a monetary penalty of $230 million. With respect to the SEC, we believe that it is probable that FE will incur a loss in connection with the resolution of the SEC's investigation. Given the ongoing nature and complexity of such investigation, we cannot yet reasonably estimate a loss or range of loss that may arise from the resolution of the SEC investigation but such resolution could have a material adverse effect on our reputation, business, financial condition, results of operations, liquidity or cash flows. See Note 9, "Commitments, Guarantees and Contingencies," of the Notes to Consolidated Financial Statements, for additional details on the government investigations and subsequent litigation surrounding HB 6.

The investigations and litigation related to HB 6 could divert management's focus and have resulted in, and could continue to result in substantial investigation expenses, and the commitment of substantial corporate resources. The outcome of the government investigations and related litigation is inherently uncertain. If one or more legal matters, were resolved against us, our reputation, business, financial condition, results of operations, liquidity or cash flows may be adversely affected. Further, such an outcome could result in settlement agreements, significant monetary damages, remedial corporate measures or other relief against us that could adversely impact our operations. These matters are likely to continue to have an adverse impact on the trading prices of our securities.

We are unable to predict the outcome, duration, scope, result or related costs of the investigations and related litigation and, therefore, any of these risks could impact us significantly beyond expectations. Moreover, we are unable to predict the potential for any additional investigations or litigation, any of which could exacerbate these risks or expose us to potential criminal or civil liabilities, sanctions or other remedial measures, and could have a material adverse effect on our reputation, business, financial condition, results of operations, liquidity or cash flows.

We Have Received Requests for Information Related to Government Investigations. Related Potential Adverse Impacts on Federal or State Regulatory Matters Could Have a Material Adverse Effect on our Reputation, Business, Financial Condition, Results of Operations, Liquidity or Cash Flows

On July 21, 2020, we received subpoenas for records from the U.S. Attorney's Office for the S.D. Ohio requesting the production of information concerning an investigation surrounding HB 6 involving the now former Ohio House Speaker Larry Householder and other individuals and entities allegedly affiliated with Mr. Householder. On July 21, 2021, FE entered into a three-year DPA with the U.S. Attorney's Office that, subject to court proceedings, resolves the previously disclosed U.S. Attorney's Office investigation into FirstEnergy relating to FirstEnergy's lobbying and governmental affairs activities concerning HB 6, which, among other things requires FE to pay a monetary penalty of $230 million. The filing of the criminal information agreed to in the DPA, which included a single charge that FE conspired to commit honest services wire fraud, as well as any future allegations of non-compliance with anti-corruption laws could have an adverse impact on our reputation or relationships with the various federal, state and local regulatory authorities that significantly influence our operating environment. Further, any such failure to have complied with anti-corruption laws could result in a material inquiry or investigation by such federal, state and local regulatory agencies, and result in adverse rulings against us, which could have a material adverse impact on our financial condition, operating results and operations.

On January 26, 2021, staff of FERC's Division of Investigations issued a letter directing FirstEnergy to preserve and maintain all documents and information related to an ongoing audit being conducted by FERC's Division of Audits and Accounting, including activities relating to lobbying and governmental affairs activities concerning HB 6. Subsequently, on February 22, 2021, staff of FERC's Division of Investigations notified FirstEnergy that the Division is conducting an investigation of FirstEnergy's lobbying and governmental affairs activities concerning HB 6. We are cooperating with the FERC in the ongoing audit and investigation. With respect to the FERC Division of Investigations matter, we believe that it is probable that FirstEnergy will incur a loss in connection with its resolution. Given the ongoing nature and complexity of such investigation, we cannot yet reasonably estimate a loss or range of loss that may arise from the resolution of the FERC Division of Investigations matter but such resolution could have a material adverse effect on our reputation, business, financial condition, results of operations, liquidity or cash flows. See Note 8, "Regulatory Matters," and Note 9, "Commitments, Guarantees and Contingencies," of the Notes to Consolidated Financial Statements, for additional details on the government investigations and regulatory matters related to the investigation of HB 6.

For example, there are several regulatory matters associated with the ongoing governmental investigations including, but not limited to, the following:

- On September 15, 2020, the PUCO opened a new proceeding to review the political and charitable spending by the Ohio Companies in support of HB 6 and the subsequent referendum effort, directing the Ohio Companies to show cause, demonstrating that the costs of any political or charitable spending in support of HB 6, or the subsequent referendum effort, were not included, directly or indirectly, in any rates or charges paid by ratepayers.
- On November 4, 2020, the PUCO initiated an additional corporate separation audit as a result of the termination of certain members of senior management.
- On December 30, 2020, the PUCO reinstated the requirement that the Ohio Companies file a distribution rate case by May 31, 2024, which requirement had previously been eliminated by the PUCO in November 2019.
- Also on December 30, 2020, the PUCO reopened the DMR audit docket, and directed PUCO staff to solicit a third-party auditor and conduct a full review of the DMR to ensure funds collected from ratepayers through the DMR were only used for the purposes established in ESP IV.
- On January 26, 2021, staff of FERC's Division of Investigations issued a letter directing FirstEnergy to preserve and maintain all documents and information related to an ongoing audit being conducted by FERC's Division of Audits and Accounting, including activities related to lobbying and governmental affairs activities concerning HB 6.
- In connection with the partial settlement with the OAG and other parties, the Ohio Companies filed an application with the PUCO on February 1, 2021, to set the respective decoupling riders (Rider CSR) to zero and, in a related action, the Ohio Companies will not seek to recover lost distribution revenue from residential and commercial customers; as a

result, FirstEnergy recognized a $108 million pre-tax charge ($84 million after-tax) in the fourth quarter of 2020 and $77 million (pre-tax) of which is associated with forgoing collection of lost distribution revenue.

- On April 22, 2021, in anticipation of the effective date of HB 128 and in accordance with HB 128's provisions regarding the prompt refund of decoupling funds, the Ohio Companies filed an application with the PUCO to modify CSR to return such amount over twelve months commencing June 1, 2021. On July 7, 2021, the PUCO issued an order approving the Ohio Companies' modified application and directed that all funds collected through CSR be refunded to customers over a single billing cycle beginning August 1, 2021.

While FirstEnergy is committed to pursuing an open dialogue with stakeholders in an appropriate manner with respect to the numerous regulatory proceedings currently underway, the rates our Utilities and Transmission Companies are allowed to charge may be decreased as a result of actions taken by FERC or by a state regulatory commission to which our Utilities is subject to jurisdiction, whether as a result of the DPA, any failure to have complied with anti-corruption laws, or otherwise. Also, in connection with our internal investigation, we identified certain transactions, which, in some instances, extended back ten years or more, including vendor services, that were either improperly classified, misallocated to certain of the Utilities and Transmission Companies, or lacked proper supporting documentation. These transactions resulted in amounts collected from customers that were immaterial to FirstEnergy, and the Utilities and Transmission Companies are working with the appropriate regulatory agencies to address these amounts.

We are unable to predict the adverse impacts on federal or state regulatory matters, including with respect to rates, and, therefore, any of these risks could impact us significantly beyond expectations. Moreover, we are unable to predict the potential for any additional regulatory actions, any of which could exacerbate these risks or expose us to adverse outcomes in pending or future rate cases, and could have a material adverse effect on our reputation, business, financial condition, results of operations, liquidity or cash flows.

If We Violate our DPA That We Entered Into on July 20, 2021, It Could Have an Adverse Effect on our Reputation and Consolidated Financial Statements

On July 21, 2021, we entered into a three-year DPA with the U.S. Attorney's Office that, subject to court proceedings, resolves the previously disclosed U.S. Attorney's Office investigation into us relating to our lobbying and governmental affairs activities concerning HB 6. Under the DPA, the U.S. Attorney's Office filed a single charge alleging that we conspired to commit honest services wire fraud. The DPA provides that the U.S. Attorney's Office will defer any prosecution of such conspiracy charge and any other criminal or civil case against us in connection with the matters identified therein for a three-year period subject to certain obligations of ours, including, but not limited to, the following: (i) continued cooperation with the U.S. Attorney's Office in all matters relating to the conduct described in the DPA and other conduct under investigation by the U.S. government; (ii) payment of a criminal monetary penalty totaling $230 million; (iii) publish a list of all payments made in 2021 to either 501(c)(4) entities or to entities known by FirstEnergy to be operating for the benefit of a public official, either directly or indirectly, and update the same on a quarterly basis during the term of the DPA; (iv) publication of a public acknowledgement of our conduct, including a statement, as dictated in the DPA, regarding our use of 501(c)(4) entities; and (v) continued implementation and review of our compliance and ethics program, internal controls, policies and procedures designed, implemented and enforced to prevent and detect violations of the U.S. laws throughout its operations, and to take certain related remedial measures. If we are found to have breached the terms of the DPA, the U.S. Attorney's Office may elect to prosecute, or bring a civil action against, us for conduct alleged in the DPA or known to the government, which could result in fines or penalties and could have a material adverse impact on our reputation or relationships with regulatory and legislative authorities, customers and other stakeholders, as well as our consolidated financial statements.

Failure to Comply with Debt Covenants in our Credit Agreements or Conditions Could Adversely Affect our Ability to Execute Future Borrowings and/or Require Early Repayment, and Could Restrict our Ability to Obtain Additional or Replacement Financing on Acceptable Terms or at All

Our debt and credit agreements contain various financial and other covenants including a consolidated debt to total capitalization ratio of no more than 65% measured at the end of each fiscal quarter.

Our credit agreements contain certain negative and affirmative covenants. Our ability to comply with the covenants and restrictions contained in our FE Revolving Facility and FET Revolving Facility has been and may, in the future, be affected by events related to the ongoing government investigations or otherwise.

On July 21, 2021, FE and the Utilities and FET and certain of its subsidiaries entered into amendments to the FE Revolving Facility and the FET Revolving Facility, respectively. The amendments provide for modifications and/or waivers of (i) certain representations and warranties, (ii) certain affirmative and negative covenants, contained therein, and (iii) any resulting event of default, which, in each case, resulted either from FE entering into the DPA or as a consequence of the facts and circumstances described in the DPA, thus allowing FirstEnergy to be in compliance with the revolving credit facilities and maintain access to the liquidity provided thereunder. In addition, we may be required to seek additional covenant waivers in future periods, and there can be no assurance that we will be able to obtain such waivers on favorable terms, or at all.

A breach of any of the covenants contained in our credit agreements, including any breach related to alleged failures to comply with anti-corruption and anti-bribery laws, could result in an event of default under such agreements, and we would not be able to access our credit facilities for additional borrowings and letters of credit while any default exists. Upon the occurrence of such an event of default, any amounts outstanding under our credit facilities could be declared to be immediately due and payable and all applicable commitments to extend further credit could be terminated. If indebtedness under our credit facilities is accelerated, there can be no assurance that we will have sufficient assets to repay the indebtedness. In addition, certain events, including but not limited to any covenant breach related to alleged failures to comply with anti-corruption and anti-bribery laws, an event of default under our credit agreements, and the acceleration of applicable commitments under such facilities could restrict our ability to obtain additional or replacement financing on acceptable terms or at all. The operating and financial restrictions and covenants in our credit facilities and any future financing agreements may adversely affect our ability to finance future operations or capital needs or to engage in other business activities.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

None.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

None.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

ITEM 5. OTHER INFORMATION

On July 20, 2021, the Board of FirstEnergy approved and adopted a new Code of Business Conduct and Ethics, which became effective immediately. The Code of Business Conduct is applicable to all directors, officers, employees, contractors and temporary workers of FirstEnergy, including FirstEnergy's principal executive officer, principal financial officer and principal accounting officer. The new Code of Business Conduct (i) promotes and emphasizes FirstEnergy's commitment to compliance and ethics; (ii) fosters a "speak up" culture in which stakeholders are encouraged to report actual or suspected Code of Business Conduct violations without fear of retaliation; (iii) improves readability; and (iv) promotes understanding of compliance commitments and expectations.

Adoption of the Code of Business Conduct did not result in any explicit or implicit waiver of any provision of the Code of Business Conduct. A copy of the new Code of Business Conduct is available on FirstEnergy's website at www.firstenergycorp.com (under Investors > Governance > Ethics and Business Conduct Policies and Statements). The foregoing summary is qualified in its entirety by the full text of the Code, which is filed as Exhibit 14.1 and incorporated herein by reference. The other contents of FirstEnergy's website are not incorporated by reference in this report.

ITEM 6. EXHIBITS

	Exhibit Number	Description
(A)(B)	10.1	Form of 2021-2023 Cash-Based Performance-Adjusted Restricted Stock Unit Award Agreement
(A)(B)	10.2	Form of 2021-2023 Stock-Based Performance-Adjusted Restricted Stock Unit Award Agreement
(A)(B)	10.3	Form of Restricted Stock Award Agreement
(A)(B)	10.4	Voluntary Retirement Agreement with Gary D. Benz
(A)(B)	10.5	Restricted Stock Award Agreement to John W. Somerhalder II
	10.6	Deferred Prosecution Agreement, dated as of July 21, 2021 (incorporated by reference to FE's Form 8-K filed July 22, 2021, Exhibit 10.1, File No. 333-21011)
	10.7	Waiver and Amendment No. 4 to Credit Agreement, dated as of July 21, 2021, among FE, 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, Mizuho Bank, Ltd., as administrative agent, and the lenders identified therein (incorporated by reference to FE's Form 8-K filed July 22, 2021, Exhibit 10.2, File No. 333-21011)
	10.8	Waiver and Amendment No. 4 to Credit Agreement, dated as of July 21, 2021, to Credit Agreement, among FirstEnergy Transmission, LLC, American Transmission Systems, Incorporated, Mid-Atlantic Interstate Transmission, LLC and Trans-Allegheny Interstate Line Company, as borrowers, and PNC Bank, National Association, as administrative agent, and the lenders identified therein (incorporated by reference to FE's Form 8-K filed July 22, 2021, Exhibit 10.3, File No. 333-21011)
(A)	14.1	Code of Business Conduct and Ethics
(A)	31.1	Certification of chief executive officer, as adopted pursuant to Rule 13a-14(a)
(A)	31.2	Certification of chief financial officer, as adopted pursuant to Rule 13a-14(a)
(A)	32	Certification of chief executive officer and chief financial officer, pursuant to 18 U.S.C. Section 1350
	101	The following materials from the Quarterly Report on Form 10-Q of FirstEnergy Corp. for the period ended June 30, 2021, formatted in iXBRL (Inline Extensible Business Reporting Language): (i) Consolidated Statements of Income, (ii) Consolidated Statements of Comprehensive Income, (iii) Consolidated Balance Sheets, (iv) Consolidated Statements of Cash Flows, (v) related notes to these financial statements and (vi) document and entity information
	104	Cover Page Interactive Data File (the cover page XBRL tags are embedded within the Inline XBRL document contained in Exhibit 101)

(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-Q 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.

SIGNATURES

Pursuant to the requirements 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.

July 22, 2021

FIRSTENERGY CORP.
Registrant

/s/ Jason J. Lisowski
Jason J. Lisowski
Vice President, Controller
and Chief Accounting Officer

FIRSTENERGY CORP.

2020 Incentive Compensation Plan
2021-2023 Performance-Adjusted Restricted Stock Unit Award Agreement

THIS 2021-2023 PERFORMANCE-ADJUSTED RESTRICTED STOCK UNIT AWARD AGREEMENT (the "Agreement"), effective as of [DATE] (the "Grant Date"), is entered into by and between the Company and [NAME] (the "Grantee").

1. Definitions. Unless otherwise specified in this Agreement, capitalized terms shall have the meanings attributed to them under the Plan. For purposes of this Agreement, the following terms shall be defined as follows:

(a) "Retirement" shall mean the Grantee's Separation from Service (except due to death) on or after attaining age fifty-five (55) and after providing at least ten (10) years of service to the Company or any Subsidiary or affiliate and any predecessor thereof; and

(b) "Separation from Service" shall mean, with respect to the Grantee, the "separation from service" within the meaning of Code Section 409A of the Grantee with the Company and any Subsidiaries, for any reason, including without limitation quit, discharge, leave of absence (including military leave, sick leave, or other bona fide leave of absence such as temporary employment by the government if the period of such leave exceeds the greater of six months, or the period for which the Grantee's right to reemployment is provided either by statute or by contract) or permanent decrease in service to a level that is no more than twenty percent (20%) of its prior level. For this purpose, whether a "Separation from Service" has occurred is determined based on whether it is reasonably anticipated that no further services will be performed by the Grantee after a certain date or that the level of bona fide services the Grantee will perform after such date (whether as an employee or as an independent contractor) would permanently decrease to no more than twenty percent (20%) of the average level of bona fide services performed (whether as an employee or an independent contractor) over the immediately preceding 36-month period (or the full period of services if the Grantee has been providing services for less than 36 months).

2. Grant of Restricted Stock Units. As of the Grant Date, the Company has granted to the Grantee [NUMBER] (the "Target Number") of Restricted Stock Units (the "Restricted Stock Units" or "RSUs"), a percentage of which Target Number will vest and become payable in accordance with the terms and conditions of this Agreement. The Target Number shall be adjusted with respect to Dividend Equivalents as provided in Section 8 below. Each RSU that becomes vested and payable hereunder represents the right of the Grantee to receive the cash value of one Share subject to the terms and conditions of this Agreement. The RSUs are granted in accordance with, and subject to, all the terms, conditions and restrictions of the Plan, which is hereby incorporated by reference in its entirety. The Grantee irrevocably agrees to, and accepts, the terms, conditions and restrictions of the Plan and this Agreement on the Grantee's own behalf and on behalf of any heirs, successors and assigns.

3. Restrictions on RSUs. Except as otherwise provided herein, the Grantee cannot sell, transfer, assign, hypothecate or otherwise dispose of the RSUs or pledge any RSU as collateral for a loan, other than by will or by the laws of descent and distribution. In no event may any RSU or this Award be transferred for value. In addition, the RSUs, and any payments made with respect to the RSUs, will be subject to such other restrictions as the Committee deems necessary or appropriate, including, without limitation, the Company's Executive Compensation Recoupment Policy, as may be amended from time to time, to the extent applicable.

4. Vesting and Settlement of RSUs.

(a) Vesting. Except as otherwise provided in Sections 6 and 7 below, if and to the extent the performance goals set forth on Exhibit A attached to this Agreement (the "Performance Goals") are achieved during the performance period set forth on Exhibit A (the "Performance Period"), a percentage of the Target Number of RSUs will vest on March 1, 2024 (the "Vesting Date"), as long as the Grantee remains continuously employed by the Company or a Subsidiary until such Vesting Date. The number of RSUs that shall vest will range from 0% to 200% of the Target Number, as determined by the extent to which the Performance Goals are achieved. The Grantee will have no rights to any payment with respect to the RSUs until the RSUs have vested (each RSU that vests pursuant to this Section 4 or Sections 6 and 7 below, a "Vested RSU"). Prior to settlement, each RSU (whether or not a Vested RSU) represents an unfunded and unsecured obligation of the Company.

(b) Settlement. Except as otherwise provided in Sections 6, 7 and 10 below, the Company shall settle each Vested RSU by making a cash payment equal to the Fair Market Value of one Share per Vested RSU to the Grantee as soon as administratively practicable (and no later than 60 days) after the Vesting Date. With respect to any Vested RSU, the Fair Market Value of one Share shall be determined as of the Vesting Date, except as provided in Section 6. Notwithstanding the foregoing or any provision in Sections 6 or 7 to the contrary, if the Grantee elects to defer the settlement of the RSUs pursuant to the Company's Executive Deferred Compensation Plan (or any other non-qualified deferred compensation plan providing for the ability to defer settlement of the RSUs), then the time, form and medium of payment with respect to any deferred RSUs shall be made pursuant to the terms and conditions of the Executive Deferred Compensation Plan (or similar non-qualified deferred compensation plan).

5. Forfeiture. Except as otherwise provided in Sections 6 and 7, the Grantee will forfeit his or her interest in the RSUs to the extent the Performance Goals are not achieved during the Performance Period or if the Grantee terminates his or her employment with the Company or any of its Subsidiaries prior to the Vesting Date.

6. Certain Events. Notwithstanding any provision in this Agreement to the contrary and in each case subject to Section 6(g) below:

(a) Death. If, at least one month after the Grant Date but prior to the Vesting Date, the Grantee dies, a prorated number of RSUs shall become Vested RSUs. For purposes of this Section 6(a), the number of RSUs that shall become Vested RSUs due to the Grantee's death shall be equal to (i) the Target Number of RSUs *multiplied by* (ii) a fraction, where the numerator is the number of full calendar months the Grantee remained employed after the Grant Date and the denominator is 36. The Company shall settle any RSUs that become Vested RSUs under this Section 6(a) by paying the Grantee's estate a cash amount equal to the Fair Market Value of one Share for each Vested RSU as soon as administratively practicable after the date of the Grantee's death, but in any event, by March 15th of the year following the year in which the Grantee's death occurred. For purposes of this Section 6(a), the Fair Market Value shall be determined as of the date of the Grantee's death.

(b) Disability. If, at least one month after the Grant Date but prior to the Vesting Date, the Grantee's employment is terminated due to the Grantee's Disability, then, after the end of the Performance Period, a Prorated Number of RSUs shall become Vested RSUs (as determined in Section 6(f) below). The Company shall settle any RSUs that become Vested RSUs under this Section 6(b) by paying the Grantee a cash amount equal to the Fair Market Value of one Share for each Vested RSU as soon as administratively practicable after the Vesting Date, but in any event within the short-term deferral period specified in Treasury Regulation § 1.409A-1(b)(4).

(c) Termination without Cause. If, at least one month after the Grant Date but prior to the Vesting Date, the Grantee's employment is terminated by the Company or a Subsidiary without Cause, then, after the end of the Performance Period, a Prorated Number of RSUs shall become Vested RSUs (as determined in Section 6(f) below). The Company shall settle any RSUs that become Vested RSUs under this Section 6(c) by paying the Grantee a cash amount equal to the Fair Market Value of one Share for each Vested RSU as soon as administratively practicable after the Vesting Date, but in any event within the short-term deferral period specified in Treasury Regulation § 1.409A-1(b)(4).

(d) Retirement. If, at least one month after the Grant Date but prior to the Vesting Date, the Grantee's employment is terminated due to the Grantee's Retirement, then, after the end of the Performance Period, a Prorated Number of RSUs shall become Vested RSUs (as determined in Section 6(f) below). The Company shall settle any RSUs that become Vested RSUs under this Section 6(d) by paying the Grantee a cash amount equal to the Fair Market Value of one Share for each Vested RSU as soon as administratively practicable after the Vesting Date, but in any event within the short-term deferral period specified in Treasury Regulation § 1.409A-1(b)(4).

(e) Change in Position. If, at least one month after the Grant Date but prior to the Vesting Date, the Grantee is transferred to a position with the Company or a Subsidiary that is not an executive position eligible for such an award, then, after the end of the Performance Period, a Prorated Number of RSUs shall become Vested

RSUs (as determined in Section 6(f) below). The Company shall settle any RSUs that become Vested RSUs under this Section 6(e) by paying the Grantee a cash amount equal to the Fair Market Value of one Share for each Vested RSU as soon as administratively practicable after the Vesting Date, but in any event within the short-term deferral period specified in Treasury Regulation § 1.409A-1(b)(4).

(f) Prorated Vesting. The Prorated Number of RSUs described in Section 6(b), (c), (d) or (e) above (the "Prorated Number") shall be determined as follows:

The Prorated Number = X *multiplied by* (Y/Z), where

X = the number of RSUs that would have become Vested RSUs based on actual performance against the Performance Goals if the Grantee had remained employed (and in an eligible executive position) until the Vesting Date;

Y = the number of full calendar months the Grantee remained employed (and in an eligible executive position) after the Grant Date; and

Z = 36.

(g) Release Requirement. Notwithstanding any provision herein to the contrary, except as otherwise determined by the Company, in order for the Grantee to receive payment pursuant to the settlement of Vested RSUs under Section 6(a), (b), (c), (d) or (e) above, the Grantee (or the representative of his or her estate) must execute and deliver to the Company a general release and waiver of claims against the Company, its Subsidiaries and their directors, officers, employees, shareholders and other affiliates in a form that is satisfactory to the Company (the "Release"). The Release must become effective and irrevocable under applicable law no later than 60 days following the date of the Grantee's death, termination of employment or transfer of position, as applicable.

7. Change in Control. If a Change in Control occurs, the RSUs shall generally become subject to the terms and conditions of Article 16 of the Plan; provided that if the RSUs subject to this Agreement are not replaced with a Replacement Award, then a prorated number of the RSUs (as determined by the formula in the following sentence) shall become Vested RSUs as of the date of the Change in Control and shall be settled no later than 60 days after the Change in Control in the manner set forth in Article 16 of the Plan. For purposes of this Section 7, the prorated number of RSUs that may become Vested RSUs upon a Change in Control shall be equal to the Target Number of RSUs granted hereunder times a fraction, in which the numerator is the number of full months completed from the Grant Date to the date of the consummation of the Change in Control and the denominator is 36.

8. Dividend Equivalents. Until the date on which the RSUs are settled for cash, and pursuant to the terms and conditions of this Agreement, the Grantee will be credited (in the

manner described in the following sentences) on the books and records of the Company with an amount per each RSU equal to the amount per share of any cash dividends declared by the Board of Directors of the Company with a record date on or after the Grant Date on the outstanding Shares of the Company (such amount, a "Dividend Equivalent"). Such Dividend Equivalents will be credited in the form of an additional number of RSUs and the Target Number of RSUs shall be adjusted by each additional RSU credited to the Grantee pursuant to the Dividend Equivalents. The additional number of RSUs will be equal to the aggregate amount of Dividend Equivalents credited under this Agreement on the respective dividend payment date divided by the average of the high and low prices per Share on the respective dividend payment date. The RSUs attributable to the Dividend Equivalents will be either settled or forfeited, as appropriate, under the same terms and conditions that apply to the other RSUs under this Award Agreement, including the achievement of the Performance Goals and any action taken by the Committee. For the avoidance of doubt, if the Grantee defers settlement of any portion of the RSUs pursuant to the Executive Deferred Compensation Plan, then, during the deferral period, the Grantee's stock account under the Executive Deferred Compensation Plan shall continue to be credited with Dividend Equivalents pursuant to this Section 8 until such deferred RSUs are settled for Shares or cash, as applicable, under the terms of the Executive Deferred Compensation Plan.

9. Continuous Employment. So long as the Grantee continues to be an employee of the Company or any of its Subsidiaries, he or she shall not be considered to have experienced a termination of employment because of: (a) any temporary leave of absence approved in writing by the Company or such Subsidiary; or (b) any change of duties or position (including transfer from one Subsidiary to another); provided, however, that, in the case of any change of duties or position that results in the Grantee no longer being an executive of the Company or a Subsidiary, the terms of Section 6(e) shall apply.

10. Withholding. Upon settlement of the RSUs, the Company shall withhold an amount sufficient to satisfy all federal, state, and local taxes to be withheld in connection with the settlement of RSUs under this Agreement.

11. No Shareholder Rights. The Grantee shall have no shareholder rights (or rights as a beneficial owner), including no voting rights, with respect to any RSU or the Share underlying the RSU at any time.

12. Recoupment. If the Grantee is or has been deemed to be, or becomes, an "insider" for purposes of Section 16 of the Exchange Act, this 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 the Company's Executive Compensation Recoupment Policy, as amended from time to time, or any other Company policy adopted pursuant to such law, rules, or regulations and this Agreement may be amended to further such purpose without the consent of the Grantee.

13. Termination of Agreement. This Agreement will terminate on the earliest of: (a) the date of the Grantee's termination of employment with the Company, except if such termination of employment is due to death, Disability, Retirement, or a termination by the Company without

Cause; (b) the date the RSUs are settled pursuant to the terms of this Agreement; or (c) if no RSUs have become Vested RSUs as of the Vesting Date, the Vesting Date. Any terms or conditions of this Agreement that the Company determines are reasonably necessary to effectuate its purposes shall survive the termination of this Agreement.

14. Miscellaneous Provisions.

(a) Adjustments. In the event of a corporate event or transaction described in Section 4.5 of the Plan, this Award and the RSUs granted hereunder shall be subject to mandatory adjustment as described in Section 4.5 of the Plan.

(b) Successors and Legal Representatives. This Agreement will bind and inure to the benefit of the Company and the Grantee, and their respective successors, assigns and legal representatives.

(c) Integration. This Agreement, together with the Plan, constitutes the entire agreement between the Grantee and the Company with respect to the subject matter hereof. Any waiver of any term, condition or breach thereof will not be a waiver of any other term or condition or of the same term or condition for the future, or of any subsequent breach. To the extent a conflict exists between the terms of this Agreement and the provisions of the Plan, the provisions of the Plan shall govern, except with respect to the Committee's authority to adjust downward the number of RSUs that vest under this Agreement, as provided under Section 14(h) below.

(d) Notice. Any notice relating to this grant must be in writing, which may include an electronic writing.

(e) No Employment Right Created. Nothing in this Agreement will be construed to confer upon the Grantee the right to continue in the employment or service of the Company or any of its Subsidiaries, or to be employed or serve in any particular position therewith, or affect any right which the Company or any of its Subsidiaries may have to terminate the Grantee's employment or service with or without cause.

(f) Severability. In the event of the invalidity of any part or provision of this Agreement, such invalidity will not affect the enforceability of any other part or provision of this Agreement.

(g) Section Headings. The section headings of this Agreement are for convenience of reference only and are not intended to define, extend or limit the contents of the sections.

(h) Amendment. The terms and conditions of this Agreement may be modified by the Committee:

(i) in any case permitted by the terms of the Plan or this Agreement;

(ii) except with respect to an adjustment made pursuant to the last paragraph of this Section 14(h), with the written consent of the Grantee; or

(iii) without the consent of the Grantee if the amendment is either not materially adverse to the interests of the Grantee 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.

Notwithstanding any provision in this Agreement or the Plan to the contrary, the Committee shall retain the discretion to adjust the number of RSUs that vest under this Agreement without the Grantee's consent, notwithstanding the Company's actual performance against the Performance Goals, either on a formula or discretionary basis or a combination of the two, as the Committee determines in its sole discretion.

(i) Plan Administration. The Plan is administered by the Committee, which has full and exclusive discretionary power to interpret, implement, construe and adopt rules, forms and guidelines for administering the Plan and this Agreement. All actions, interpretations and determinations made by the Committee, the Board of Directors, or any of their delegates as to the provisions of this Agreement and the Plan shall be final, conclusive, and binding on all persons and the Grantee agrees to be bound by such actions, interpretations and determinations.

(j) Governing Law. Except as may otherwise be provided in the Plan, this Agreement will be governed by, construed and enforced in accordance with the internal laws of the State of Ohio, without giving effect to its principles of conflict of laws. By accepting this Award, the Grantee agrees to the exclusive jurisdiction and venue of the courts of the United States District Court for the Northern District of Ohio or the Summit County (Ohio) Court of Common Pleas to adjudicate any and all claims brought with respect to this Agreement.

(k) Internal Revenue Code Section 409A. Notwithstanding anything in the Plan or this Agreement to the contrary, the Award of RSUs granted hereunder is intended to meet any applicable requirements for compliance under, or exemption from, Code Section 409A and this Agreement shall be construed and administered accordingly. However, notwithstanding anything in this Agreement to the contrary, the Company makes no representations or warranties as to the tax effects of payments made to the Grantee (or the Grantee's estate) pursuant to this Agreement, and any and all tax consequences incident to such shall solely be the responsibility of the Grantee (or the Grantee's estate).

(l) Data Privacy.

In order to implement, administer and manage the Grantee's participation in the Plan, the Company and its affiliates may hold certain personal information about the Grantee, including, but not limited to, the Grantee's name, home address and telephone number, date of birth, social security number or other identification number, salary, nationality, job title, any Shares or directorships held in the Company or any affiliate, details of all Awards or any other entitlement to Shares awarded, canceled, exercised, vested, unvested or outstanding in the Grantee's favor, for the exclusive purpose of implementing, administering and managing the Plan (collectively, the "Personal Data").

The Grantee hereby explicitly and unambiguously consents to the collection, use and transfer, in electronic or other form, of the Grantee's Personal Data as described above, as applicable, to the Company and its affiliates for the sole purpose of administering the Plan. The Grantee understands that Personal Data may be transferred to third parties assisting in the implementation, administration and management of the Plan, that these recipients may be located in the United States or elsewhere, and that the recipient's country may have different data privacy laws and protections than the United States or the Grantee's state of residence. The Grantee understands that he or she may request a list with the names and addresses of any potential recipients of the Personal Data by contacting the Executive Compensation group of Human Resources. The Grantee authorizes the recipients to receive, possess, use, retain and transfer the Personal Data, in electronic or other form, for the purposes of implementing, administering and managing the Grantee's participation in the Plan, including any requisite transfer of such Personal Data as may be required to a broker or other third party with whom the Grantee may elect to deposit any Shares received upon vesting of the RSUs. The Grantee understands that Personal Data will be held only as long as is necessary to implement, administer and manage the Grantee's participation in the Plan and to comply with Securities and Exchange Commission and/or NYSE reporting obligations, any other applicable law or regulation and any applicable document retention policies of the Company. The Grantee understands that he or she may, at any time, view Personal Data, request additional information about the storage and processing of Personal Data, require any necessary amendments to Personal Data or refuse or withdraw the consents herein, without cost, by contacting in writing the Executive Compensation group of Human Resources. The Grantee understands that refusal or withdrawal of consent may affect the Grantee's ability to participate in the Plan or to realize benefits from the RSUs. For more information on the consequences of the Grantee's refusal to consent or withdrawal of consent, the Grantee understands that he or she may contact the Executive Compensation group of Human Resources.

(m) Signatures and Electronic Delivery. This Agreement may be executed electronically and in counterparts, each of which shall be deemed to be an original, and when taken together shall constitute one binding agreement. The Company may, in its sole discretion, deliver any documents related to current or future participation in the Plan by electronic means. The Grantee hereby consents to receive such documents by electronic delivery and agrees to participate in the Plan through an on-line or electronic system established and maintained by the Company or another third party designated by the Company.

[SIGNATURE ON FOLLOWING PAGE]

The Grantee acknowledges receipt of this Agreement and accepts and agrees with the terms and conditions stated above.

_____

(Signature of the Grantee)

_____

(Date)

EXHIBIT A

Performance Goals

Performance Period

The Performance Period for this Agreement is:

Performance Goals[1]

The annual Performance Goals for the Performance Period are based on:

[1] Notwithstanding any other provision of this Agreement, in addition to any other rights of the Committee under the Plan (as defined in the Agreement), the Committee may, in any evaluation of the Company's level of achievement with respect to the Performance Goals, include or exclude any of the following events that occur during the Performance Period: (a) asset write-downs; (b) litigation or claim judgments or settlements; (c) the effect of changes in tax laws, accounting principles or other laws or provisions affecting reported results; (d) any reorganization and restructuring programs; (e) extraordinary nonrecurring items; (f) acquisitions or divestitures and/or (g) foreign exchange gains and losses.

Exhibit 10.2
(Stock-Based Agreement)

FIRSTENERGY CORP.

2020 Incentive Compensation Plan
2021-2023 Performance-Adjusted Restricted Stock Unit Award Agreement

THIS 2021-2023 PERFORMANCE-ADJUSTED RESTRICTED STOCK UNIT AWARD AGREEMENT (the "Agreement"), effective as of [DATE] (the "Grant Date"), is entered into by and between the Company and [NAME] (the "Grantee").

1. Definitions. Unless otherwise specified in this Agreement, capitalized terms shall have the meanings attributed to them under the Plan. For purposes of this Agreement, the following terms shall be defined as follows:

(a) "Retirement" shall mean the Grantee's Separation from Service (except due to death) on or after attaining age fifty-five (55) and after providing at least ten (10) years of service to the Company or any Subsidiary or affiliate and any predecessor thereof; and

(b) "Separation from Service" shall mean, with respect to the Grantee, the "separation from service" within the meaning of Code Section 409A of the Grantee with the Company and any Subsidiaries, for any reason, including without limitation quit, discharge, leave of absence (including military leave, sick leave, or other bona fide leave of absence such as temporary employment by the government if the period of such leave exceeds the greater of six months, or the period for which the Grantee's right to reemployment is provided either by statute or by contract) or permanent decrease in service to a level that is no more than twenty percent (20%) of its prior level. For this purpose, whether a "Separation from Service" has occurred is determined based on whether it is reasonably anticipated that no further services will be performed by the Grantee after a certain date or that the level of bona fide services the Grantee will perform after such date (whether as an employee or as an independent contractor) would permanently decrease to no more than twenty percent (20%) of the average level of bona fide services performed (whether as an employee or an independent contractor) over the immediately preceding 36-month period (or the full period of services if the Grantee has been providing services for less than 36 months).

2. Grant of Restricted Stock Units. As of the Grant Date, the Company has granted to the Grantee [NUMBER] (the "Target Number") Restricted Stock Units (the "Restricted Stock Units" or "RSUs") , a percentage of which Target Number will vest and become payable in accordance with the terms and conditions of this Agreement. The Target Number shall be adjusted with respect to Dividend Equivalents as provided in Section 8 below. Each RSU that becomes vested and payable hereunder represents the right of the Grantee to receive one Share subject to the terms and conditions of this Agreement. The RSUs are granted in accordance with, and subject to, all the terms, conditions and restrictions of the Plan, which is hereby incorporated by reference in its entirety. The Grantee irrevocably agrees to, and accepts, the terms, conditions and restrictions of the Plan and this Agreement on the Grantee's own behalf and on behalf of any heirs, successors and assigns.

3. Restrictions on RSUs. Except as otherwise provided herein, the Grantee cannot sell, transfer, assign, hypothecate or otherwise dispose of the RSUs or pledge any RSU as collateral for a loan, other than by will or by the laws of descent and distribution. In no event may any RSU or this Award be transferred for value. In addition, the RSUs, and any payments made with respect to the RSUs, will be subject to such other restrictions as the Committee deems necessary or appropriate, including, without limitation, the Company's Executive Compensation Recoupment Policy, as may be amended from time to time, to the extent applicable.

4. Vesting and Settlement of RSUs.

(a) Vesting. Except as otherwise provided in Sections 6 and 7 below, if and to the extent the performance goals set forth on Exhibit A attached to this Agreement (the "Performance Goals") are achieved during the performance period set forth on Exhibit A (the "Performance Period"), a percentage of the Target Number of RSUs will vest on March 1, 2024 (the "Vesting Date"), as long as the Grantee remains continuously employed by the Company or a Subsidiary until such Vesting Date. The number of RSUs that shall vest will range from 0% to 200% of the Target Number, as determined by the extent to which the Performance Goals are achieved. The Grantee will have no rights to the Shares underlying the RSUs until the RSUs have vested and been settled (each RSU that vests pursuant to this Section 4 or Sections 6 and 7 below, a "Vested RSU"). Prior to settlement, each RSU (whether or not a Vested RSU) represents an unfunded and unsecured obligation of the Company.

(b) Settlement. Except as otherwise provided in Sections 6, 7 and 11 below, the Company shall settle each Vested RSU by delivering one Share per Vested RSU to the Grantee as soon as administratively practicable (and no later than 60 days) after the Vesting Date. Notwithstanding the foregoing or any provision in Sections 6 or 7 to the contrary, if the Grantee elects to defer the settlement of the RSUs pursuant to the Company's Executive Deferred Compensation Plan (or any other non-qualified deferred compensation plan providing for the ability to defer settlement of the RSUs), then the time, form and medium of payment with respect to any deferred RSUs shall be made pursuant to the terms and conditions of the Executive Deferred Compensation Plan (or similar non-qualified deferred compensation plan). Fractional RSUs, if any, will be settled in cash.

5. Forfeiture. Except as otherwise provided in Sections 6 and 7, the Grantee will forfeit his or her interest in the RSUs to the extent the Performance Goals are not achieved during the Performance Period or if the Grantee terminates his or her employment with the Company or any of its Subsidiaries prior to the Vesting Date.

6. Certain Events. Notwithstanding any provision in this Agreement to the contrary and in each case subject to Section 6(g) below:

(a) Death. If, at least one month after the Grant Date but prior to the Vesting Date, the Grantee dies, a prorated number of RSUs shall become Vested RSUs. For purposes

of this Section 6(a), the number of RSUs that shall become Vested RSUs due to the Grantee's death shall be equal to (i) the Target Number of RSUs *multiplied by* (ii) a fraction, where the numerator is the number of full calendar months the Grantee remained employed after the Grant Date and the denominator is 36. The Company shall settle any RSUs that become Vested RSUs under this Section 6(a) by delivering to the Grantee's estate one Share for each Vested RSU as soon as administratively practicable after the date of the Grantee's death, but in any event, by March 15th of the year following the year in which the Grantee's death occurred.

(b) Disability. If, at least one month after the Grant Date but prior to the Vesting Date, the Grantee's employment is terminated due to the Grantee's Disability, then, after the end of the Performance Period, a Prorated Number of RSUs shall become Vested RSUs (as determined in Section 6(f) below). The Company shall settle any RSUs that become Vested RSUs under this Section 6(b) by delivering to the Grantee one Share for each Vested RSU as soon as administratively practicable after the Vesting Date, but in any event within the short-term deferral period specified in Treasury Regulation § 1.409A-1(b)(4).

(c) Termination without Cause. If, at least one month after the Grant Date but prior to the Vesting Date, the Grantee's employment is terminated by the Company or a Subsidiary without Cause, then, after the end of the Performance Period, a Prorated Number of RSUs shall become Vested RSUs (as determined in Section 6(f) below). The Company shall settle any RSUs that become Vested RSUs under this Section 6(c) by delivering to the Grantee one Share for each Vested RSU as soon as administratively practicable after the Vesting Date, but in any event within the short-term deferral period specified in Treasury Regulation § 1.409A-1(b)(4).

(d) Retirement. If, at least one month after the Grant Date but prior to the Vesting Date, the Grantee's employment is terminated due to the Grantee's Retirement, then, after the end of the Performance Period, a Prorated Number of RSUs shall become Vested RSUs (as determined in Section 6(f) below). The Company shall settle any RSUs that become Vested RSUs under this Section 6(d) by delivering to the Grantee one Share for each Vested RSU as soon as administratively practicable after the Vesting Date, but in any event within the short-term deferral period specified in Treasury Regulation § 1.409A-1(b)(4).

(e) Change in Position. If, at least one month after the Grant Date but prior to the Vesting Date, the Grantee is transferred to a position with the Company or a Subsidiary that is not an executive position eligible for such an award, then, after the end of the Performance Period, a Prorated Number of RSUs shall become Vested RSUs (as determined in Section 6(f) below). The Company shall settle any RSUs that become Vested RSUs under this Section 6(e) by delivering to the Grantee one Share for each Vested RSU as soon as administratively practicable after the Vesting Date, but in any event within the short-term deferral period specified in Treasury Regulation § 1.409A-1(b)(4).

(f) Prorated Vesting. The Prorated Number of RSUs described in Section 6(b), (c), (d) or (e) above (the "Prorated Number") shall be determined as follows:

The Prorated Number = X *multiplied by* (Y/Z), where

X = the number of RSUs that would have become Vested RSUs based on actual performance against the Performance Goals if the Grantee had remained employed (and in an eligible executive position) until the Vesting Date;

Y = the number of full calendar months the Grantee remained employed (and in an eligible executive position) after the Grant Date; and

Z = 36.

(g) Release Requirement. Notwithstanding any provision herein to the contrary, except as otherwise determined by the Company, in order for the Grantee to receive Shares pursuant to the settlement of Vested RSUs under Section 6(a), (b), (c), (d) or (e) above, the Grantee (or the representative of his or her estate) must execute and deliver to the Company a general release and waiver of claims against the Company, its Subsidiaries and their directors, officers, employees, shareholders and other affiliates in a form that is satisfactory to the Company (the "Release"). The Release must become effective and irrevocable under applicable law no later than 60 days following the date of the Grantee's death, termination of employment or transfer of position, as applicable.

7. Change in Control. If a Change in Control occurs, the RSUs shall generally become subject to the terms and conditions of Article 16 of the Plan; provided that if the RSUs subject to this Agreement are not replaced with a Replacement Award, then a prorated number of the RSUs (as determined by the formula in the following sentence) shall become Vested RSUs as of the date of the Change in Control and shall be settled no later than 60 days after the Change in Control in the manner set forth in Article 16 of the Plan. For purposes of this Section 7, the prorated number of RSUs that may become Vested RSUs upon a Change in Control shall be equal to the Target Number of RSUs granted hereunder times a fraction, in which the numerator is the number of full months completed from the Grant Date to the date of the consummation of the Change in Control and the denominator is 36.

8. Dividend Equivalents. Until the date on which the RSUs are settled for Shares (or cash in the case of RSUs deferred under the Company's Executive Deferred Compensation Plan), and pursuant to the terms and conditions of this Agreement, the Grantee will be credited (in the manner described in the following sentences) on the books and records of the Company with an amount per each RSU equal to the amount per share of any cash dividends declared by the Board of Directors of the Company with a record date on or after the Grant Date on the outstanding Shares (such amount, a "Dividend Equivalent"). Such Dividend Equivalents will be credited in

the form of an additional number of RSUs and the Target Number of RSUs shall be adjusted by each additional RSU credited to the Grantee pursuant to the Dividend Equivalents. The additional number of RSUs will be equal to the aggregate amount of Dividend Equivalents credited under this Agreement on the respective dividend payment date divided by the average of the high and low prices per Share on the respective dividend payment date. The RSUs attributable to the Dividend Equivalents will be either settled or forfeited, as appropriate, under the same terms and conditions that apply to the other RSUs under this Award Agreement, including the achievement of the Performance Goals and any action taken by the Committee. For the avoidance of doubt, if the Grantee defers settlement of any portion of the RSUs pursuant to the Executive Deferred Compensation Plan, then, during the deferral period, the Grantee's stock account under the Executive Deferred Compensation Plan shall continue to be credited with Dividend Equivalents pursuant to this Section 8 until such deferred RSUs are settled for Shares or cash, as applicable, under the terms of the Executive Deferred Compensation Plan.

9. Continuous Employment. So long as the Grantee continues to be an employee of the Company or any of its Subsidiaries, he or she shall not be considered to have experienced a termination of employment because of: (a) any temporary leave of absence approved in writing by the Company or such Subsidiary; or (b) any change of duties or position (including transfer from one Subsidiary to another); provided, however, that, in the case of any change of duties or position that results in the Grantee no longer being an executive of the Company or a Subsidiary, the terms of Section 6(e) shall apply.

10. Delivery of Shares. Upon settlement of any RSUs under this Agreement, the Company will deliver to the Grantee (or his or her estate) the Shares to which the Grantee is entitled free and clear of any restrictions (except any restrictions under applicable securities laws or otherwise imposed under the Plan or Section 3 hereof).

11. Withholding. Upon settlement of the RSUs, the Company shall withhold a number of Shares (or amount of cash, if applicable) in an amount sufficient to satisfy all federal, state, and local taxes to be withheld in connection with the settlement of RSUs under this Agreement.

12. No Shareholder Rights. The Grantee shall have no shareholder rights (or rights as a beneficial owner), including no voting rights, with respect to any RSU or the Share underlying the RSU unless and until the Grantee receives the Share upon settlement of the RSU.

13. Recoupment. If the Grantee is or has been deemed to be, or becomes, an "insider" for purposes of Section 16 of the Exchange Act, this 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 the Company's Executive Compensation Recoupment Policy, as amended from time to time, or any other Company policy adopted pursuant to such law, rules, or regulations and this Agreement may be amended to further such purpose without the consent of the Grantee.

14. Termination of Agreement. This Agreement will terminate on the earliest of: (a) the date of the Grantee's termination of employment with the Company, except if such termination of

employment is due to death, Disability, Retirement, or a termination by the Company without Cause; (b) the date the RSUs are settled pursuant to the terms of this Agreement; or (c) if no RSUs have become Vested RSUs as of the Vesting Date, the Vesting Date. Any terms or conditions of this Agreement that the Company determines are reasonably necessary to effectuate its purposes shall survive the termination of this Agreement.

15. Miscellaneous Provisions.

(a) Adjustments. In the event of a corporate event or transaction described in Section 4.5 of the Plan, this Award and the RSUs granted hereunder shall be subject to mandatory adjustment as described in Section 4.5 of the Plan.

(b) Successors and Legal Representatives. This Agreement will bind and inure to the benefit of the Company and the Grantee, and their respective successors, assigns and legal representatives.

(c) Integration. This Agreement, together with the Plan, constitutes the entire agreement between the Grantee and the Company with respect to the subject matter hereof. Any waiver of any term, condition or breach thereof will not be a waiver of any other term or condition or of the same term or condition for the future, or of any subsequent breach. To the extent a conflict exists between the terms of this Agreement and the provisions of the Plan, the provisions of the Plan shall govern, except with respect to the Committee's authority to adjust downward the number of RSUs that vest under this Agreement, as provided under Section 15(h) below.

(d) Notice. Any notice relating to this grant must be in writing, which may include an electronic writing.

(e) No Employment Right Created. Nothing in this Agreement will be construed to confer upon the Grantee the right to continue in the employment or service of the Company or any of its Subsidiaries, or to be employed or serve in any particular position therewith, or affect any right which the Company or any of its Subsidiaries may have to terminate the Grantee's employment or service with or without cause.

(f) Severability. In the event of the invalidity of any part or provision of this Agreement, such invalidity will not affect the enforceability of any other part or provision of this Agreement.

(g) Section Headings. The section headings of this Agreement are for convenience of reference only and are not intended to define, extend or limit the contents of the sections.

(h) Amendment. The terms and conditions of this Agreement may be modified by the Committee:

(i) in any case permitted by the terms of the Plan or this Agreement;

(ii) except with respect to an adjustment made pursuant to the last paragraph of this Section 15(h), with the written consent of the Grantee; or

(iii) without the consent of the Grantee if the amendment is either not materially adverse to the interests of the Grantee 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.

Notwithstanding any provision in this Agreement or the Plan to the contrary, the Committee shall retain the discretion to adjust the number of RSUs that vest under this Agreement without the Grantee's consent, notwithstanding the Company's actual performance against the Performance Goals, either on a formula or discretionary basis or a combination of the two, as the Committee determines in its sole discretion.

(i) Plan Administration. The Plan is administered by the Committee, which has full and exclusive discretionary power to interpret, implement, construe and adopt rules, forms and guidelines for administering the Plan and this Agreement. All actions, interpretations and determinations made by the Committee, the Board of Directors, or any of their delegates as to the provisions of this Agreement and the Plan shall be final, conclusive, and binding on all persons and the Grantee agrees to be bound by such actions, interpretations and determinations.

(j) Governing Law. Except as may otherwise be provided in the Plan, this Agreement will be governed by, construed and enforced in accordance with the internal laws of the State of Ohio, without giving effect to its principles of conflict of laws. By accepting this Award, the Grantee agrees to the exclusive jurisdiction and venue of the courts of the United States District Court for the Northern District of Ohio or the Summit County (Ohio) Court of Common Pleas to adjudicate any and all claims brought with respect to this Agreement.

(k) Internal Revenue Code Section 409A. Notwithstanding anything in the Plan or this Agreement to the contrary, the Award of RSUs granted hereunder is intended to meet any applicable requirements for compliance under, or exemption from, Code Section 409A and this Agreement shall be construed and administered accordingly. However, notwithstanding anything in this Agreement to the contrary, the Company makes no representations or warranties as to the tax effects of payments made to the Grantee (or the Grantee's estate) pursuant to this Agreement, and any and all tax consequences incident to such shall solely be the responsibility of the Grantee (or the Grantee's estate).

(l) Data Privacy. In order to implement, administer and manage the Grantee's participation in the Plan, the Company and its affiliates may hold certain personal information about the Grantee, including, but not limited to, the Grantee's name, home address and telephone number, date of birth, social security number or other identification number, salary, nationality, job title, any Shares or directorships held in the Company or any affiliate, details of all Awards or any other entitlement to Shares awarded, canceled, exercised, vested, unvested or outstanding in the Grantee's favor, for the exclusive purpose of implementing, administering and managing the Plan (collectively, the "Personal Data").

The Grantee hereby explicitly and unambiguously consents to the collection, use and transfer, in electronic or other form, of the Grantee's Personal Data as described above, as applicable, to the Company and its affiliates for the sole purpose of administering the Plan. The Grantee understands that Personal Data may be transferred to third parties assisting in the implementation, administration and management of the Plan, that these recipients may be located in the United States or elsewhere, and that the recipient's country may have different data privacy laws and protections than the United States or the Grantee's state of residence. The Grantee understands that he or she may request a list with the names and addresses of any potential recipients of the Personal Data by contacting the Executive Compensation group of Human Resources. The Grantee authorizes the recipients to receive, possess, use, retain and transfer the Personal Data, in electronic or other form, for the purposes of implementing, administering and managing the Grantee's participation in the Plan, including any requisite transfer of such Personal Data as may be required to a broker or other third party with whom the Grantee may elect to deposit any Shares received upon vesting of the RSUs. The Grantee understands that Personal Data will be held only as long as is necessary to implement, administer and manage the Grantee's participation in the Plan and to comply with Securities and Exchange Commission and/or NYSE reporting obligations, any other applicable law or regulation and any applicable document retention policies of the Company. The Grantee understands that he or she may, at any time, view Personal Data, request additional information about the storage and processing of Personal Data, require any necessary amendments to Personal Data or refuse or withdraw the consents herein, without cost, by contacting in writing the Executive Compensation group of Human Resources. The Grantee understands that refusal or withdrawal of consent may affect the Grantee's ability to participate in the Plan or to realize benefits from the RSUs. For more information on the consequences of the Grantee's refusal to consent or withdrawal of consent, the Grantee understands that he or she may contact the Executive Compensation group of Human Resources.

(m) Signatures and Electronic Delivery. This Agreement may be executed electronically and in counterparts, each of which shall be deemed to be an original, and when taken together shall constitute one binding agreement. The Company may, in its sole discretion, deliver any documents related to current or future participation in the Plan by electronic means. The Grantee hereby consents to receive such documents by electronic delivery and agrees to participate in the Plan through an on-line or electronic system established and maintained by the Company or another third party designated by the Company.

[SIGNATURE ON FOLLOWING PAGE]

The Grantee acknowledges receipt of this Agreement and accepts and agrees with the terms and conditions stated above.

_____

(Signature of the Grantee)

_____

(Date)

EXHIBIT A

Performance Goals

Performance Period

The Performance Period for this Agreement is:

Performance Goals[1]

The annual Performance Goals for the Performance Period are based on:

[1] Notwithstanding any other provision of this Agreement, in addition to any other rights of the Committee under the Plan (as defined in the Agreement), the Committee may, in any evaluation of the Company's level of achievement with respect to the Performance Goals, include or exclude any of the following events that occur during the Performance Period: (a) asset write-downs; (b) litigation or claim judgments or settlements; (c) the effect of changes in tax laws, accounting principles or other laws or provisions affecting reported results; (d) any reorganization and restructuring programs; (e) extraordinary nonrecurring items; (f) acquisitions or divestitures and/or (g) foreign exchange gains and losses.

Exhibit 10.3

FIRSTENERGY CORP.

2020 Incentive Compensation Plan
Restricted Stock Award Agreement

THIS RESTRICTED STOCK AWARD AGREEMENT (the "Agreement"), effective as of _____ (the "Effective Date"), is entered into by and between the Company and [NAME] (the "Grantee").

1. Definitions. Unless otherwise specified in this Agreement, capitalized terms shall have the meanings attributed to them under the Plan.

2. Grant of Restricted Stock. As of the Effective Date, the Company has granted to the Grantee, upon the terms and conditions set forth in this Agreement and subject to the restrictions in Section 3, [NUMBER] Shares ("Restricted Stock"). The Restricted Stock is granted in accordance with, and subject to, all the terms, conditions and restrictions of the Plan, which is hereby incorporated by reference in its entirety. The Grantee irrevocably agrees to, and accepts, the terms, conditions and restrictions of the Plan and this Agreement on his own behalf and on behalf of any heirs, successors and assigns.

3. Restrictions on Restricted Stock. Except as otherwise provided herein, the Grantee cannot sell, transfer, assign, hypothecate or otherwise dispose of the Restricted Stock or pledge any share of Restricted Stock as collateral for a loan, other than by will or by the laws of descent and distribution. In no event may any Restricted Stock or this Award be transferred for value. In addition, the Restricted Stock will be subject to such other restrictions as the Committee deems necessary or appropriate.

4. Lapse of Restrictions on Restricted Stock. Except as otherwise provided in Sections 6 and 7, the restrictions described in Section 3 (the "Restrictions") shall lapse and be of no further force or effect with respect to 100% of the Restricted Stock if Grantee remains in the continuous employ of the Company or any Subsidiary until [DATE] (the "Vesting Condition"). So long as the Grantee continues to be an Employee, he or she shall not be considered to have experienced a termination of employment because of: (a) any temporary leave of absence approved in writing by the Company or such Subsidiary; or (b) any change of duties or position (including transfer from one Subsidiary to another).

5. Forfeiture. Except as otherwise provided in Sections 6 and 7, the Grantee will forfeit any and all interests in the Restricted Stock if (a) the Grantee's employment with the Company or its Subsidiaries terminates prior to the satisfaction of the Vesting Condition set forth in Section 4 or (b) the Grantee attempts 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 Agreement.

6. Certain Events. Notwithstanding any provision in this Agreement to the contrary:

(a) Death or Disability. If the Grantee dies or incurs a Disability while an Employee at any time prior to [DATE], then the Restrictions will immediately lapse and the Grantee (or Grantee's estate in the event of the Grantee's death) will become 100% vested in the Restricted Stock upon such death or Disability.

(b) Termination without Cause. Subject to Section 7, if the Grantee's employment is terminated without Cause by the Company or any of its Subsidiaries at any time prior to [DATE], then the Restrictions shall lapse on a prorated portion of the Restricted Stock upon such termination of employment; provided that the Grantee executes and delivers to the Company (and does not revoke) a general waiver and release of claims in a form approved by the Company. The prorated amount will be calculated by multiplying the number of Shares of Restricted Stock by a fraction, in which the numerator is the number of full calendar months the Grantee remained in the continuous employ of the Company or any of its Subsidiaries from the Effective Date until the date of termination and the denominator is the number of full calendar months between the Effective Date and [DATE]. Subject to Section 7, any amount that does not vest pursuant to this Section 6(b) will be forfeited as of the date of the Grantee's termination of employment.

7. Change in Control. If a Change in Control occurs, the Restricted Stock shall become subject to the terms and conditions of Article 16 of the Plan.

8. Delivery of Shares. As soon as practicable after lapse of the Restrictions, as provided under Section 4, 6 or 7, the Company will deliver to the Grantee (or his or her estate) the Shares to which the Grantee is entitled free and clear of any Restrictions (except any applicable securities law restrictions); provided, however, that, no fractional Shares will be delivered and any fractional Shares to which the Grantee would otherwise be entitled will be paid in cash.

9. Withholding. Notwithstanding any other provision of the Plan or this Agreement to the contrary, unless the Committee determines otherwise, the Company shall withhold Shares in an amount not to exceed the maximum amount necessary to satisfy all federal, state, and local taxes to be withheld in connection with the delivery of Shares granted or delivered under this Agreement.

10. Stockholder Rights During Period of Restriction. During the period the Restricted Stock is subject to the Restrictions, the Grantee will be entitled to vote the Restricted Stock and to receive dividends declared and paid by the Company on such Restricted Stock; provided, however, that dividends payable shall be automatically reinvested in additional Shares of Restricted Stock that are subject to the same restrictions as the Shares of Restricted Stock granted hereunder.

11. Recoupment. If the Grantee is or has been deemed to be, or becomes, an "insider" for purposes of Section 16 of the Exchange Act, this 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 the Company's Executive Compensation Recoupment Policy, as amended from time to time, or any other Company policy

adopted pursuant to such law, rules, or regulations and this Agreement may be amended to further such purpose without the consent of the Grantee.

12. Code Section 83(b) Elections. The Grantee will not make an election under Section 83(b) of the Code to recognize taxable ordinary income in the year the Restricted Stock is granted (or dividends are reinvested). The Grantee understands that by not making such an election, he or she will recognize taxable ordinary income at the time the Restrictions lapse in an amount equal to the Fair Market Value of the Shares at that time.

13. Non-Transferability and Legends. The Restricted Stock has not been registered for resale under the Securities Act of 1933, as amended (the "Act"), and may not be sold, transferred or otherwise disposed of unless a registration statement under the Act with respect to the Restricted Stock has become effective or unless the Grantee establishes to the satisfaction of the Company that an exemption from such registration is available.

The Restricted Stock shall be registered in the name of the Grantee and shall be placed in a restricted account in book entry form where such Restricted Stock shall remain until either such Restricted Stock is no longer subject to the Restrictions, or such Restricted Stock is forfeited, as provided hereunder. 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 the Restricted Stock is subject to the Restrictions 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. 2020 Incentive Compensation Plan, 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."

14. Termination of Agreement. This Agreement will terminate on the earliest of: (a) the date of the Grantee's termination of employment with the Company or any of its Subsidiaries prior to the satisfaction of the Vesting Condition, except if such termination is due to death or Disability or a termination by the Company without Cause; or (b) the date the Restrictions lapse in accordance with the terms of this Agreement. Any terms or conditions of this Agreement that the Company determines are reasonably necessary to effectuate its purposes will survive the termination of this Agreement.

15. Miscellaneous Provisions.

(a) Adjustments. In the event of a corporate event or transaction described in Section 4.5 of the Plan, the Shares of Restricted Stock and this Award shall be subject to mandatory adjustment as described in Section 4.5 of the Plan.

(b) Successors and Legal Representatives. This Agreement will bind and inure to the benefit of the Company and the Grantee, and their respective successors, assigns and legal representatives.

(c) Integration. This Agreement, together with the Plan, constitutes the entire agreement between the Grantee and the Company with respect to the subject matter hereof. Any waiver of any term, condition or breach thereof will not be a waiver of any other term or condition or of the same term or condition for the future, or of any subsequent breach. To the extent a conflict exists between the terms of this Agreement and the provisions of the Plan, the provisions of the Plan shall govern.

(d) Notice. Any notice relating to this grant must be in writing, which may include an electronic writing.

(e) No Employment Right Created. Nothing in this Agreement will be construed to confer upon the Grantee the right to continue in the employment or service of the Company or any of its Subsidiaries, or to be employed or serve in any particular position therewith, or affect any right which the Company or any of its Subsidiaries may have to terminate the Grantee's employment or service with or without Cause.

(f) Severability. In the event of the invalidity of any part or provision of this Agreement, such invalidity will not affect the enforceability of any other part or provision of this Agreement.

(g) Section Headings. The section headings of this Agreement are for convenience and reference only and are not intended to define, extend or limit the contents of the sections.

(h) Amendment. The terms and conditions of this Agreement may be modified by the Committee:

(i) in any case permitted by the terms of the Plan or this Agreement;

(ii) with the written consent of the Grantee; or

(iii) without the consent of the Grantee if the amendment is either not materially adverse to the interests of the Grantee 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.

(i) Plan Administration. The Plan is administered by the Committee, which has full and exclusive discretionary power to interpret, implement, construe and adopt rules, forms and guidelines for administering the Plan and this Agreement. All actions, interpretations and determinations made by the Committee, the Board of Directors, or any of their delegates as to the provisions of this Agreement and the Plan shall be final, conclusive, and binding on all persons and the Grantee agrees to be bound by such actions, interpretations and determinations.

(j) Governing Law. Except as may otherwise be provided in the Plan, this Agreement will be governed by, construed and enforced in accordance with the internal laws of the State of Ohio, without giving effect to its principles of conflict of laws. By accepting this Award, the Grantee agrees to the exclusive jurisdiction and venue of the courts of the United States District Court for the Northern District of Ohio or the Summit County (Ohio) Court of Common Pleas to adjudicate any and all claims brought with respect to this Agreement.

(k) Code Section 409A. Notwithstanding anything in the Plan or this Agreement to the contrary, the award of Restricted Stock hereunder is intended to meet any applicable requirements for exclusion from coverage under Code Section 409A and this Agreement shall be construed and administered accordingly. However, notwithstanding anything in this Agreement to the contrary, the Company makes no representations or warranties as to the tax effects of payments made to the Grantee (or the Grantee's estate) pursuant to this Agreement, and any and all tax consequences incident to such shall solely be the responsibility of the Grantee (or the Grantee's estate).

(l) Data Privacy. In order to implement, administer and manage the Grantee's participation in the Plan, the Company and its affiliates may hold certain personal information about the Grantee, including, but not limited to, the Grantee's name, home address and telephone number, date of birth, social security number or other identification number, salary, nationality, job title, any Shares or directorships held in the Company or any affiliate, details of all Awards or any other entitlement to Shares awarded, canceled, exercised, vested, unvested or outstanding in the Grantee's favor, for the exclusive purpose of implementing, administering and managing the Plan (collectively, the "Personal Data").

The Grantee hereby explicitly and unambiguously consents to the collection, use and transfer, in electronic or other form, of the Grantee's Personal Data as described above, as applicable, to the Company and its affiliates for the sole purpose of administering the Plan. The Grantee understands that Personal Data may be transferred to third parties assisting in the implementation, administration and management of the Plan, that these recipients may be located in the United States or elsewhere, and that the recipient's country may have different data privacy laws and protections than the United States or the Grantee's state of residence. The Grantee understands that he or she may request a list with the names and addresses of any potential recipients of the Personal Data by contacting the Executive Compensation group of Human Resources. The Grantee authorizes the recipients to receive, possess, use, retain and transfer the Personal Data, in electronic or other form, for the purposes of implementing, administering and managing the Grantee's participation in the Plan, including any requisite transfer of such Personal Data as may be required to a broker or other third party with whom the Grantee may elect to deposit any Shares received upon vesting of the Restricted Stock. The Grantee understands that Personal Data will be held only as long as is necessary to implement, administer and manage the Grantee's participation in the Plan and to comply with Securities and Exchange Commission and/or NYSE reporting obligations, any other applicable law or regulation and any applicable document retention policies of the Company. The Grantee understands that he or she may, at any time, view Personal Data, request additional information about the storage and processing of Personal Data, require any necessary amendments to

Personal Data or refuse or withdraw the consents herein, without cost, by contacting in writing the Executive Compensation group of Human Resources. The Grantee understands that refusal or withdrawal of consent may affect the Grantee's ability to participate in the Plan or to realize benefits from the Restricted Stock. For more information on the consequences of the Grantee's refusal to consent or withdrawal of consent, the Grantee understands that he or she may contact the Executive Compensation group of Human Resources.

(m) Signatures and Electronic Delivery. This Agreement may be executed electronically and in counterparts, each of which shall be deemed to be an original, and when taken together shall constitute one binding agreement. The Company may, in its sole discretion, deliver any documents related to current or future participation in the Plan by electronic means. The Grantee hereby consents to receive such documents by electronic delivery and agrees to participate in the Plan through an on-line or electronic system established and maintained by the Company or another third party designated by the Company.

[SIGNATURE ON FOLLOWING PAGE]

The Grantee acknowledges receipt of this Agreement and accepts and agrees with the terms and conditions stated above.

_____

_____ (Signature of the Grantee)

(Date)

Exhibit 10.4

VOLUNTARY RETIREMENT AGREEMENT

THIS VOLUNTARY RETIREMENT AGREEMENT (this " Agreement") is entered into between Gary D. Benz ("Executive") and FirstEnergy Corp. (the "Company"), on its own behalf and on behalf of its predecessors, successors, assigns, subsidiaries and affiliates (the Company and all such other entities are referred to collectively herein as the "Company Entities").

WHEREAS, Executive is currently employed by the Company Entities; and

WHEREAS, the Company has offered Executive the opportunity, and Executive has agreed, to retire from employment with the Company Entities on the Retirement Date (as defined below) in exchange for the Company's payment of the Enhanced Benefits (as defined below) to Executive, subject to the terms and conditions of this Agreement.

NOW, THEREFORE, in consideration of the mutual promises and covenants set forth herein, the Company and Executive hereby agree as follows:

1. **Retirement Date**. By executing this Agreement, Executive agrees to retire from employment with the Company Entities on August, 1, 2021 (the "Retirement Date"). On the Retirement Date, Executive will cease to be an employee and a director (if applicable) of the Company Entities for all purposes, and Executive hereby agrees to resign from any and all offices and directorships with any of the Company Entities that Executive may hold as of the Retirement Date and to execute all documents reasonably requested by the Company to further effectuate such resignation(s).

2. **Eligibility for Enhanced Benefits**. If (i) Executive executes this Agreement on or prior to the Agreement Deadline (as defined in Section 6) and does not revoke this Agreement during the five (5) day period following the date on which Executive executes this Agreement, (ii) Executive remains continuously and actively employed by at least one of the Company Entities from the Agreement Effective Date (as defined in Section 6) through and until the Retirement Date, and (iii) Executive executes (and does not revoke) a release of claims, in substantially the form attached hereto as Exhibit A (the " Release"), within the time period specified for such purpose in the Release (which in no event will (A) commence prior to the Retirement Date or (B) end later than the seventh (7th) day following the Retirement Date), then Executive will be entitled to receive the enhanced retirement benefits described in subsections (a), (b) and (c) below (collectively, the "Enhanced Benefits"):

(a) The Company will make a lump sum cash payment to Executive in an amount equal to $1,100,000.00, minus applicable taxes, withholdings and deductions, which will be paid as soon as administratively practicable following the date on which the Release is executed and becomes irrevocable (the "Release Effective Date"). Such lump sum payment will be made in all events within the short-term deferral period within the meaning of Treasury Regulation Section 1.409A-1(b)(4). Such lump sum payment will not be considered compensation

for the Company Entities' pension plan(s) or 401(k) plan(s) or for any other benefits determination.

(b) If following the Retirement Date, Executive elects to continue Executive's active employee healthcare, prescription, dental and/or vision coverage in accordance with Part 6 of Subtitle B of Title I of the Employee Retirement Income Security Act of 1974, as amended ("COBRA"), the Company will provide a subsidized COBRA premium with respect to such elected COBRA coverage for a period of eighteen (18) months following the Retirement Date (the "COBRA Period"). The purpose of this subsidy is to assist Executive with payment of the COBRA premium only. Any monthly premium that would otherwise be due during the COBRA Period as if Executive was an active employee will remain Executive's responsibility, and the Company will be responsible for the remainder of the COBRA premium. Executive understands that Executive must specifically elect and qualify for COBRA coverage in order to receive this benefit. If Executive ceases to qualify for COBRA coverage at any time during the COBRA Period, the Company's obligations under this Section 2(b) will cease. If Executive (or any of Executive's eligible dependents) continues to qualify for COBRA coverage at the expiration of the COBRA Period, Executive will be responsible for paying the entire applicable COBRA premium for as long as Executive (or any of Executive's eligible dependents) remains eligible for COBRA coverage.

Any amendment to any healthcare, prescription, dental and vision coverage plan that applies to active non-bargaining employees will also be applicable to any coverage Executive elects. The ability of the Company Entities to amend a plan includes plan design and required participant contributions, as well as the ability to terminate such plan. It is expected that on the Retirement Date, Executive will be a highly compensated employee, as such the value of the active employee healthcare, prescription, dental and vision coverage will be taxable to Executive if such plan is determined by any applicable authority to be discriminatory under Section 105(h) of the Internal Revenue Code of 1986, as amended, and the regulations and guidance thereunder (the "Code").

(c) Subject to any limitations with respect to Section 409A of the Code ("Section 409A") included in Section 12, the Company will make a monthly cash payment to Executive of $1,500, minus applicable taxes, withholdings and deductions (each a "Monthly Payment"), until Executive attains age sixty-five (65) (the "Specified Period"); provided that, any Monthly Payments due during the period from the Retirement Date until the Release Effective Date will be accumulated and paid with the first Monthly Payment made after the Release Effective Date and (ii) if Executive dies before receiving all the Monthly Payments for the Specified Period, the Company will make a payment to Executive's designated beneficiary in an amount equal to the sum of the remaining Monthly Payments that would have been made to Executive had Executive remained alive through the Specified Period, minus applicable taxes, withholdings and deductions, such

payment to be made as soon as administratively practicable following the date of Executive's death. In addition, in connection with Executive's termination of employment on the Retirement Date, Executive will receive a lump sum cash payment, which will be paid as soon as administratively possible after the Release Effective Date, for any unused paid time off ("PTO") and any deferred PTO (including any COVID-19 carryover) as of the Retirement Date; provided, however, unused banked/frozen vacation, if any, as of the Retirement Date will be included in the Executive's final paycheck.

Further, except as otherwise provided in this Agreement, Executive's rights, if any, to participate in and receive benefits from any retirement plan or health and welfare benefit plan sponsored by the Company Entities following the Retirement Date will be governed by the terms of any such plan.

3. **Circumstances in Which Enhanced Benefits Will Not Be Paid**.

(a) Executive will not be eligible to receive the Enhanced Benefits if Executive separates employment from the Company Entities for any reason, other than retirement on the Retirement Date as described herein. Executive also will be ineligible to receive the Enhanced Benefits if Executive's employment is terminated involuntarily by any Company Entity, either under circumstances that qualify Executive for benefits under a Company Entity severance plan or otherwise.

(b) It is not the intent of the Company to confer through this Agreement, either expressly or by implication, any rights to employment, any recall rights, any right of rehire or preference in rehire. It is further not the intent of the Company to suggest that the Company Entities may terminate the employment of Executive only upon a showing of misconduct, poor job performance or absenteeism. Executive is an at-will employee of the Company Entities, and Executive or the applicable Company Entity may terminate Executive's employment with the Company Entities for any reason or no reason at any time.

4. **Recoupment Policy**. Executive reaffirms the Company's right to reduce, cancel, terminate or recover amounts under the Company's Executive Compensation Recoupment Policy, as Amended and Restated on September 16, 2019.

5. **Release of Claims**. In exchange for the opportunity to receive the Enhanced Benefits in accordance with the terms hereof, Executive shall execute the Release attached hereto as Exhibit A. Failure to execute the Release, or revocation of the Release within the prescribed period shall terminate the Company's obligations in this Agreement.

6. **Representations of Executive**. By executing this Agreement, Executive represents and acknowledges the following:

(a) Executive has read this Agreement in full and understands its provisions.

(b) Executive has been provided with a twenty-one (21) day period to consider whether to enter into this Agreement and has a five (5) day period from the date on which Executive executes this Agreement to revoke Executive's decision to enter into this Agreement.

(c) Executive understands that following Executive's execution of this Agreement and upon the subsequent expiration of the revocation period, this Agreement will become a legally binding document. **As such, Executive understands that Executive should consult with an attorney before entering into this Agreement and that Executive has either done so or voluntarily chosen not to**.

(d) Executive has entered into this Agreement knowingly and voluntarily.

(e) In entering into this Agreement, Executive has relied only on the promises contained in this Agreement and is not relying on any other representations or statements, written or oral.

(f) This Agreement is a binding contract and may be enforced in court by the Company.

Executive must execute and deliver this Agreement to Christine L. Walker, Senior Vice President and Chief Human Resources Officer, by email (delivery receipt requested) at clwalker@firstenergycorp.com (the "Designated Address"), no later than 11:59 pm Eastern Time on Friday, May 14, 2021 (the "Agreement Deadline"). The hard copy of the executed Agreement shall be delivered as soon as practicable thereafter to Christine L. Walker, Senior Vice President and Chief Human Resources Officer, 76 South Main Street, A-GO-19, Akron, Ohio 44308. Any revocation by Executive must be in writing and delivered by email (delivery receipt requested) to the Designated Address. For this revocation to be effective, such written notice must be received by such person, at the Designated Address, no later than 11:59 pm Eastern Time on the last day of the five (5) day revocation period. If this Agreement is not revoked within the five (5) day revocation period, this Agreement will become effective and enforceable on the date immediately following the last day of the five (5) day revocation period (the "Agreement Effective Date").

7. **Post-Employment Restrictive Covenant Obligations**.

(a) Confidentiality. During Executive's employment with the Company Entities and following any termination of Executive's employment with the Company Entities, Executive agrees not to disclose, publicize or communicate to any person or entity, in any manner whatsoever, any confidential or proprietary information concerning or belonging to the Company Entities which has come to Executive's attention during Executive's employment with the Company Entities, unless authorized in writing by the Company or required by law. As used in this Agreement, "confidential or proprietary information" includes, but is not limited to, all information disclosed to Executive or known by Executive as a

consequence of or through Executive's employment, which is not generally known in the industry in which the Company Entities are or may become engaged, about the Company Entities' or an affiliate's business, products, processes and services, including, but not limited to, information relating to research, development, inventions, computer program designs, flow charts, source and object codes, products and services under development, pricing and pricing strategies, marketing and selling strategies, power generating, servicing, purchasing, accounting, engineering, costs and costing strategies, sources of supply, customer lists, customer requirements, business methods or practices, training and training programs and the documentation thereof. It also includes, but is not limited to, proprietary information and trade secrets of the Company Entities. It will be presumed that information supplied to the Company Entities from outside sources is "confidential or proprietary information" unless and until it is designated otherwise. Executive also agrees that before making any legally required disclosure of the Company's "confidential or proprietary information", to the extent permitted by law, Executive will give the Company as much advance written notice as possible and will reasonably cooperate with the Company prior to such disclosure should any of the Company Entities decide to seek a protective order or other means of preserving the confidentiality of such information.

(b) Executive will not, for a period of twelve (12) months following the date on which Executive's employment with the Company Entities terminates for any reason, engage, directly or indirectly, for the benefit of Executive or others, in any activity or employment the performance of which will require or call upon Executive to use or disclose any of the Company's "confidential or proprietary information" obtained, provided or otherwise acquired, directly or indirectly, during Executive's employment with the Company Entities, notwithstanding any undertaking by Executive to the contrary. This paragraph will not be construed to limit in any way Executive's obligation not to use or disclose the Company's "confidential or proprietary information" as set forth in the immediately preceding paragraph. In the event of any violation of this paragraph, the post-termination restriction period will be extended by a period of time equal to the period of such violation, it being the intention of the parties hereto that the duration of the restriction period contained in this paragraph will be tolled during any period of such violation.

(c) Notwithstanding this Section 7(a), Executive acknowledges that the U.S. Defend Trade Secrets Act of 2016 (the "DTSA") provides that an individual will not be held criminally or civilly liable under any federal or state trade secret law for the disclosure of a trade secret that (i) is made (A) in confidence to a federal, state, or local government official, either directly or indirectly, or to an attorney, and (B) solely for the purpose of reporting or investigating a suspected violation of law; or (ii) is made in a complaint or other document filed in a lawsuit or other proceeding, if such filing is made under seal. In addition, the DTSA provides that an individual who files a lawsuit for retaliation by an employer for reporting a

suspected violation of law may disclose the trade secret to the attorney of the individual and use the trade secret information in the court proceeding, if the individual (x) files any document containing the trade secret under seal and (y) does not disclose the trade secret, except pursuant to court order.

(d) Return of Property. Executive agrees to deliver to the Company on or before the date on which Executive's employment with the Company Entities terminates for any reason all "confidential or proprietary information", as defined above, as well as, in reasonably good working order, any equipment, documents, files, lists or other written, graphic or electronic records relating to the Company Entities' business and all copies of such materials, which are at such time, or which have been, in Executive's possession or under Executive's control.

(e) Non-Solicitation of Employees. For a period of twelve (12) months following the date on which Executive's employment with the Company Entities terminates for any reason, Executive will not, directly or indirectly, (i) solicit any individual who was, on such termination date (or was, during the six (6) month period prior to such termination date), employed by the Company Entities to terminate or refrain from renewing or extending such employment or to become employed by or become a consultant to any other individual or entity other than the Company Entities, or (ii) initiate discussions with any such individual for any such purpose or authorize or knowingly cooperate with the taking of any such actions by any other individual or entity. For the avoidance of doubt, a general solicitation for employment by any subsequent employer of Executive will not constitute a violation of this Section 7(c) by Executive. In the event of any violation of this Section 7(c), the post-termination restriction period will be extended by a period of time equal to the period of such violation, it being the intention of the parties hereto that the duration of the restriction period contained in this Section 7(c) will be tolled during any period of such violation.

(f) Non-Disparagement. Executive has not and will not talk about or otherwise communicate to any third parties in a malicious, disparaging or defamatory manner regarding any of the Releasees or any aspect of Executive's employment with the Company Entities. Further, Executive will not make or authorize to be made any written or oral statement that may disparage or damage the business or reputation of the Releasees. Examples of conduct that will constitute disparagement under this Section 7(d) include, without limitation, damaging or disparaging communication made via (i) oral or written comments or interviews to any media outlets, mainstream or otherwise, (ii) posting, sharing, endorsing or commenting on existing posts on LinkedIn, Facebook, Instagram, Snapchat, Twitter or any other social media platforms, blog posts or online forums, and (iii) comment sections of websites. Notwithstanding the foregoing, nothing in this Section 7(d) or any other section of this Agreement will prohibit Executive from (A) complying with the lawful orders or processes of any court or other governmental authority, including the obligation to testify truthfully in any legal

investigation or proceeding, (B) disclosing factual information that applicable law prevents being subject to a non-disclosure agreement, and/or (C) making truthful statements or disclosures regarding any alleged unlawful employment practice by the Company Entities.

(g) Other. In signing this Agreement, Executive gives the Company assurance that Executive has carefully read and considered all of the terms of this Agreement, including the restraints imposed under this Section 7. Executive acknowledges that these restraints are necessary for the reasonable and proper protection of the Company's "confidential or proprietary information", and that each and every one of the restraints is reasonable in respect to subject matter, length of time and geographic area, and that these restraints, individually or in the aggregate, will not prevent Executive from obtaining other suitable employment during the period in which Executive is bound by the restraints.

8. **Future Cooperation**. Following the date on which Executive's employment with the Company Entities terminates for any reason, for as long as may be reasonably required by the Company Entities, Executive will, without any additional compensation, respond to reasonable requests for information from the Company regarding matters that may arise in the business of the Company Entities. Executive will respond to any such requests from the Company promptly. Executive will fully and completely cooperate with the Company Entities, their advisors and their legal counsel with respect to any litigation that is pending against the Company Entities and any claim or action that may be filed against the Company Entities in the future. Such cooperation will include Executive making Executive available at reasonable times and places for interviews, reviewing documents, testifying in a deposition or a legal or administrative proceeding and providing advice to the Company Entities in preparing defenses to any pending or potential future litigation, actions or investigations initiated by or against the Company Entities, whether administrative, civil or criminal in nature. Executive specifically agrees that, if required by law to provide sworn testimony regarding any matter related to the Company Entities, Executive will consult with and have Company-designated legal counsel present for such testimony (with the Company being responsible for the costs of such designated counsel), and Executive will cooperate with the Company's attorneys to assist their efforts, holding all privileged attorney-client matters in strictest confidence. The Company will pay or reimburse Executive for any approved travel expenses reasonably incurred solely as a result of Executive's cooperation with the Company Entities pursuant to this Section 8. Executive further acknowledges that Executive has disclosed to the Company any information Executive has concerning any acts or omissions involving any of the Company Entities or any of their employees, officers, directors, stockholders, representatives, attorneys or agents that Executive has reason to believe may be unlawful or may involve any unlawful conduct by the Company Entities, and Executive will promptly notify the Company in writing if Executive becomes aware of any potential claim or proposed investigation, action or litigation against any of the Company Entities.

9. **Assistance to Others**. Executive agrees not to assist or cooperate, in any way, directly or indirectly, with any person, entity or group (other than a governmental authority)

involved in any proceeding, inquiry or investigation of any kind or nature against or involving the Company Entities or any of the other Releasees, except as required by law, subpoena or other compulsory process. Moreover, Executive agrees that to the extent Executive is compelled to cooperate with such third parties, Executive will disclose to the Company in advance that Executive intends to cooperate and disclose the manner in which Executive intends to cooperate. Further, Executive agrees that within three (3) days after such cooperation, Executive will meet with representatives of the Company and disclose the information that Executive provided to the third party. This Section 9 is to be broadly construed and is to include conversations, informal comments, confirmations, suggestions or advice of any type to third parties, their counsel or their advisors. Further, but without limiting Section 7 above, if Executive is legally required to appear or participate in any proceeding that involves or is brought against the Company Entities or the other Releasees, Executive agrees to disclose to the Company in advance what Executive plans to say or produce and otherwise cooperate fully with the Company or the other Releasees.

10. **No Admission of Wrongful Conduct**. Executive acknowledges that, by entering into this Agreement, the Company Entities and the other Releasees are not admitting any unlawful or otherwise wrongful conduct or liability to Executive or Executive's heirs, executors, administrators, assigns, agents or other representatives. Executive and the Company further understand and agree that this Agreement will not be admissible as evidence in any court or administrative proceeding, except that either party may submit this Agreement to any appropriate forum in the event of an alleged breach of this Agreement or a claim by either party concerning the enforceability or interpretation of this Agreement.

11. **Reemployment**. Executive agrees to waive, release and forego any chance, right or opportunity to seek reemployment with the Company Entities following any termination of Executive's employment with the Company Entities, and Executive further agrees that Executive will not apply for any such reemployment in the future. Any exception to the waiver and release pertaining to reemployment must be approved by the CEO.

12. **Taxes**. Amounts payable under this Agreement are intended by the parties to comply with or be exempt from Section 409A, and accordingly, to the maximum extent permitted, will be interpreted in a manner consistent therewith. For purposes of applying Section 409A, each payment under this Agreement will be considered a separate payment and not one of a series of payments. The date for payments payable under this Agreement will be determined in accordance with the terms of this Agreement and will not be subject to direct or indirect designation by Executive. It is expected that Executive will be determined to be a "specified employee" under the Company's policy for determining specified employees on the date of Executive's separation from service. As a result of such a determination, amounts payable pursuant to this Agreement that are subject to, and not exempt from, Section 409A that would otherwise be paid or provided during the first six (6) months following such separation from service will be accumulated through and paid on the first business day following the six (6) month anniversary of such separation from service; provided further, that any payments so delayed will commence as soon as practicable following the date of Executive's death prior to the end of such six (6) month period but in no event later than ninety (90) days following the date of death. Any reimbursement of expenses or in-kind benefits provided under this Agreement

subject to, and not exempt from, Section 409A will be subject to the following additional rules: (a) any reimbursement of eligible expenses will be paid as they are incurred (but not prior to the end of the six-month delay period set forth above) and will always be paid on or before the last day of Executive's tax year following the tax year in which the expenses were incurred; provided that Executive must first provide documentation of such expenses in reasonable detail not later than sixty (60) days following the end of the calendar year in which the eligible expenses were incurred; (b) the amount of expenses eligible for reimbursement, or in-kind benefits provided, during any calendar year will not affect the amount of expenses eligible for reimbursement, or in-kind benefits to be provided, during any other calendar year; and (c) the right to reimbursement or in-kind benefits or in-kind benefits will not be subject to liquidation or exchange for another benefit.

Nothing in this Agreement will be construed as a guarantee of any particular tax treatment to Executive. Executive will be solely responsible for the tax consequences with respect to all amounts paid by the Company Entities to Executive, and in no event will the Company Entities have any responsibility or liability if this Agreement, or any other Company Entity benefit plan, program or arrangement, does not meet any applicable requirements of Section 409A. The Company Entities may withhold from any amounts payable to Executive, whether pursuant to this Agreement or otherwise, all federal, state, city or other taxes, or other amounts, as any such Company Entity is required to withhold pursuant to any applicable law, regulation or ruling.

13. **Governing Law; Venue**. This Agreement will in all respects be interpreted, construed, enforced and governed by and in accordance with the internal substantive laws of the State of Ohio, or by federal law where applicable, exclusive of any rules pertaining to conflicts of laws. Any and all legal action initiated to enforce any right or obligation arising out of or relating to this Agreement, or concerning the subject matter hereof, will be brought in and determined only in federal court in the United States District Court for the Northern District of Ohio, or if federal jurisdiction does not exist, in state court in Summit County, Ohio, to the full extent permitted by law.

14. **Severability**. Should any provision of this Agreement be declared or be determined by any court or arbitrator to be illegal, invalid, void or unenforceable, the remaining parts, terms or provisions will not be affected thereby, and said illegal, invalid, void or unenforceable part, term or provision will be modified or amended to render it enforceable to the maximum extent permitted by law or, if necessary, will be deemed not to be part of this Agreement. The waiver of a breach of any of the provisions of this Agreement will not operate or be construed as a waiver of any other provision of this Agreement or a waiver of any subsequent breach of the same provision.

15. **No Assignment of Claims**. Executive hereby represents and warrants that Executive has not previously assigned or purported to assign or transfer to any person or entity any of the claims or causes of action herein released.

16. **Entire Agreement**. This Agreement constitutes the entire agreement between the Company Entities and Executive with respect to the subject matter hereof, and there are no other

written or oral agreements, understandings or arrangements except as set forth herein. Any amendments, additions or other modifications to this Agreement must be done in writing, signed by both parties, and will be subject to approval by the Board of Directors of the Company in order to be binding. Except as provided otherwise herein, if any provision of any agreement, plan, program, policy, arrangement or other written document between or relating to any of the Company Entities and Executive conflicts with any provision of this Agreement, this Agreement will control and prevail.

17. **Survival**. For the avoidance of doubt, all covenants and agreements contained in this Agreement that contemplate performance following the date on which Executive's employment with the Company Entities terminates for any reason will survive in accordance with their respective terms

18. **Successors and Assigns**. This Agreement will bind and inure to the benefit of, and be enforceable by, Executive, the Company and their respective heirs, executors, personal representatives, successors and assigns, except that neither party may assign any rights or delegate any obligations hereunder without the prior written consent of the other party. Executive hereby consents to the assignment by the Company of all of its rights and obligations hereunder to any Company subsidiary or to any successor to the Company by merger or consolidation or purchase of all or substantially all of the Company's assets, provided such transferee or successor assumes the liabilities of the Company hereunder.

19. **Miscellaneous**.

(a) If Executive voluntarily retires from employment with the Company Entities under circumstances which qualify Executive for the Enhanced Benefits, Executive is already eligible for an early or normal retirement benefit rather than a vested pension benefit from the Company Entities' pension plan(s). Executive may immediately commence Executive's early or normal pension benefit. Executive's eligibility for an early or normal retirement benefit is not in any manner diminished or enhanced by receipt of benefits under this Agreement.

(b) The Enhanced Benefits are not intended to duplicate benefits such as severance pay or similar benefits under other benefit plans or employment contracts or applicable laws including the Worker Adjustment Retraining Notification Act of 1988. To the extent permitted by law, and should such other benefits be payable, the Enhanced Benefits will be reduced accordingly. As an alternative, to the extent the Enhanced Benefits are paid to Executive, they will be treated as having been paid to satisfy such other benefit obligations. In either case, the CEO will determine how to apply this provision. The Company further reserves the right to reduce the Enhanced Benefits to recover any amounts which Executive may otherwise owe to the Company Entities.

20. **Counterparts**. This Agreement may be executed in separate counterparts (including facsimile, email and other electronically transmitted counterparts), each of which will

be deemed to be an original, but all of which together will constitute one and the same agreement.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, Executive and a duly authorized representative of the Company hereby certify that they have read this Agreement in its entirety and have voluntarily executed this Agreement as of the date set forth under their respective signatures.

Not valid if signed by Executive after the Agreement Deadline.

GARY D. BENZ	**FIRSTENERGY CORP.**
	By: /s/ Christine L. Walker
/s/ Gary D. Benz	Name: Christine L. Walker
	Title: Senior Vice President & Chief Human Officer
May 14, 2021	May 17, 2021
Date	Date

Exhibit A

Release

(See attached)

RELEASE

THIS RELEASE ("Release") is signed and executed as of August ___, 2021 by Gary D. Benz (the "Executive"), for the benefit of FirstEnergy Corp. (the "Company"), on its own behalf and on behalf of its predecessors, successors, assigns, subsidiaries and affiliates (the Company and all such other entities are referred to collectively herein as the "Company Entities"). Capitalized terms used, but not otherwise defined, in this Release will have the meanings given to such terms in the Voluntary Retirement Agreement previously entered into between Executive and the Company (the "Agreement").

WHEREAS, pursuant to Section 1 of the Agreement, the Executive's Retirement Date is August 1, 2021; and

WHEREAS, as set forth in Section 2 of the Agreement, Executive must execute, and not revoke, this Release within the specified time period set forth in Section 5 hereof in order to receive the Enhanced Benefits.

NOW, THEREFORE, in consideration of the Company's obligation to pay the Enhanced Benefits, Executive hereby agrees as follows:

1. **Release in Full of All Claims**. Executive acknowledges that, in exchange for signing and not revoking this Release, Executive will receive the Enhanced Benefits, which Executive is not otherwise entitled to receive from the Company Entities and which exceed any amounts otherwise due to Executive. In addition, Executive acknowledges that other than the Enhanced Benefits, as of the date on which Executive executes this Release, (a) Executive has been paid and/or has received all leave (paid or unpaid), vacation pay, PTO (provided, however, that the Executive's unused PTO and deferred PTO are included as Enhanced Benefits and, as such, are part of the consideration for the Agreement and will be paid in accordance with Section 2(c) of the Agreement after the Release Effective Date), reimbursements, compensation, wages, bonuses, commissions, incentives, retention awards, equity-based compensation and/or benefits of any kind that Executive is entitled to receive from the Company Entities and that are due to Executive, and (b) except with respect to any amounts to be included in Executive's final paycheck, no other leave (paid or unpaid), vacation pay, PTO, reimbursements, compensation, wages, bonuses, commissions, incentives, retention awards, equity-based compensation and/or benefits of any kind are due to Executive. Notwithstanding the foregoing and except as otherwise provided in the Agreement, Executive's rights, if any, to participate in and receive benefits from any retirement plan or health and welfare benefit plan sponsored by the Company Entities following the Retirement Date will be governed by the terms of any such plan.

21. In exchange for the Enhanced Benefits, Executive, on behalf of Executive and on behalf of Executive's heirs, executors, administrators, trustees, legal representatives, agents, successors, assigns and anyone else who may lawfully assert a claim on Executive's behalf (collectively, the "Releasors"), hereby irrevocably and unconditionally waives, releases and forever discharges the Company Entities, including their past and present employees, officers, directors, managers, trustees, board members, stockholders, agents, partners, insurers, affiliates, parent entity(ies), subsidiaries, businesses, products, successors, assigns and other representatives, and anyone acting on their joint or several behalf (collectively, the "Releasees"),

of, from and for any and all claims, charges, actions, rights, causes of action, lawsuits, liabilities, losses, damages, costs, expenses and demands of any nature whatsoever, at law or in equity, whether known or unknown, fixed or contingent, suspected or unsuspected, apparent or concealed, asserted or unasserted, foreseen or unforeseen, that the Releasors (or any of them) now have, have ever had or may have against the Releasees (or any of them) based upon, arising out of, concerning, relating to or resulting from any act, omission, matter, fact, occurrence, transaction, claim, contention, statement or event occurring or existing at any time in the past up to and including the date on which Executive signs this Release, including, without limitation, all claims arising out of or in any way relating to Executive's employment with the Company Entities and the termination thereof, and Executive hereby covenants that Executive has not and will not file a lawsuit to assert such claims.

Such claims and rights include those of which Executive is aware and those for which Executive may be unaware. Such claims extend to those arising under any contract (either express or implied) and those involving any tort or personal injury Executive may have suffered. Such claims and rights also include those which may arise under any federal, state or local statute or under common law, including those dealing with employment discrimination, such as the federal Age Discrimination in Employment Act (the "ADEA"), as amended by the Older Workers Benefit Protection Act (the "OWBPA"), Title VII of the Civil Rights Act of 1964, as amended, the Americans With Disabilities Act, the Ohio Fair Employment Practices Law, the Employee Retirement Income Security Act of 1974, as amended, and the Worker Adjustment and Retraining Notification Act and the applicable state or local statutory provision which may arise under any other legal restriction on an employer's rights with respect to its employees. Executive also waives all rights Executive might have to share in any damages awarded under any class action, Securities Exchange Commission ("SEC"), Equal Employment Opportunity Commission ("EEOC") or state Civil Rights Commission complaint or as a result of any federal, state or local administrative agency action. Nothing in the foregoing will be interpreted as a waiver of rights or claims that may arise after the date on which this Release is executed, nor will any part of this Release be interpreted to mean that Executive is prohibited from filing a charge with, providing information for or participating as a witness in an investigation undertaken by or a proceeding initiated by the SEC or the EEOC pursuant to any of the statutes each enforces. The only exceptions to this waiver and release of claims are with respect to: (a) claims for benefits under applicable Workers' Compensation laws for occupational injuries or illnesses, (b) Executive's rights to any monetary award from a government-administered whistleblower award program, such as that offered by the SEC pursuant to Section 21F of the Securities Exchange Act of 1934, as amended, (c) Executive's rights to enforce the terms of this Release, and/or (d) claims to challenge the validity of this Release under the ADEA or claims that Executive cannot waive by operation of law.

If any person, organization or other entity should bring a claim against the Releasees involving any matter covered by this Release, Executive will not accept any personal relief in any such action, including damages, attorneys' fees, costs and all other legal or equitable relief (provided that, for purposes of clarity, Executive does not waive Executive's right to accept any whistleblower award described in clause (b) of the preceding paragraph or any monetary recovery under the Dodd-Frank Wall Street Reform and Consumer Protection Act or The Sarbanes-Oxley Act of 2002). Nothing contained in this Release will be construed to prohibit or impede Executive (or any other individual) from reporting possible violations of law or regulation or filing a charge with or participating in any investigation by the EEOC, the

National Labor Relations Board, the SEC or any other governmental authority or from making truthful disclosures regarding any allegedly unlawful employment practice by the Company Entities. For the avoidance of doubt, and notwithstanding anything in this Release to the contrary, Executive understands that nothing contained in this Release is intended to interfere with or discourage Executive from testifying or participating in any investigation or proceeding by any governmental authority regarding possible legal violations or from engaging in future activities protected under the whistleblower statutes administered by any governmental authority, and nothing contained in this Release waives or releases Executive's right to receive money for disclosing such information to any governmental authority. Executive further understands that Executive will not be subject to retaliation by the Releasees for a disclosure made pursuant to this paragraph.

Executive affirms that, as of the date on which Executive executes this Release, Executive has not filed any lawsuit, charge, claim or complaint with any governmental authority or in any court against the Releasees, and further affirms that Executive will not file, commence, prosecute, or participate in any judicial or arbitral action or proceeding against any Releasees based upon or arising out of any act, omission, transaction, occurrence, contract, claim or event existing or occurring on or before the date Executive signs this Agreement except as otherwise permitted in this Section 1.

2. **Acknowledgements**. Executive reaffirms Executive's continuing obligations set forth in Sections 7, 8 and 9 of the Agreement.

3. **No Assignment of Claims**. Executive hereby represents and warrants that Executive has not previously assigned or purported to assign or transfer to any person or entity any of the claims or causes of action herein released.

4. **No Admission of Wrongful Conduct**. Executive acknowledges that the Company Entities and the other Releasees are not admitting any unlawful or otherwise wrongful conduct or liability to Executive or Executive's heirs, executors, administrators, assigns, agents or other representatives. Executive and the Company further understand and agree that this Release will not be admissible as evidence in any court or administrative proceeding, except that either party may submit this Release to any appropriate forum in the event of an alleged breach of the Agreement or this Release or a claim by either party concerning the enforceability or interpretation of this Release.

5. **ADEA/OWBPA Waiver and Acknowledgement**. Executive, pursuant to and in compliance with the rights afforded Executive under the OWBPA, (a) is advised to consult with an attorney before executing this Release, (b) has had, at Executive's option, at least twenty-one (21) days to consider this Release, (c) may revoke this Release at any time within the seven (7) day period following the date on which Executive executes this Release (the "Revocation Period"), (d) is advised that this Release will not become effective or enforceable until the Revocation Period has expired, and (e) is advised that Executive is not waiving claims that may arise after the date on which Executive executes this Release. Executive must execute and deliver this Release to Christine L. Walker, Senior Vice President and Chief Human Resources Officer, by email (delivery receipt requested) at clwalker@firstenergycorp.com (the "Designated Address"), no sooner than the Retirement Date and no later than 11:59 pm Eastern Time on August 8, 2021 (the "Release Deadline"). The hard copy of the executed Release shall be

delivered as soon as practicable thereafter to Christine L. Walker, Senior Vice President and Chief Human Resources Officer, 76 South Main Street, A-GO-19, Akron, Ohio 44308. Any revocation by Executive must be in writing and delivered by email (delivery receipt requested) to the Designated Address. For this revocation to be effective, such written notice must be received by such person, at the Designated Address, no later than 11:59 pm Eastern Time on the last day of the Revocation Period. If this Release is not revoked within the Revocation Period, this Release will become effective and enforceable on the date immediately following the last day of the Revocation Period.

Executive acknowledges that the Company's obligation to pay the Enhanced Benefits is contingent on Executive (i) executing and delivering this Release to the Designated Address on or prior to the Release Deadline (but no earlier than the Retirement Date), and (ii) not revoking this Release during the Revocation Period. If Executive executes and delivers this Release after the Release Deadline or if Executive revokes this Release during the Revocation Period, Executive will not be entitled to, and will not receive, the Enhanced Benefits.

6. **Voluntary Execution**. Executive acknowledges that Executive is executing this Release voluntarily and of Executive's own free will and that Executive fully understands and intends to be bound by the terms of this Release.

7. **Governing Law; Venue**. Any and all legal action initiated to enforce any right or obligation arising out of or relating to this Release, or concerning the subject matter hereof, will be brought in and determined only in federal court in the United States District Court for the Northern District of Ohio, or if federal jurisdiction does not exist, in state court in Summit County, Ohio, to the full extent permitted by law. This Release will in all respects be interpreted, construed, enforced and governed by and in accordance with the internal substantive laws of the State of Ohio, or by federal law where applicable, exclusive of any rules pertaining to conflicts of laws.

8. **Entire Agreement**. This Release, together with the Agreement, constitute the entire agreement between the Company Entities and Executive with respect to the subject matter hereof, and there are no other written or oral agreements, understandings or arrangements except as set forth in this Release and the Agreement.

9. **Severability**. Should any provision of this Release be declared or be determined by any court or arbitrator to be illegal, invalid, void or unenforceable, the remaining parts, terms or provisions will not be affected thereby, and said illegal, invalid, void or unenforceable part, term or provision will be modified or amended to render it enforceable to the maximum extent permitted by law or, if necessary, will be deemed not to be part of this Release. The waiver of a breach of any of the provisions of this Release will not operate or be construed as a waiver of any other provision of this Release or a waiver of any subsequent breach of the same provision.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, Executive hereby certifies that Executive has read this Release in its entirety and has voluntarily executed it, as of the date set forth under Executive's signature.

Not valid if signed by Executive prior to the Retirement Date or after the Release Deadline.

GARY D. BENZ

Date

FIRSTENERGY CORP.

Restricted Stock Award Agreement

THIS RESTRICTED STOCK AWARD AGREEMENT (the "Agreement"), effective as of March 1, 2021 (the "Effective Date"), is entered into by and between the Company and John W. Somerhalder (the "Grantee").

1. Definitions. Unless otherwise specified in this Agreement, capitalized terms shall have the meanings attributed to them under the FirstEnergy Corp. 2020 Incentive Compensation Plan (the "Plan").

2. Grant of Restricted Stock. As of the Effective Date, the Company has granted to the Grantee, upon the terms and conditions set forth in this Agreement and subject to the restrictions in Section 3 below, 37,139 shares of Restricted Stock ("Restricted Stock"). The Restricted Stock is granted in accordance with, and subject to, all the terms, conditions and restrictions of the Plan, which is hereby incorporated by reference in its entirety. The Grantee irrevocably agrees to, and accepts, the terms, conditions and restrictions of the Plan and this Agreement on the Grantee's own behalf and on behalf of any heirs, successors and assigns.

3. Restrictions on Restricted Stock. Except as otherwise provided herein, the Grantee cannot sell, transfer, assign, hypothecate or otherwise dispose of the Restricted Stock or pledge any share of Restricted Stock as collateral for a loan, other than by will or by the laws of descent and distribution. In no event may any Restricted Stock or this Award be transferred for value. In addition, the Restricted Stock will be subject to such other restrictions as the Committee deems necessary or appropriate. The restrictions described in this Section 3 are referred to in this Agreement as the "Transfer Restrictions".

4. Vesting of Restricted Stock. Except as otherwise provided in Sections 6 and 7, 100% of the Restricted Stock shall vest if the Grantee remains in the continuous employ of the Company or any Subsidiary until the date on which the Board terminates the Grantee's service to the Company in the roles of Vice Chairperson and Executive Director other than for Cause (the "Vesting Condition"). So long as the Grantee continues to be an Employee, the Grantee shall not be considered to have experienced a termination of employment because of: (a) any temporary leave of absence approved in writing by the Company or such Subsidiary; or (b) any change of duties or position (including transfer from one Subsidiary to another).

5. Forfeiture. Except as otherwise provided in Sections 6 and 7, the Grantee will forfeit any and all interests in the Restricted Stock if (a) the Grantee's employment with the Company or its Subsidiaries terminates prior to the satisfaction of the Vesting Condition set forth in Section 4 as a result of either (i) the Board's termination of the Grantee's employment for Cause or (ii) the Grantee's voluntary resignation of his employment for any reason; or (b) the Grantee attempts to sell, transfer, pledge, assign or otherwise alienate or hypothecate the Restricted Stock in violation of this Agreement.

6. Death or Disability. Notwithstanding any provision in this Agreement to the contrary, if the Grantee dies or incurs a Disability while an Employee at any time prior to the date on which the Vesting Condition is satisfied, then the Transfer Restrictions will immediately lapse and the Grantee (or the Grantee's estate in the event of the Grantee's death) will become 100% vested in the Restricted Stock upon such death or Disability.

7. Change in Control. If a Change in Control occurs prior to the date on which the Vesting Condition is satisfied, the Restricted Stock shall become subject to the terms and conditions of Article 16 of the Plan for service obligation awards.

8. Continuation, and Lapse, of Transfer Restrictions Following Certain Vesting Events. If the Restricted Stock vests pursuant to Section 4 (such vesting date, the "Vesting Date"), the Transfer Restrictions shall continue to apply during the period beginning on the Vesting Date and ending on (a) the first anniversary of the Vesting Date, or, if earlier, (b) the date on which (i) the Grantee dies or becomes permanently disabled (as determined by the Committee) or (ii) a Change in Control occurs (the Transfer Restrictions shall lapse on the earliest such date).

9. Withholding. Notwithstanding any other provision of the Plan or this Agreement to the contrary, unless the Committee determines otherwise, the Company shall withhold Shares in an amount not to exceed the maximum amount necessary to satisfy all federal, state, and local taxes to be withheld in connection with the vesting of Restricted Stock under this Agreement.

10. Stockholder Rights During Period of Vesting. During the period the Restricted Stock is subject to forfeiture, the Grantee will be entitled to vote the Restricted Stock and to accrue dividends declared and paid by the Company on such Restricted Stock; provided, however, that dividends payable shall be subject to the same risks of forfeiture and, if applicable, Transfer Restrictions, as the Restricted Stock to which they relate and paid upon the vesting of such Restricted Stock.

11. Recoupment. If the Grantee is or has been deemed to be, or becomes, an "insider" for purposes of Section 16 of the Exchange Act, this 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 the Company's Executive Compensation Recoupment Policy, as amended from time to time, or any other Company policy adopted pursuant to such law, rules, or regulations or otherwise, and this Agreement may be amended to further such purpose without the consent of the Grantee.

12. Code Section 83(b) Elections. The Grantee will not make an election under Section 83(b) of the Code to recognize taxable ordinary income in the year the Restricted Stock is granted. The Grantee understands that by not making such an election, he will recognize taxable ordinary income at the time the Restricted Stock vests (and as a result is no longer subject to a substantial risk of forfeiture under Section 83 of the Code) in an amount equal to the fair market value of the Restricted Stock at that time.

13. Non-Transferability and Legends. The Restricted Stock has not been registered for resale under the Securities Act of 1933, as amended (the "Act"), and may not be sold, transferred or otherwise disposed of unless a registration statement under the Act with respect to the Restricted Stock has become effective or unless the Grantee establishes to the satisfaction of the Company that an exemption from such registration is available.

At the time of grant, the Restricted Stock shall be registered in the name of the Grantee and shall be placed in a restricted account in book entry form where such Restricted Stock shall remain until either such Restricted Stock is vested and no longer subject to the Transfer Restrictions, or such Restricted Stock is forfeited, as provided hereunder. 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 (or similar) legend until either the Restricted Stock is vested and no longer subject to the Transfer Restrictions 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. 2020 Incentive Compensation Plan, in the rules and administrative procedures adopted pursuant to such Plan, and in a Restricted Stock Award Agreement. 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."

14. Miscellaneous Provisions.

(a) Adjustments. In the event of a corporate event or transaction described in Section 4.5 of the Plan, the Shares of Restricted Stock and this Award shall be subject to mandatory adjustment as described in Section 4.5 of the Plan.

(b) Successors and Legal Representatives. This Agreement will bind and inure to the benefit of the Company and the Grantee, and their respective successors, assigns and legal representatives.

(c) Integration. This Agreement, together with the Plan, constitutes the entire agreement between the Grantee and the Company with respect to the subject matter hereof. Any waiver of any term, condition or breach thereof will not be a waiver of any other term or condition or of the same term or condition for the future, or of any subsequent breach. To the extent a conflict exists between the terms of this Agreement and the provisions of the Plan, the provisions of the Plan shall govern.

(d) Notice. Any notice relating to this grant must be in writing, which may include an electronic writing.

(e) No Employment Right Created. Nothing in this Agreement will be construed to confer upon the Grantee the right to continue in the employment or service of the Company or any of its Subsidiaries, or to be employed or serve in any particular position therewith, or affect any right which the Company or any of its Subsidiaries may have to terminate the Grantee's employment or service with or without Cause.

(f) Severability. In the event of the invalidity of any part or provision of this Agreement, such invalidity will not affect the enforceability of any other part or provision of this Agreement.

(g) Section Headings. The section headings of this Agreement are for convenience and reference only and are not intended to define, extend or limit the contents of the sections.

(h) Amendment. The terms and conditions of this Agreement may be modified by the Committee:

(i) in any case permitted by the terms of the Plan or this Agreement;

(ii) with the written consent of the Grantee; or

(iii) without the consent of the Grantee if the amendment is either not materially adverse to the interests of the Grantee 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.

(i) Plan Administration. The Plan is administered by the Committee, which has full and exclusive discretionary power to interpret, implement, construe and adopt rules, forms and guidelines for administering the Plan and this Agreement. All actions, interpretations and determinations made by the Committee, the Board of Directors, or any of their delegates as to the provisions of this Agreement and the Plan shall be final, conclusive, and binding on all persons and the Grantee agrees to be bound by such actions, interpretations and determinations.

(j) Governing Law. Except as may otherwise be provided in the Plan, this Agreement will be governed by, construed and enforced in accordance with the internal laws of the State of Ohio, without giving effect to its principles of conflict of laws. By accepting this Award, the Grantee agrees to the exclusive jurisdiction and venue of the courts of the United States District Court for the Northern District of Ohio or the Summit County (Ohio) Court of Common Pleas to adjudicate any and all claims brought with respect to this Agreement.

(k) Code Section 409A. Notwithstanding anything in the Plan or this Agreement to the contrary, the award of Restricted Stock hereunder is intended to meet any applicable requirements for exclusion from coverage under Code Section 409A and this Agreement shall be construed and administered accordingly. However, notwithstanding anything in this Agreement to the contrary, the Company makes no representations or warranties as to the tax effects of payments made to the Grantee (or the Grantee's estate) pursuant to this Agreement, and any and

all tax consequences incident to such shall solely be the responsibility of the Grantee (or the Grantee's estate).

(l) Data Privacy. In order to implement, administer and manage the Grantee's participation in the Plan, the Company and its affiliates may hold certain personal information about the Grantee, including, but not limited to, the Grantee's name, home address and telephone number, date of birth, social security number or other identification number, salary, nationality, job title, any Shares or directorships held in the Company or any affiliate, details of all Awards or any other entitlement to Shares awarded, canceled, exercised, vested, unvested or outstanding in the Grantee's favor, for the exclusive purpose of implementing, administering and managing the Plan (collectively, the "Personal Data").

The Grantee hereby explicitly and unambiguously consents to the collection, use and transfer, in electronic or other form, of the Grantee's Personal Data as described above, as applicable, to the Company and its affiliates for the sole purpose of administering the Plan. The Grantee understands that Personal Data may be transferred to third parties assisting in the implementation, administration and management of the Plan, that these recipients may be located in the United States or elsewhere, and that the recipient's country may have different data privacy laws and protections than the United States or the Grantee's state of residence. The Grantee understands that he may request a list with the names and addresses of any potential recipients of the Personal Data by contacting the Executive Compensation group of Human Resources. The Grantee authorizes the recipients to receive, possess, use, retain and transfer the Personal Data, in electronic or other form, for the purposes of implementing, administering and managing the Grantee's participation in the Plan, including any requisite transfer of such Personal Data as may be required to a broker or other third party with whom the Grantee may elect to deposit any Shares upon vesting of the Restricted Stock. The Grantee understands that Personal Data will be held only as long as is necessary to implement, administer and manage the Grantee's participation in the Plan and to comply with Securities and Exchange Commission and/or NYSE reporting obligations, any other applicable law or regulation and any applicable document retention policies of the Company. The Grantee understands that he may, at any time, view Personal Data, request additional information about the storage and processing of Personal Data, require any necessary amendments to Personal Data or refuse or withdraw the consents herein, without cost, by contacting in writing the Executive Compensation group of Human Resources. The Grantee understands that refusal or withdrawal of consent may affect the Grantee's ability to participate in the Plan or to realize benefits from the Restricted Stock. For more information on the consequences of the Grantee's refusal to consent or withdrawal of consent, the Grantee understands that he may contact the Executive Compensation group of Human Resources.

(m) Signatures and Electronic Delivery. This Agreement may be executed electronically and in counterparts, each of which shall be deemed to be an original, and when taken together shall constitute one binding agreement. The Company may, in its sole discretion, deliver any documents related to current or future participation in the Plan by electronic means. The Grantee hereby consents to receive such documents by electronic delivery and agrees to

participate in the Plan through an on-line or electronic system established and maintained by the Company or another third party designated by the Company.

[SIGNATURE ON FOLLOWING PAGE]

The Grantee acknowledges receipt of this Agreement and accepts and agrees with the terms and conditions stated above.

/s/ John W. Somerhalder II

May 18, 2021 (Signature of the Grantee)

(Date)

Exhibit 14.1

The Power of Integrity
FirstEnergy's Code of Conduct

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OUR VALUES

INTEGRITY
We always act ethically with honesty, humility and accountability.

SAFETY
We keep ourselves and others safe.

DIVERSITY, EQUITY & INCLUSION
We embrace differences, ensure every employee is treated fairly and create a culture where everyone feels they belong.

PERFORMANCE EXCELLENCE
We pursue excellence and seek opportunities for growth, innovation and continuous improvement.

STEWARDSHIP
We positively impact our customers, communities and other stakeholders and strive to protect the environment.

MISSION STATEMENT
We are a forward-thinking electric utility centered on integrity, powered by a diverse team of employees committed to making customers' lives brighter, the environment better and our communities stronger.

_____

MESSAGE FROM
PRESIDENT AND CHIEF EXECUTIVE OFFICER
STEVE STRAH

CHAIRMAN OF THE BOARD
DON MISHEFF

Integrity lies at the core of FirstEnergy's mission as our company enters a new era.

Together as a team, we are committed to putting FirstEnergy on the right path forward – a path charted by a culture of compliance, ethics and integrity.

This Code of Conduct is designed to codify that culture and help establish an environment in which every member of the team views ethics and compliance as critical organizational and personal imperatives. It is important that all of us commit to this Code, adhere to its guidelines, act ethically and speak up when we feel something is not right.

This commitment will be reinforced by elements such as ongoing education around our Code and policies, the Employee Concerns Helpline and refreshed Values that put integrity at the cornerstone of a new era at FirstEnergy.

With your help, FirstEnergy will once again be an organization that we can all be proud to work for – one steadfastly committed to setting the highest possible standard of integrity as we continue to provide safe and reliable energy for the customers and communities we are honored to serve.

Sincerely,
Steve Strah
Don Misheff
July 20, 2021

MESSAGE FROM
CHIEF ETHICS AND COMPLIANCE OFFICER
ANTONIO FERNÁNDEZ

On behalf of the Ethics and Compliance team, senior leadership and our Board of Directors, I am very pleased to introduce *The Power of Integrity* – FirstEnergy's Code of Conduct. All of us are responsible for fostering and contributing to a culture that places compliance, ethics and integrity at the forefront of everything we do. *The Power of Integrity* guides us as we put these values into practice, ensuring they become an integral element of the important work we do every day.

Compliance is as foundational to our business as safety, and all of us play a critical role in ensuring that we conduct business with integrity, help individuals do the right thing and treat our coworkers and communities with the respect we all deserve.

Your voice is crucially important. Every one of us can help foster a culture of ethics and compliance by acting with integrity and voicing our opinions and concerns whenever we come across a situation that does not conform to our

Code of Conduct, or violates laws, rules or regulations. We have extensive resources at our disposal that we should all feel comfortable using, which are detailed on page 6.

At FirstEnergy, we are dedicated to integrity, safety, reliability and operational excellence. *The Power of Integrity* will help all of us to embrace these values as we continue to carry out our commitment to making our customers' lives brighter, the environment better and our communities stronger.

Sincerely,
Antonio Fernández
July 20, 2021

INTRODUCING THE POWER OF INTEGRITY

WHAT'S IN A NAME?
The Power of Integrity is FirstEnergy's Code of Conduct ("Code"). The Code has this name to remind us that acting with integrity in our daily work is important and powerful. The Code empowers us to always do the right thing, protecting our company while propelling it forward. By following the Code and living FirstEnergy's values, we build a powerful connection of trust with each other and the stakeholders we serve.

WHOM DOES THE CODE APPLY TO?
The Code applies to all FirstEnergy employees, officers and directors, regardless of role, seniority or tenure at the company. It also applies to contractors and temporary workers. Following the Code is mandatory. Anyone whose actions are found to have violated the expectations and requirements of the Code or company policies will be held accountable and subject to disciplinary action, up to and including termination.

The Code applies in certain respects to business partners, such as suppliers, consultants, representatives and agents, who are also required to follow FirstEnergy's Supplier Code of Conduct.

HOW SHOULD WE USE THE CODE?
The Code provides guidance and resources to help make legal and ethical decisions—even under challenging circumstances. While no document can cover all the situations we might face in the course of our work, the Code addresses many of them. It also points us in the right direction when we need more information or further advice. Each topic is addressed in the same three-part format:
1. A bold-font statement of what's expected – This represents our belief or commitment in the relevant area
2. An explanation of why it matters – This puts the expected standards of conduct in the context of our business and some of the more common situations we may encounter
3. Expected actions – This section gives examples of the actions we are expected to take to achieve results with integrity

Many of the sections also include scenarios designed to illustrate *The Power of Integrit*y in action.

OUR RESPONSIBILITIES

WHAT ALL OF US MUST DO

BE SAFE

We care about our employees, contractors, customers and communities. Keeping everyone safe is our full-time focus. Every day, regardless of our role, we must:

- Prioritize safety in our daily work
- Stay alert to protect ourselves and others
- Raise any safety concerns immediately
- Learn, understand and practice safety work rules

BE SAVVY

We are all responsible for making smart choices that help us achieve our goals the right way. So we can be ready to navigate what's next in an ethical and compliant manner, we must:

- Familiarize ourselves with the Code and the expectations it sets for us
- Know where to access the policies and procedures relevant to our work
- Understand how FirstEnergy's values and behaviors should guide our decisions and behaviors

BE SURE

We are committed to building FirstEnergy's future on a foundation of integrity and trust. Since we can't always know what the future holds, and may need help addressing the challenges that come our way, we must:

- Ask questions and seek guidance when we are unclear about the requirements or expectations that may apply to the task at hand
- Make use of the Ethics and Compliance resources
- Speak up when something doesn't seem right, even if we are uncertain (through one of the channels listed in the section on *Speaking Up*)

WHAT LEADERS MUST DO

BE INSPIRING

Leaders must visibly foster a positive and inclusive work environment in which all people feel engaged and inspired to speak up, share their opinions and contribute their best efforts. Leaders must:

- Lead by example and regularly communicate the importance of being familiar with and following the Code
- Empower others to do the right thing, always recognizing exemplary conduct
- Emphasize that *how* we achieve our goals is as important as the achievements themselves

BE SUPPORTIVE

Leaders must be proactive in helping team members understand their work responsibilities and ethical obligations, encouraging them to speak up when they are concerned or unsure. Leaders must:

- Foster an environment in which everyone feels comfortable raising questions and concerns, and escalate promptly where appropriate to seek resolution
- Support ethics and compliance initiatives, including employee training, as essential business requirements
- Never ask anyone—employee, contractor or business partner—to do anything that violates, or appears to violate, the law, our Code, company policies or our values

BE VIGILANT

Leaders influence the way people experience and perceive FirstEnergy. They look for opportunities to build trust and improve our operations and culture. Leaders must:

- Recognize and address situations that create a risk to our people, our business or our reputation
- Look and listen for signs that employees may need help or support
- Never tolerate retaliation against anyone who raises a concern or cooperates with a company investigation

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SPEAKING UP

Acting with integrity means speaking up if we ever see or suspect a violation of the law, this Code or company policy. In fact, it is our obligation to do so. Everyone is encouraged and expected to ask questions and raise concerns.

We don't have to be certain that a violation has occurred. Coming forward quickly allows the company to take appropriate action, if necessary. Promptly asking questions or raising concerns ensures that we limit potential adverse consequences or avoid them altogether.

Anyone with information regarding an actual or suspected violation has a responsibility to bring that concern to the company's attention. This will allow the appropriate investigation and follow-up to occur. We want to make it as easy as possible for anyone to ask a question or report a concern. You should use whatever channel or resource feels most comfortable or convenient. While it is often worth speaking to your supervisor first, this may not always be possible or appropriate. You can always raise your concern with any of the following:

- Another supervisor (of any level)
- Office of Ethics and Compliance (OEC)
- Human Resources
- Legal
- Internal Audit
- Corporate Security
- Executive Council
- The Board of Directors

It doesn't matter how you report. What matters is that you speak up.

If you are not satisfied at any point with the response you receive, you should escalate your concern further.

We understand that you may wish to report **anonymously** and you can do so by contacting the Employee Concerns Helpline at 1-800-683-3625 or go online to EthicsPoint.

All calls to the Helpline are answered by an independent third-party vendor. Caller ID is not used, and no attempt is made to identify a caller who wishes to remain anonymous. Once the call is complete, a report is forwarded to OEC for assessment and appropriate follow-up action.

Anyone making a report will be issued a case number and a confidential PIN that allows them to follow up on their report, even if they have chosen to remain anonymous. During a follow-up, the person making the report can access responses from the OEC, including requests for additional information that may be required before an effective investigation can occur.

NO RETALIATION—EVER!
FirstEnergy prohibits retaliation against anyone who: raises an ethical concern; reports a possible violation of the law, this Code, company policy or our values or behaviors; or cooperates with an investigation.

Examples of retaliation include:
• Firing
• Demotion
• Unfavorable assignments
• Reduction in pay
• Denial of benefits
• Harassment in any form
• Any other action that adversely affects an employee's job performance, working conditions, or career opportunity

Any employee who engages in retaliation may be subject to discipline, including termination.

If you believe you are a victim or witness of retaliation, you must report it immediately.

WHAT WILL HAPPEN AFTER A QUESTION OR CONCERN IS RAISED?
We want to foster an environment where we consistently answer questions and address concerns. In addressing questions or concerns, we will be timely, objective and thorough. We will maintain confidentiality to the greatest extent possible. If you are asked to participate in an investigation, you must:
• Cooperate fully
• Be truthful and transparent
• Abide by the expectations communicated to you during the process

WHAT HAPPENS IF IT IS DETERMINED THAT A VIOLATION OCCURRED?
If the company determines a violation has occurred, we will take appropriate corrective and preventative actions to address the issue and prevent recurrence. Such actions may include changes to procedure, additional training or the creation of new processes or controls. The company may also take disciplinary action against anyone who fails to comply with the law or this Code. Such action can include, but is not limited to, counseling, warning, suspension, compensation adjustment or termination as appropriate. Where possible illegal conduct is suspected, we may take additional action, like referring the matter to law enforcement for investigation and possible criminal prosecution.

THE POWER OF INTEGRITY TO DRIVE COLLABORATION

KEEPING EVERYONE SAFE
Nothing matters more to us than keeping everyone in and around our workplaces safe.

Delivering safe and reliable energy to our customers starts with each of us taking responsibility for safety in the workplace. Our responsibility includes staying alert for any environmental, health, or safety issues that could pose risks beyond our immediate work area or facility. This helps us maintain the confidence and trust of the communities in which we operate.

Keeping everyone safe and well in our workplace and the communities where we operate means that we:
• Follow all safety guidelines, policies and practices to protect FirstEnergy workers and customers
• Remain constantly vigilant for any situation or condition that could present a public danger
• Stop work that we reasonably believe is unsafe
• Promptly report any injury, hazard, threat, near miss, Life-Changing Event (LCE) or Life-Changing Event Potential, whether or not we are directly affected
• Look out for each other and help others to work safely
• Comply with all company procedures related to physical security, including access to facilities and use of employee badges
• Prohibit drugs, alcohol, weapons, harassment or violence in the workplace

Q How does the alcohol and drug use/abuse policy affect my use of prescription drugs?

A It's never acceptable to use or possess alcohol or illegal drugs on the job. Additionally, we cannot allow the use of alcohol or drugs to have an adverse impact on job performance or conditions in the workplace or reflect unfavorably on the company. Some prescription medicines can affect work performance. Ask your doctor if that is possible in your case—and, specifically, whether the medication could affect your judgment or awareness in a way that leads to unsafe working conditions or prevents you from performing your work responsibilities. By discussing this with your supervisor, Health & Safety, or Human Resources, you can be sure you are properly evaluated and observed, for the sake of everyone's safety.

TREATING EACH OTHER WITH RESPECT

We treat each other with courtesy and respect to promote a work environment in which we all feel included, valued and empowered to give our best effort.

We collaborate most effectively and serve our customers best when we actively listen and communicate in a respectful and professional way. By considering the perspectives and feelings of others, we build trust and avoid misunderstandings. By speaking up about any unwelcome or inappropriate behaviors, we can help prevent anyone from feeling disrespected, threatened or intimidated. Through these actions, we create a positive and supportive work environment in which we can thrive together.

Treating each other with respect means that we:
• Are mindful of how our words and actions might be perceived by others
• Welcome the sharing of diverse perspectives and understand the value they bring
• Treat others with respect and handle any disagreements professionally
• Speak up about any unwelcome or inappropriate behaviors
• Don't insult, disparage, shame or mock others
• Are vigilant for signs that others are being harassed
• Foster a culture in which anyone can comfortably raise a concern without fear of retaliation

NO HARASSMENT

We don't tolerate harassment under any circumstances. We want our people to be protected from it. Harassment occurs when words or actions create an intimidating, hostile, or offensive work environment. Not only is harassment unacceptable, it is also illegal when it's based on legally protected characteristics of the employee, such as:
• Age

• Sex
• Sexual orientation
• Gender identity or expression
• National or ethnic origin or citizenship
• Social origin, including caste or ancestry
• Religion or creed
• Disability
• Military or veteran status
• Marital status
• Any other category protected by applicable law

Whether in person or online, harassment is not just what is intended, but how others perceive it. For example, it can be:
1. What a person says or writes, including racial, ethnic, or gender-based slurs, jokes, or stereotypes as well as threatening, loud, or abusive language

2. What a person does, such as unwelcome touching, making sexual advances, blocking someone's path, ignoring someone, or deliberately humiliating someone

3. What a person displays, such as placing lewd photos or derogatory slogans on a workstation or sharing them electronically

Q Our supervisor frequently makes off-color jokes, which I try to ignore. My coworker, who is rather quiet, has never complained but seems uncomfortable. What should I do?

A Harassment has no place at FirstEnergy. Whether we experience or witness conduct that could be harassment, we must speak up. Let your colleague know that you, too, are bothered by the supervisor's conduct. Since your supervisor is involved, the best way to escalate the matter is likely to speak with another supervisor or manager or your Human Resources representative. You may also contact the Employee Concerns HelpLine (anonymously, if you wish) at 1-800-683-3625 or go online to EthicsPoint. Alternatively, you may also contact a member of OEC. You might end up protecting a coworker or someone else who is not comfortable with the behavior, but is afraid to report it. You could even prevent a more serious incident in the future.

VALUING OUR DIVERSE TALENTS AND PERSPECTIVES
Our diverse talents and perspectives make us stronger, smarter and better as an organization.

We are committed to a diverse and equitable workplace. We want our people to feel safe, welcome and appreciated for what they contribute. Attracting and nurturing talent with a wide range of capabilities, backgrounds and perspectives enriches our workplace; it also helps us solve problems more creatively and connect more meaningfully with our stakeholders.

Valuing our diverse talents and perspectives means we:
• Actively seek out alternative approaches and points of view
• Listen respectfully to each other so we can consider and benefit from thoughts and ideas different from our own
• Consider the importance of diversity when recruiting and building teams
• Ask for and be receptive to feedback on how we might improve or do things differently

Q I'm one of only two women on my team, both well qualified and experienced. Our new male supervisor almost always calls first on the men in team meetings. When we do speak up with suggestions or questions, we feel like our supervisor is humoring us rather than taking our contributions seriously. I'm afraid that raising the issue with him will simply confirm his prejudices about women; but his attitude is draining our energy and enthusiasm. How can I bring about a change that will allow everyone on the team to contribute?

A Even if unintentional, your supervisor's behavior is at odds with the culture we want to create, and it undermines our commitment to diversity and inclusion. It also undermines our desired culture of speaking up. If you feel comfortable doing so, let the supervisor know how much you want to contribute. Also tell him that changing his approach to running meetings could be more effective and inclusive of everyone. If you would rather not engage with your supervisor, please speak to a more senior manager, contact Human Resources, the Employee Concerns Helpline (1-800-683-3625), go online to EthicsPoint, or contact OEC.

PROMOTING EQUAL OPPORTUNITY

We believe everyone should have the same opportunity to succeed, based on their merits and measurable skills, without discrimination.

We strive to be transparent and fair in our efforts to attract and develop talented colleagues. We focus on the right fit for skills and experience, as well as for our values and culture. Promoting equal opportunity helps us feel engaged, productive and capable of fulfilling our potential.

Promoting equal opportunity means we:

- Hire and promote based on qualifications, aspirations and performance—never on favoritism or bias
- Prohibit discrimination based on characteristics protected by law, including:
  - Race
  - Color
  - Religion (including religious dress) or creed
  - National or ethnic origin, including caste or ancestry
  - Sex, sexual orientation, or gender identity or expression
  - Genetic information
  - Age
  - Disability
  - Military or veteran status
  - Medical condition
  - Marital status
  - Citizenship status
- Provide reasonable accommodations for employees with disabilities or those with specific religious requirements, as necessary
- Help each other develop to reach our full potential

PROTECTING PERSONAL INFORMATION

We protect the privacy of personal information by not disclosing it to anyone without a legitimate business need and legal right to receive it.

FirstEnergy needs to appropriately collect, store, use and share personal information to operate our business. This data allows us to manage our relationships with customers and business partners, administer employee benefits, and comply with legal requirements, among other things. When it is necessary to share personally identifiable information ("PII"), everyone should expect it will be kept safe—out of the hands of anyone who might misuse it. By treating personal information with proper protections, we meet our obligations, while protecting each other and our company's reputation.

Protecting personal information means we:
- Follow all policies and procedures covering personal information and privacy
- Maintain the accuracy of personal information
- Collect, use and process personal information only for legitimate business purposes
- Share personal information only with those with a business need and legal right to receive it
- Comply with all applicable personal information and data privacy laws
- Ask questions regarding interpretation of or compliance with applicable policies and laws concerning the protection of personal information
- Make the situation right in the unlikely event that PII is inadvertently mishandled

Q One of the candidates for an open customer service position is highly qualified, but he is also legally deaf. I'm concerned about possible communication issues with colleagues and customers. Can this factor into my hiring decision?

A Absolutely not. If you believe this is the best candidate, we should hire him. As the hiring manager, you should consult with Health & Safety or Human Resources on any reasonable accommodations that may be needed to support the employee and mitigate or eliminate any potential issues.

THE POWER OF INTEGRITY TO EXCEL IN THE MARKETPLACE

SERVING CUSTOMERS SAFELY, RELIABLY AND HONESTLY

We help our customers to live and work comfortably and productively by providing reliable, clean, affordable energy and related products and services.

Our customers rely on us to provide basic needs for their homes and businesses: light and power. We are committed to serving them reliably, safely and honestly. That way, we continue to earn their trust. We must conduct our operations in compliance with reliability standards set by the North American Electric Reliability Corporation (NERC). The NERC standards are intended to ensure the reliability of the bulk electric system.

Serving customers safely, reliably and honestly means we:

- Listen carefully and respond quickly to customer inquiries and requests in a safe manner
- Act professionally, respectfully and with empathy
- Work safely, responsibly and courteously when on a customer's property or other private land
- Treat customers fairly and consistently
- Use fair and honest practices in advertising, marketing, sales and customer service interactions
- Never bypass quality controls or take shortcuts that compromise the safety or quality of our services

COMPETING FAIRLY AND LEGALLY

We are committed to competing fairly and legally, wherever we do business.

We compete fairly and on the merits of what we offer—whether it be price, superior service and value or something else. We do not restrain trade, competition, prices, terms or markets. We market, advertise and collect data fairly and honestly.

Competing fairly and legally means we:

- Do not propose or enter into any agreement or understanding with a competitor to:
  - Fix or in any way affect prices
  - Rig bids
  - Divide or allocate markets, industries, territories, customers or suppliers
  - Deal or not deal with a particular customer or supplier
  - Deal with a customer or supplier only on certain terms; or limit output, or capacity utilization
- Avoid all discussions with competitors or public comments (signaling) that could be perceived as an attempt to create an improper agreement or understanding to reduce competition
- Avoid agreements or understandings that restrict the price at which a party may resell a product or service
- Comply with all standards and requirements established by the Federal Energy Regulatory Commission ("FERC")
- Do not use information related to our regulated business to help affiliated businesses compete (See *Interacting with Affiliates*)

PREVENTING BRIBERY AND CORRUPTION

We succeed on the strengths of our people and customer service—never through bribery or other corrupt practices.

We are committed to operating and selecting business partners honestly and fairly. This builds trust and tells the world we will only do business the right way. Bribes, kickbacks and any other kind of corruption, whether involving

vendors, commercial partners or government agents or officials, are unethical and violate our core values. They are also illegal.

Preventing bribery and corruption means we:
• Win on the merits of what we bring to the marketplace
• Never offer or accept bribes, kickbacks, or anything of value that could improperly influence—or appear to influence—a business decision
• Always ensure agreements we enter into reflect the work performed or the services to be rendered
• Take special care not to promise or provide anything of value to public officials or anyone else to gain a business advantage (See *Gifts, Meals and Entertainment*)
• Apply company policies and our values when it comes to giving and receiving business gifts and entertainment
• Record all transactions completely, accurately and truthfully
• Follow the letter and spirit of anti-corruption laws everywhere we do business
• Choose business partners carefully and hold them to our high ethical standards and this Code
• Never use a third party to do anything improper, including making improper payments
• Immediately report any corruption or bribery concerns to OEC, Legal, anonymously through the Employee Concerns Helpline at 1-800-683-3625 or go online to EthicsPoint

A BRIBE occurs when someone gives or promises another person (directly or indirectly) something of value to obtain an undue business advantage. Examples of bribery include:
• A customer giving cash or anything else of value to a company employee to get the employee to fulfill the customer's order ahead of others
• Making a requested donation to the charity of choice of a public official from whom we are awaiting some official action or approval
• Offering or giving concert or game tickets, watches, expensive meals or vacations
• Paying a "success fee" to a third party based on access to government officials
• Choosing a vendor based on their access to a government official
• Offering to employ a relative of the person who is intended to be influenced
• Providing something of value for the personal benefit of a public official to influence them in their official capacity

A KICKBACK involves giving or receiving a personal payment (whether in cash or otherwise) as a reward for awarding a contract or other favorable outcome or business transaction. For example, if a supplier pays a FirstEnergy employee a percentage of the supplier's sales to the company in return for the employee's assistance in steering business to the supplier, the payment is a kickback.

Bribes and kickbacks of any kind are completely unacceptable. They violate the law, our core values and the Code and are grounds for dismissal.

Q Following the recent severe thunderstorms, my crew was assigned to restore power to a house on a large and fairly remote property. When we finished what was a lengthy reconnection job, the homeowners were especially appreciative of our efforts. They told us that they were impressed by our dedication and commitment. To show their gratitude, they offered me $250 to split between the crew. I politely refused the tip. It didn't seem right to take the money since we were just doing our jobs and would be receiving substantial overtime pay anyway. Was that the right call?

A Yes. Refusing the tip was absolutely the right thing to do. FirstEnergy employees are not permitted to accept gratuities for performing their duties. In this particular case, your ethical conduct also avoided any possible perception that a customer may have received, or could in the future receive, preferential treatment by reason of the gratuity. You should also report this to OEC.

SELECTING AND COLLABORATING WITH SUPPLIERS

We choose our suppliers and other business partners based on merit and shared values, and treat them fairly.

We seek out business partners who can help us achieve our goals by working collaboratively to provide expertise, resources, efficiency and innovation. We expect our partners to share our commitment to integrity and safety and our passion for making a positive impact in the world.

Selecting and collaborating with the right partners means we:

- Seek to do business with partners who best meet our needs and share our values
- Evaluate partners on clear performance measurements, such as quality, price, service, reliability and availability
- In collaboration with Supply Chain, conduct risk-based due diligence to ensure potential partners are qualified and reputable before onboarding
- Monitor business partners' performance on an ongoing basis to ensure consistency with applicable agreements
- Treat all current and potential partners fairly and with integrity, regardless of the transaction value or length of the relationship
- Avoid any conflicts of interest (or the appearance of them) by avoiding the selection of a partner based on friendships, family relationships or financial interest
- Do not accept inappropriate gifts, entertainment, or any kind of favoritism that might compromise selection of the best partners for FirstEnergy
- Seek opportunities for small, disadvantaged, diverse and historically underutilized businesses
- Engage only in transactions with legitimate business purpose

GIFTS, MEALS AND ENTERTAINMENT

We build business relationships based on trust and mutual value, and never on inappropriate gifts or hospitality.

To maintain integrity in our business relationships, we never offer or accept gifts or entertainment that might be intended to influence a business decision or might be perceived that way by others.

Handling gifts, meals and entertainment responsibly means we:

- Never offer or accept any gift of more than nominal value
- Never accept any monetary gifts, such as cash, gift cards or personal discounts (that are not otherwise available to all employees)
- Ensure that all business entertainment has a legitimate business purpose
- Decline unacceptable gifts or offers of entertainment and explain that company policy prohibits accepting them
- Decline even reasonable offers of business entertainment from any third party where payment, contracting or other related decisions about the third party are pending
- Do not provide any gift, meals or entertainment to any government official without the prior review and approval of OEC
- Accurately account for any gifts or entertainment in expense records
- Ensure travel and entertainment costs are accounted for properly under the appropriate policy

ACCEPTABLE EXAMPLES:

- Flowers or basket of fruit for a team
- Occasional lunch with a vendor at a moderately-priced restaurant
- Small items, such as branded mugs or hats

UNACCEPTABLE EXAMPLES:

- Tickets for a high-profile sporting event
- Loan of a vacation property
- Golf outing

If in doubt, disclose it.

TRADING ENERGY RESPONSIBLY

We are committed to lawful and ethical practices in connection with our energy trading and marketing activities.

When it comes to selling power, we have compliance obligations under the rules of a number of agencies. These include the Department of Energy, the Commodities Futures Trading Commission, FERC, NERC, relevant independent systems operators and others. Compliance with the market manipulation rules of these agencies, as well as those of the other organizations and exchanges, is vital to our integrity, reputation and success.

Trading energy responsibly means we:

- Never do anything that is or could appear to be fraudulent or deceitful, or a violation of applicable market rules
- Engage only in transactions with legitimate business purpose
- Do not design or execute transactions solely to influence prices or cause artificial market conditions
- Operate and schedule, bid or offer, and maintain and commit generating facilities in good faith and in compliance with the rules of applicable power markets
- Do not schedule resources to create artificial supply, shortages or congestion, or in a way that misrepresents operational capabilities or unit availability
- Disclose complete, accurate and timely information to outside entities, as required
- Understand when information needs to be updated and if there is a need to communicate changes in information
- Comply with internal procedures regarding the bidding of generation units, the proper reporting and recording of trades, and retention of documents
- Comply with regulatory filing requirements in a timely and accurate manner
- Do not participate in or execute simultaneous offsetting buy and sell trades of the same product among the same parties that have no economic substance

Q Last Friday afternoon, when most people had left the office for the day, our team leader suggested opening a bottle of champagne he had received so that we could celebrate the birth of a team member's first child. The team member in question appreciated the gesture but was uncomfortable with the celebration. Our team leader told him to relax. He told us that the champagne, which cost less than $50, had been gifted to the team by a potential supplier, and the special occasion meant that it was okay for us to drink it in the office—especially after hours. I had to leave for an appointment and left with a nagging feeling that something wasn't right. Was I being too cautious?

A No. Your instincts were correct. There are a few potential problems with this situation. Business gifts should always be of nominal value and appropriate. Yet, even a low-value gift would not be appropriate if there are

ongoing contractual negotiations between FirstEnergy and someone wanting to do business with us. This situation raises the separate issue of consuming alcohol on company premises other than at an organized event that has been authorized by management. You should report your concerns to OEC.

INTERACTING WITH AFFILIATES

We follow all rules regarding how our various businesses interact with each other.

Sometimes employees from one FirstEnergy business will perform work to support another. This support service work between the businesses could constitute an "affiliate transaction." It is important that we recognize and properly handle such transactions because FERC and the state utility regulatory agencies have established special rules that we must follow. As a result, when interacting with other FirstEnergy companies, we treat them as independent entities.

Interacting with affiliates responsibly means we:

- Account for time and costs spent on affiliate transactions in accordance with accounting policies and applicable FERC and state utility regulatory requirements
- Share information with affiliates only when authorized by law and for appropriate business reasons
- Consult when necessary with the FERC Compliance Manager and Legal to ensure that affiliate transactions are structured to comply with applicable federal and state legal requirements
- Conduct day-to-day transmission operations and planning activities in a physically and functionally separate way from colleagues engaged in marketing activities
- Do not provide preferential treatment to any affiliated entities that provide competitive services
- Ensure that the regulated side (ratepayers) does not subsidize or otherwise improperly benefit FirstEnergy's competitive affiliates

MAINTAINING REGULATORY COMPLIANCE

We follow all rules, regulations and requirements of the federal, state and local agencies that regulate our company.

Our industry and company are regulated heavily by various federal, state and local government agencies. Our company devotes significant resources to complying with the rules, regulations and requirements of the federal, state and local state agencies that regulate our company. It is important that every employee understands the federal, state and local rules, regulations and requirements that apply to their business unit. We all have a responsibility to understand and do our part to ensure that our business unit, and the company, comply with such rules, regulations and requirements.

Maintaining regulatory compliance means we:

- Understand the rules, regulations and requirements of federal, state and local governmental agencies that apply to our individual job function, and to our business unit and business unit operations
- Perform our job requirements and business unit functions and operations in compliance with all applicable federal, state and local rules, regulations and requirements
- Understand and perform the record-keeping and reporting requirements that may be necessary to demonstrate our historic and ongoing compliance with all such applicable rules, regulations and requirements
- Perform all record-keeping and reporting requirements, within any applicable time-specific requirements, as are required to demonstrate historic and ongoing compliance

• Cooperate promptly with each other and with other company business units to provide any information or data as may be required for another employee or business unit to be able to perform any required record-keeping and reporting
• Know where to go internally to get guidance or assistance with understanding any rule, regulation, requirement or record-keeping or reporting requirement about which we may have questions or need further explanation
• Immediately report to our supervisor or to the Chief FERC Compliance Officer any instance of known or suspected noncompliance

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THE POWER OF INTEGRITY TO DELIVER VALUE FOR INVESTORS

AVOIDING CONFLICTS OF INTEREST
We make smart choices in the best interests of our company, unaffected by personal interests or relationships.

We never allow personal interests or relationships to get in the way of making the best decisions for FirstEnergy. Using good judgment to do what is right for our business helps us maintain excellence. It also enables us to collaborate and innovate without distraction. Even the appearance of a conflict of interest can be a problem because it can lead others to think we are not acting properly. Conflicts of interest can be avoided or addressed if promptly disclosed and properly managed.

Avoiding conflicts of interests means we:
• Proactively identify situations that could put the company's interests and our own into possible conflicts
• Disclose actual or potential conflicts using the Self-Reporting Conflicts of Interest Form, consistent with company policy and applicable laws and regulations
• Remove ourselves from the decision-making process when a conflict or the appearance of a conflict exists
• Don't allow the desire to help friends and family influence our decisions at work
• Are not influenced by the prospect of financial gain for ourselves, our family members or friends
• Show loyalty to FirstEnergy by not keeping for ourselves opportunities gained through the use of company position or resources (e.g., in the course of their work, an employee becomes aware of a piece of property that the company is considering purchasing as the site for a new substation; the employee decides to buy the property as an investment)
• Give our best effort at work every day, not allowing outside jobs or other activities to hinder our contributions to our business

All actual or apparent conflicts must be disclosed to OEC for review. If you have a conflict of interest concern, seek guidance from OEC.

CONFLICTS OF INTEREST QUICK TEST
If I take this course of action, will I:
• Feel obligated to someone or make them feel obligated to me?
• Dishonor our values?
• Risk compromising my judgment?
• Create the appearance of improper conduct or divided loyalty?
• Receive some personal gain or benefit for myself, a family member, or a close friend that is unusual or excessive in value or frequency?

If you answered “yes” to any of these questions, you could face a possible conflict of interest and are expected to seek guidance from OEC.

DO I HAVE A CONFLICT OF INTEREST?

Conflicts of interest can take many forms. If you know—or think—you have a conflict of interest, you must disclose it. If you are unsure whether your situation or relationship could be a problem, you should disclose it anyway—just in case. Failure to disclose what is later shown to be a conflict of interest (or the appearance of one) is a violation of the Code and could lead to disciplinary action.

It would be impossible to provide an exhaustive list of situations to avoid, but some of the more common ones are listed below. We distinguish those that are “disabling” conflicts—when you must either remove yourself from the relevant situation or relationship or resign from the company—from those that can be managed. Conflicts can be managed by taking certain recommended steps to reduce the effect of the conflict.

TYPE OF CONFLICT OF INTEREST

Outside activities

EXAMPLES

- A second job or board appointment with a customer, competitor or supplier
- A second job with an organization whose activities or beliefs may reflect negatively on the company’s reputation

TYPE OF CONFLICT OF INTEREST

Relatives or friends

EXAMPLES

- Engaging a friend’s catering business for a company event without a competitive bid
- Selecting a family member for a job at FirstEnergy
- Owning a part of a business that is looking to do business with FirstEnergy

Q I’d like to take a part-time job. A coworker said the company will need to review and approve a request from me. Is that true? What steps do I need to take before accepting the job?

A Yes, the company will need to conduct a conflict of interest check. We need to know:

- Whether your part-time work will involve a competitor, customer, or business partner, or otherwise potentially affect the company’s business interests
- Whether company time, information, or resources will be used in your second job

You can initiate the Conflict of Interest Check by contacting OEC, or completing the Self-Reporting Conflicts of Interest Form. Most requests of this kind are routine. However, if there are any issues that affect the decision, these will need to be resolved before you can accept the job. Under no circumstances may you share FirstEnergy proprietary data with your new employer. You must not use any FirstEnergy assets in your other job.

CREATING, MAINTAINING AND DISCLOSING ACCURATE RECORDS AND ACCOUNTS

We keep accurate records and accounts, which helps us to operate effectively and provide timely and truthful information to those who need to rely on it.

Whether we are preparing the company's financial statements or completing a timesheet, our responsibility is the same: to maintain accurate record keeping and financial integrity and transparency. We are all accountable for ensuring our records—in whatever form—are complete, accurate and up to date. This allows us to make sound business decisions based on the right information. Even more importantly, it protects our reputation for integrity—customers, shareholders, financial analysts, regulators and others count on us to be accurate and complete in our recordkeeping. Misstating financial results or incorrectly describing transactions or agreements may be forms of fraud and can lead to serious consequences, including criminal penalties.

Creating, maintaining and disclosing accurate records and accounts means we:
• Record all assets, liabilities, revenues, expenses and business transactions completely, accurately, in the proper period and in a timely manner
• Prepare and approve records, accounts and disclosures in accordance with our policies and procedures, our system of internal controls and company accounting policies
• Charge time accurately and appropriately
• Never set up secret or unrecorded cash funds or other assets or liabilities
• Use appropriate and accurate wording when creating records
• Correct any errors promptly, notifying those affected
• Do not conceal or destroy documents or records that are subject to investigation or may be needed in legal proceedings
• Ensure agreements with vendors and other parties accurately describe the work to be performed under the terms and conditions of the agreement
• Comply with Legal Hold notices
• Maintain and eliminate company records in compliance with our records retention and information management procedures
• Speak up when we have questions or concerns about accurate financial reporting, accounting, or financial integrity

Q I'm a line worker and recently joined a new team. I asked a team member to remind me whether a job we had done the previous day had taken three and a half or four hours. His recollection was that it had been a little under three and a half hours. But he also said that our supervisor had recently been advising the team to round up partial hours. This doesn't seem right to me. What should I do?

A You are right to be concerned. We must record our time accurately, using the applicable time codes. Misstating time worked or allocating it incorrectly is not simply unethical and a violation of our values, it may be illegal and could result in regulatory penalties. You should report your concern as soon as possible, using one of the available channels in the Speaking Up section of the Code.

PROTECTING OUR INTELLECTUAL PROPERTY AND CONFIDENTIAL BUSINESS INFORMATION
We safeguard our intellectual property and confidential information from misuse, misappropriation, destruction and loss.

We must take care to protect the company's confidential information and intellectual property against unauthorized disclosure and misuse, which could limit our growth and threaten our ability to compete in the future.

Protecting our intellectual property and confidential information means we:
• Avoid intentionally or unintentionally posting confidential information on any social media sites
• Never discuss confidential information in public areas, such as airplanes, elevators and restaurants, where your conversations may be overheard
• Take appropriate precautions to keep confidential information secure, especially when working away from company facilities
• Follow company policies related to information technology and cybersecurity, including related training
• Treat sensitive information with care, sharing it only with authorized co-workers or business partners who have a legitimate need to know
• Take steps to prevent unauthorized individuals from acquiring confidential information
• Never divulge confidential information to persons outside of FirstEnergy, except where such disclosure is appropriately authorized by an officer, legally mandated or done in accordance with a confidentiality and non-disclosure agreement
• Continue to protect FirstEnergy's confidential information even if we leave the company
• Protect our customers' or suppliers' confidential information as we would protect our own

RESPECTING THE INTELLECTUAL PROPERTY OF OTHERS

We respect the intellectual property and commercial rights of others as we would want them to respect ours.

We respect the intellectual property and commercial rights of others. We don't steal or take credit for any ideas that aren't our own. We understand that use of others' protected rights without permission is against the law and could expose us to legal liability.

Respecting others' intellectual property means we:
• Respect the ideas, processes and works that others have created and do not infringe upon their protected rights
• Use third-party assets, such as software and written material, only with permission and according to the relevant licenses
• Use only FirstEnergy-approved software and processes
• Follow all applicable intellectual property laws

SAFEGUARDING COMPANY ASSETS

We protect FirstEnergy's reputation and other assets because they are the building blocks for our future.

Making the best use of what we have today sets us up for success tomorrow. Our assets—property, money, information, ideas and reputation—sustain our operations and allow us to invest in innovation and continuous
improvement. As good stewards of these assets, we use them to help us serve our customers and create sustainable value.

Safeguarding company assets means we:
• Take reasonable care of assets in our control to avoid their loss, damage, destruction, theft or unauthorized use
• Are vigilant to prevent fraud, waste or abuse in relation to company assets

• Follow information security and user access protocols to protect company systems and data from unauthorized access, modification, duplication, destruction or disclosure, whether accidental or intentional
• Use company assets only for business purposes, unless a reasonable and incidental personal use exception applies
• Report any concerns about the use, abuse or endangerment of our company assets

PREVENTING INSIDER TRADING

We never use or share non-public information about FirstEnergy or another company for the purpose of trading securities.

Through our work, we may have access to information about FirstEnergy or other companies that could be potentially useful to investors. We build trust by showing we can always be relied on to protect information entrusted to us. “Inside Information” (sometimes called material, nonpublic information) consists of details that an investor would consider important in making an investment decision. Using this information for our own benefit or sharing it for the benefit of others is called insider trading. It is illegal because it provides an unfair advantage and distorts financial markets. The insider trading laws are enforced aggressively, which can mean heavy fines and imprisonment for those convicted.

Preventing insider trading means that we:
• Never use Inside Information to trade shares in FirstEnergy or any other publicly traded company, including your 401(k), unless and until such information has been made public
• Do not share Inside Information with anyone outside the company, including family members, relatives or friends
• Treat Inside Information with care, sharing with colleagues only on a need-to-know basis
• Take care to protect Inside Information from accidental disclosure (e.g., by securing confidential documents and not discussing sensitive company information in public places)
• Avoid “tipping”—passing along material, non-public information about any company to anyone who may be tempted to make investments or trades based on the information provided

Q I am aware the company is about to select a business partner that will profit substantially from our business. Can I buy publicly traded stock issued by the business partner?

A Not without approval from Legal. You are in possession of non-public information about the imminent selection decision that may be material to the business partner. The insider trading rules are complex and driven by the specific facts of a situation. If you have any question as to whether you possess material non-public information, you should consult with the Legal Department before you trade in FirstEnergy’s stock or the stock of another company.

EXAMPLES OF MATERIAL, NONPUBLIC INFORMATION INCLUDE:
• Potential merger and acquisition plans
• Projected earnings or losses
• Executive leadership changes
• Significant lawsuits or legal settlements

COMMUNICATING CLEARLY AND RESPONSIBLY

We strengthen our brand and stakeholder relationships through clear, truthful and consistent communications.

We communicate truthfully, accurately, and consistently with customers, investors and other stakeholders. We go above and beyond minimum required disclosure obligations, as needed, regardless of the outcome. This shows transparency and respect and builds trust. It also helps us remain accountable to those we serve. We are all ambassadors of FirstEnergy. Whether in person, by email, phone (voice or text), virtually or on social media, we communicate professionally, thoughtfully and respectfully. We recognize policy or legal limitations on what we may be permitted to say to external parties and let colleagues with the proper authority and experience handle external inquiries, such as media requests.

Communicating clearly and responsibly means we:
• Are courteous and professional in all our communications, no matter what the medium
• Never disclose classified, confidential, proprietary or export-import controlled information without authorization
• Politely decline to provide details we are not authorized to disclose
• Do not speak for the company unless specifically authorized
• Refer media inquiries to the Communications and Branding team
• Assume that anything we say to media representatives is on the record and could be taken out of context or distorted

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THE POWER OF INTEGRITY TO STRENGTHEN OUR COMMUNITIES

CONTRIBUTING TO OUR COMMUNITIES
We are active partners in our communities, volunteering our time, resources and talents to help communities prosper.

We operate across multiple states, yet we draw strength and inspiration from our local communities—the places where we work and live. We encourage growth and vitality through positive engagement with our neighbors. This promotes mutual respect and trust while enhancing our reputation and recruiting efforts.

Contributing to our communities as responsible corporate citizens means we:
• Encourage and celebrate the active roles we take in our communities as volunteers, mentors and charity workers
• Support worthwhile civic and charitable causes, vetting them to ensure legitimacy
• Avoid conflicts of interest in our community involvement
• Obtain proper approval before donating company funds or making contributions in the company's name
• Avoid pressuring others to contribute to charitable causes or to seek anything in return for community contributions

RESPECTING AND PROTECTING HUMAN RIGHTS
We are committed to good citizenship and engaging with others to promote better working conditions for all.

FirstEnergy's size and influence as a large corporation enables us to make our mark in the fight for safer working conditions and equal opportunity. We take robust and thorough measures to protect workers at our own facilities. We also promote positive change by requiring our business partners, and encouraging the communities in which we operate to respect and protect human rights. This includes a focus on environmental responsibility, equal opportunities, fair wages and safe working conditions.

Respecting and protecting human rights mean that we:
• Ensure safe and healthy working conditions for our employees, by applying best practices in our day-to-day activities and facilities and ensuring compliance with the applicable environmental, health and/or safety standards
• Promote responsible sourcing practices and hold business partners accountable to the standards we set in our Supplier Code of Conduct
• Work only with business partners who share our commitment to fighting human trafficking and supporting human rights

ENGAGING IN THE POLITICAL PROCESS
We engage thoughtfully in the political process, responsibly advocating for our interests while bringing positive change to our communities.

We work closely with the federal, state and local governments because FirstEnergy has a legitimate stake in political priorities and outcomes. We participate responsibly in the political process and understand and respect the legal limitations on corporations.

Participating actively and responsibly in the political process means we:
• Comply with all legal limitations on corporate contributions to parties, political committees and individual candidates
• Obtain advance approval from Legal and OEC to make political contributions on the company's behalf or use corporate funds (where permitted by law)
• Make it clear when engaging in politics as private citizens that our views and actions are our own, not those of FirstEnergy
• Avoid pressuring others to contribute to political causes or to seek anything in return for political contributions
• Engage OEC and External Affairs if we plan to run for office as individuals to avoid potential conflicts of interest
• Never apply improper influence on a government agency, representative, or legislator to produce an outcome favorable to the company
• Understand and follow the rules on political lobbying, including public disclosure and reporting requirements
• Use our personal information and assets (not FirstEnergy's resources), including laptops and mobile phones, when engaging in personal political activities

Q A co-worker and I want to stay late at the office and make telephone calls on behalf of a political candidate we are supporting. May we do that if we use our personal mobile phones?

A No. While the company supports your commitment to making a difference, your personal political activities must remain separate from the company. Even though your campaign work may be outside of normal work hours and avoids use of company phones, you are still making use of company premises. Aside from the cost of utilities, this could create a reasonable impression on the part of others that the company has endorsed the candidate.

USING SOCIAL MEDIA RESPONSIBLY
We embrace the responsible use of social media for business purposes and make sure our individual online activities do not harm FirstEnergy's reputation.

Social media has transformed how we connect, share information and influence opinion. In business, it enhances our ability to have honest, direct and meaningful exchanges with customers and other stakeholders. In our personal lives, it brings us closer to family, friends and new opportunities. We must use these tools responsibly because information can spread quickly and unpredictably online, making it difficult to control or remove. By

pausing to consider the nature and potential impact of what we are about to post, we protect ourselves, our colleagues and those we serve from harm.

Using social media responsibly means we:
• Exercise good judgment and personal responsibility in our online activities
• Are open and honest about our identities as employees of FirstEnergy, and make it clear when we are expressing personal opinions, not the company's views
• Never post confidential or proprietary information online
• Permit only authorized employees to post approved information on behalf of the company
• Do not disclose nonpublic information about our company, customers, or business without appropriate authority and approval
• Never post content that is false, malicious, obscene, or otherwise offensive or illegal
• Ensure that time and effort spent on non-business social media does not interfere with job responsibilities and is conducted on personal time

Q A friend of mine (who does not work for FirstEnergy) texted me a video posted on social media, asking "Is this how FirstEnergy thinks about customers who live in my neighborhood?" In the video, a man wearing a FirstEnergy shirt makes derogatory comments about my friend's part of the city. At best, the comments are insensitive; many people could view them as racially prejudiced. This is not the impression I want the public to have of the company where I have worked for 17 years. What should I do?

A FirstEnergy treats its customers with respect at all times. Anyone who cannot live up to that standard should not be working for the company. You should take a screenshot of the social media post and if possible, save a copy
of the video before it can be deleted. Contact OEC with this evidence so that an investigation can be conducted.

WAIVERS

A waiver of any provision of the Code will be made only in exceptional circumstances for substantial cause. Requests for waivers must be submitted to the Chief Ethics and Compliance Officer, or their designee, for review and resolution. Any request for a waiver by a director or executive officer of the company must be submitted to the Board of Directors or a Board committee. All waivers will be reported to the Ethics and Compliance Committee. In addition, any waiver of a provision in the Code for a director or executive officer will be disclosed to shareholders.

Forward-Looking Statements: Our Code of Conduct includes forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995 based on information currently available to management. Such statements are subject to certain risks and uncertainties and readers are cautioned not to place undue reliance on these forward-looking statements. These statements include declarations regarding management's intents, beliefs and current expectations. These statements typically contain, but are not limited to, the terms "anticipate," "potential," "expect," "forecast," "target," "will," "intend," "believe," "project," "estimate," "plan" and similar words. Forward-looking statements involve estimates, assumptions, known and unknown risks, uncertainties and other factors that may cause actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements, which may include the following: potential liabilities, increased costs and unanticipated developments resulting from governmental investigations and agreements, including those associated with compliance with or failure to comply with the DPA with the U.S. Attorney's Office for the S.D. Ohio; the results of the internal investigation and evaluation of our controls framework and remediation of our material weakness in internal control over financial reporting; the risks and uncertainties associated with government investigations regarding Ohio House Bill 6 and related matters including potential adverse impacts on federal or state regulatory matters including, but not limited to, matters relating to rates; the potential of non-compliance with debt covenants in our credit facilities due to matters associated with the government investigations regarding Ohio House Bill 6 and related matters; the risks and uncertainties associated with litigation, arbitration, mediation and similar proceedings; legislative and regulatory developments, including, but not limited to, matters related to rates, compliance and enforcement activity; the ability to accomplish or realize anticipated benefits from our FE Forward initiative and our other strategic and financial goals, including, but not limited to, maintaining financial flexibility, overcoming current uncertainties and challenges associated with the ongoing government investigations, executing our transmission and distribution investment plans, greenhouse gas reduction goals, controlling costs, improving our credit metrics, strengthening our balance sheet and growing earnings; economic and weather conditions affecting future operating results, such as a recession, significant weather events and other natural disasters, and associated regulatory events or actions in response to such conditions; mitigating exposure for remedial activities associated with retired and formerly owned electric generation assets; the ability to access the public securities and other capital and credit markets in accordance with our financial plans, the cost of such capital and overall condition of the capital and credit markets affecting us, including the increasing number of financial institutions evaluating the impact of climate change on their investment decisions; the extent and duration of COVID-19 and the impacts to our business, operations and financial condition resulting from the outbreak of COVID-19 including, but not limited to, disruption of businesses in our territories and governmental and regulatory responses to the pandemic; the effectiveness of our pandemic and business continuity plans, the precautionary measures we are taking on behalf of our customers, contractors and employees, our customers' ability to make their utility payment and the potential for supply-chain disruptions; actions that may be taken by credit rating agencies that could negatively affect either our access to or terms of financing or our financial condition and liquidity; changes in assumptions regarding economic conditions within our territories, the reliability of our transmission and distribution system, or the availability of capital or other resources supporting identified transmission and distribution investment opportunities; changes in customers' demand for power, including, but not limited to, the impact of climate change or energy efficiency and peak demand reduction mandates; changes in national and regional economic conditions affecting us and/or our major industrial and commercial customers or others with which we do business; the risks associated with cyber-attacks and other disruptions to our information technology system, which may compromise our operations, and data security breaches of sensitive data, intellectual property and proprietary or personally identifiable information; the ability to comply with applicable reliability standards and energy efficiency and peak demand reduction mandates; changes to environmental laws and regulations, including, but not limited to, those related to climate change; changing market conditions affecting the measurement of certain liabilities and the value of assets held in our pension trusts and other trust funds, or causing us to make contributions sooner, or in amounts that are larger, than currently anticipated; labor disruptions by our unionized workforce; changes to significant accounting policies; any changes in tax laws or regulations, or adverse tax audit results or rulings; and the risks and other factors discussed from time to time in our SEC filings. These forward-looking statements are also qualified by, and should be read together with, the risk factors included in FirstEnergy Corp.'s filings with the SEC, including but not limited to the most recent Annual Report on Form 10-K, any subsequent Quarterly Reports on Form 10-Q, and subsequent Current Reports on Form 8-K. The foregoing review of factors also should not be construed as exhaustive. New factors emerge from time to time, and it is not possible for management to predict all such factors, nor assess the impact of any such factor on FirstEnergy Corp.'s business or the extent to which any factor, or combination of factors, may cause results to differ materially from those contained in any forward-looking statements. FirstEnergy Corp. expressly disclaims any obligation to update or revise, except as required by law, any forward-looking statements contained herein or in the information incorporated by reference as a result of new information, future events or otherwise.

EXHIBIT 31.1

Certification

I, Steven E. Strah, certify that:

1. I have reviewed this report on Form 10-Q 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: July 22, 2021

/s/ Steven E. Strah

Steven E. Strah

President and
Chief Executive Officer

EXHIBIT 31.2

Certification

I, K. Jon Taylor, certify that:

1. I have reviewed this report on Form 10-Q 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: July 22, 2021

/s/ K. Jon Taylor

K. Jon Taylor

Senior Vice President and
Chief Financial Officer

EXHIBIT 32

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

In connection with the Report of FirstEnergy Corp. ("Company") on Form 10-Q for the period ended June 30, 2021 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/ Steven E. Strah

Steven E. Strah
President and
Chief Executive Officer

/s/ K. Jon Taylor

K. Jon Taylor
Senior Vice President and
Chief Financial Officer

Date: July 22, 2021