FirstEnergy®

Quarterly Highlights
4Q 2016 Earnings Call

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Forward-Looking Statements

Forward-Looking Statements: This presentation includes forward-looking statements based on information currently available to management. Such statements are subject to certain risks and uncertainties. These statements include declarations regarding management's intents, beliefs and current expectations. These statements typically contain, but are not limited to, the terms “anticipate,” “potential,” “expect,” "forecast," "target," "will," "intend," “believe,” "project," “estimate," "plan" and similar words. Forward-looking statements involve estimates, assumptions, known and unknown risks, uncertainties and other factors that may cause actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements, which may include the following: the ability to experience growth in the Regulated Distribution and Regulated Transmission segments; the accomplishment of our regulatory and operational goals in connection with our transmission investment plan, including, but not limited to, our planned forward-looking formula rates and the effectiveness of our strategy to reflect a more regulated business profile; changes in assumptions regarding economic conditions within our territories, assessment of the reliability of our transmission system, or the availability of capital or other resources supporting identified transmission investment opportunities; the ability to accomplish or realize anticipated benefits from strategic and financial goals, including, but not limited to, the ability to continue to reduce costs and to successfully execute our financial plans designed to improve our credit metrics and strengthen our balance sheet through, among other actions, our cash flow improvement plan and other proposed capital raising initiatives; the risks and uncertainties associated with the lack of viable alternative strategies regarding the Competitive Energy Services (CES) segment, thereby causing FirstEnergy Solutions Corp. (FES), and possibly FirstEnergy Nuclear Operating Company (FENOC), to restructure its debt and other financial obligations with its creditors or seek protection under United States bankruptcy laws and the losses, liabilities and claims arising from such bankruptcy proceeding, including any obligations at FirstEnergy; the risks and uncertainties at the CES segment, including FES and its subsidiaries and FENOC, related to continued depressed wholesale energy and capacity markets, and the viability and/or success of strategic business alternatives, such as potential CES generating unit asset sales, the potential conversion of the remaining generation fleet from competitive operations to a regulated or regulated-like construct or the potential need to deactivate additional generating units; the substantial uncertainty as to FES’ ability to continue as a going concern and substantial risk that it may be necessary for FES, and possibly FENOC, to seek protection under United States bankruptcy laws; the risks and uncertainties associated with litigation, arbitration, mediation and like proceedings, including, but not limited to, any such proceedings related to vendor commitments, such as long-term fuel and transportation agreements; the uncertainties associated with the deactivation of older regulated and competitive units, including the impact on vendor commitments, such as long-term fuel and transportation agreements, and as it relates to the reliability of the transmission grid, the timing thereof; the impact of other future changes to the operational status or availability of our generating units and any capacity performance charges associated with unit unavailability; changing energy, capacity and commodity market prices including, but not limited to, coal, natural gas and oil prices, and their availability and impact on margins; costs being higher than anticipated and the success of our policies to control costs and to mitigate low energy, capacity and market prices; replacement power costs being higher than anticipated or not fully hedged; our ability to improve electric commodity margins and the impact of, among other factors, the increased cost of fuel and fuel transportation on such margins; the speed and nature of increased competition in the electric utility industry, in general, and the retail sales market in particular; the uncertainty of the timing and amounts of the capital expenditures that may arise in connection with any litigation, including New Source Review litigation, or potential regulatory initiatives or rulemakings (including that such initiatives or rulemakings could result in our decision to deactivate or idle certain generating units); changes in customers' demand for power, including, but not limited to, changes resulting from the implementation of state and federal energy efficiency and peak demand reduction mandates; economic or weather conditions affecting future sales and margins such as a polar vortex or other significant weather events, and all associated regulatory events or actions; changes in national and regional economic conditions affecting us, our subsidiaries and/or our major industrial and commercial customers, and other counterparties with which we do business, including fuel suppliers; the impact of labor disruptions by our unionized workforce; the risks associated with cyber-attacks and other disruptions to our information technology system that may compromise our generation, transmission and/or distribution services and data security breaches of sensitive data, intellectual property and proprietary or personally identifiable information regarding our business, employees, shareholders, customers, suppliers, business partners and other individuals in our data centers and on our networks; the impact of the regulatory process and resulting outcomes on the matters at the federal level and in the various states in which we do business including, but not limited to, matters related to rates and the Ohio Distribution Modernization Rider; the impact of the federal regulatory process on Federal Energy Regulatory Commission (FERC) regulated entities and transactions, in particular FERC regulation of wholesale energy and capacity markets, including PJM Interconnection, L.L.C. (PJM) markets and FERC-jurisdictional wholesale transactions; FERC regulation of cost-of-service rates; and FERC’s compliance and enforcement activity, including compliance and enforcement activity related to North American Electric Reliability Corporation’s mandatory reliability standards; the uncertainties of various cost recovery and cost allocation issues resulting from American Transmission Systems, Incorporated's realignment into PJM; the ability to comply with applicable state and federal reliability standards and energy efficiency and peak demand reduction mandates; other legislative and regulatory changes, and revised environmental requirements, including, but not limited to, the effects of the United States Environmental Protection Agency's Clean Power Plan, Coal Combustion Residuals regulations, Cross-State Air Pollution Rule and Mercury and Air Toxics Standards programs, including our estimated costs of compliance, Clean Water Act (CWA) waste water effluent limitations for power plants, and CWA 316(b) water intake regulation; adverse regulatory or legal decisions and outcomes with respect to our nuclear operations (including, but not limited to, the revocation or non-renewal of necessary licenses, approvals or operating permits by the Nuclear Regulatory Commission or as a result of the incident at Japan's Fukushima Daiichi Nuclear Plant); issues arising from the indications of cracking in the shield building at Davis-Besse; changing market conditions that could affect the measurement of certain liabilities and the value of assets held in our Nuclear Decommissioning Trusts, pension trusts and other trust funds, and cause us and/or our subsidiaries to make additional contributions sooner, or in amounts that are larger than currently anticipated; the impact of changes to significant accounting policies; the impact of any changes in tax laws or regulations or adverse tax audit results or rulings; 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 and our subsidiaries; further actions that may be taken by credit rating agencies that could negatively affect us and/or our subsidiaries’ access to financing, increase the costs thereof, increase requirements to post additional collateral to support, or accelerate payments under outstanding commodity positions, letters of credit and other financial guarantees, and the impact of these events on the financial condition and liquidity of FirstEnergy and/or its subsidiaries, specifically the subsidiaries within the CES segment; issues concerning the stability of domestic and foreign financial institutions and counterparties with which we do business; and the risks and other factors discussed from time to time in our United States Securities and Exchange Commission (SEC) filings, and other similar factors. Dividends declared from time to time on FirstEnergy Corp.'s common stock during any period may in the aggregate vary from prior periods due to circumstances considered by FirstEnergy Corp.'s Board of Directors at the time of the actual declarations. A security rating is not a recommendation to buy or hold securities and is subject to revision or withdrawal at any time by the assigning rating agency. Each rating should be evaluated independently of any other rating. The foregoing factors should not be construed as exhaustive and should be read in conjunction with the other cautionary statements and risks that are included in our 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. 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. The registrants expressly disclaim any current intention to update, except as required by law, any forward-looking statements contained herein as a result of new information, future events or otherwise.

Non-GAAP Financial Matters

This presentation contains references to non-GAAP financial measures including, among others, Operating earnings, CES Adjusted EBITDA, funds from operations and free cash flow. In addition, Basic EPS-Operating, calculated on a segment basis, is also a non-GAAP financial measure. Generally, a non-GAAP financial measure is a numerical measure of a company's historical or future financial performance, financial position, or cash flows that either excludes or includes amounts that are not normally excluded or included in the most directly comparable measure calculated and presented in accordance with accounting principles generally accepted in the United States (GAAP). Operating earnings are not calculated in accordance with GAAP because they exclude the impact of "special items". Special items represent charges incurred or benefits realized that management believes are not indicative of, or may obscure trends useful in evaluating the company's ongoing core activities and results of operations or otherwise warrant separate classification. Special items are not necessarily non-recurring. Basic EPS-Operating for each segment is calculated by dividing segment Operating earnings (losses), which exclude special items as discussed above, by the basic weighted average shares outstanding for the period. Management uses non-GAAP financial measures such as Operating earnings, CES Adjusted EBITDA, funds from operations and free cash flow to evaluate the company's performance and manage its operations and frequently references these non-GAAP financial measures in its decision-making, using them to facilitate historical and ongoing performance comparisons. Additionally, management uses Basic EPS-Operating by segment to further evaluate FirstEnergy's performance by segment and references this non-GAAP financial measure in its decision-making. Management believes that the non-GAAP financial measures of Operating earnings and Basic EPS-Operating by segment provide consistent and comparable measures of performance of its businesses on an ongoing basis using the same measures management uses in forecasting, budgeting, long-term planning, and setting compensation. Management also believes that such measures are useful to shareholders and other interested parties to understand performance trends and evaluate the company against its peer group by presenting period-over-period operating results without the effect of certain charges or benefits that may not be consistent or comparable across periods or across the company's peer group. All of these non-GAAP financial measures are intended to complement, and are not considered as alternatives to, the most directly comparable GAAP financial measures. Also, the non-GAAP financial measures may not be comparable to similarly titled measures used by other entities.

Pursuant to the requirements of Regulation G, FirstEnergy has provided quantitative reconciliations within this presentation of the non-GAAP financial measures to the most directly comparable GAAP financial measures. Refer to appendix slides 12-16.

2016 Highlights

Financial Summary

- Reported 2016 GAAP loss of ($14.49) per basic share
- Reported 2016 Operating (non-GAAP) earnings* of $2.63 per basic share
  - Difference between GAAP and operating earnings primarily reflect asset impairment/plant exit costs at Competitive Energy Services (CES) segment

2016 in Review

- Achieved excellent results in safety, reliability, and plant operations
- Contributed $500M of stock into our qualified pension plan in December; coupled with $382M of cash contributions earlier in 2016
- FE Corp. and regulated subsidiaries entered into three new 5-year syndicated credit facilities in December
- Continued to execute important initiatives to further our regulated growth strategy

* Refer to the appendix (slides 12-16) for reconciliations between GAAP and Operating (non-GAAP) earnings

Strategic Updates

Regulated Updates

- Received FERC and PPUC approval to transfer the transmission assets of Penelec and Met-Ed into MAIT
- On track in 2017 for ~$1 billion in investments through Energizing the Future
  - Plan to fund future investments through a combination of debt and up to $500M of equity in each year 2017 - 2019
- Received approval of rate case settlements for our four Pennsylvania utilities and JCP&L as well as the Ohio Distribution Modernization Rider (DMR)
- Issued an RFP in December to address Mon Power's generation shortfall identified in the West Virginia Integrated Resource Plan, along with a second RFP to sell its interest in Bath County
  - Expect Mon Power to announce results of both RFPs in March

Strategic Updates *(continued)*

Competitive Updates

- Assessing several strategic alternatives to exit competitive markets by mid-2018
  - Could include legislative or regulatory solutions, asset sales and/or plant deactivations, alternatives for our retail business, and financial restructuring
- Announced agreement to sell 1,572 MW of gas and hydro generation for $925M
  - Pending approval of FERC and other regulatory agencies along with third party consents and approvals, transaction is expected to close in the third quarter 2017
  - Continue exploring options to sell West Lorain and Buchanan units
- AE Supply offered the Pleasants plant into the Mon Power RFP for $195M ($150/kW)
- In Ohio, engaging in meaningful dialogue on solutions that can help ensure its energy security
- FE working with FES to formally establish conditional credit support for the $400M FES parental support agreement currently in place for FE Nuclear Generation
- Exploring possibility of engaging with creditors to restructure debt at FES and possibly seeking bankruptcy protection at FES and potentially FENOC

We remain committed to completing our transformation into a fully regulated company by mid-2018

Financial Guidance Updates

2017 Earnings Guidance

- 2017 GAAP earnings forecasted to be \$2.47 - \$2.77 per basic share
- Increasing 2017 Operating (Non-GAAP) earnings* guidance range to \$2.70 - \$3.00 per basic share
  - Increase primarily resulting from competitive operations exit strategy
    - Lower depreciation from asset impairments, partially offset by additional costs associated with strategic review

Other Updates

- Continue to anticipate a Regulated earnings per share CAGR of 4% - 6% through 2019 from traditional utility growth based off a 2016 weather-adjusted base; 7% - 9% when including the Ohio DMR

We remain fully focused on continuing to position FirstEnergy for stable, predictable and customer service-oriented growth that will benefit customers, employees and shareholders

* Refer to the appendix (slide 16) for reconciliations between GAAP and Operating (non-GAAP) earnings

4Q 2016 & 2016 Earnings Summary

- Reported 4Q16 GAAP loss of ($13.44) per share and 2016 GAAP loss of ($14.49) per share
  - Results include special items related to CES asset impairment/plant exit costs resulting primarily from FE's plan to exit competitive operations by mid-2018 as well as from mark-to-market adjustments, merger accounting for commodity contracts, regulatory charges, trust securities impairment, and debt redemption costs
- Reported 4Q16 Operating (non-GAAP) earnings* of $0.38 per share and 2016 Operating (non-GAAP) earnings* of $2.63 per share
  - Operating results stronger than our original estimates and in line with revised guidance

2016 vs. 2015 Earnings Per Share Variance

	Basic EPS	Operating*
Regulated Distribution	+$0.14	+$0.06
Regulated Transmission	-	-
Competitive Energy Services	($16.44)	($0.02)
Corp/Other	+$0.44	($0.12)
FE Consolidated	($15.86)	($0.08)

4Q16 vs. 4Q15 Earnings Per Share Variance

	Basic EPS	Operating*
Regulated Distribution	+$0.15	+$0.04
Regulated Transmission	+$0.02	+$0.02
Competitive Energy Services	($13.56)	($0.18)
Corp/Other	+$0.48	($0.08)
FE Consolidated	($12.91)	($0.20)

* Refer to the appendix (slides 12-13) for reconciliations between GAAP and Operating (non-GAAP) earnings

4Q 2016 Earnings Drivers

Quarter-over-Quarter (Basic EPS / Operating*)

- **Regulated Distribution +$0.15 / +$0.04:**
  - Results impacted primarily by higher weather-related revenues, partially offset by higher pension/OPEB expense, depreciation and general taxes
  - Total distribution deliveries increased by 4% in 4Q16; Heating-degree-days were 26% above 4Q15, but 9% below normal
  - Industrial deliveries increased 1.8%, primarily due to higher usage in the shale gas and steel sectors
  - Special Items – Include mark-to-market adjustments on pension/OPEB actuarial assumptions and charges reflecting the impact of regulatory orders requiring certain commitments and/or disallowing the recoverability of certain costs
- **Regulated Transmission +$0.02 / +$0.02:**
  - Results impacted by higher revenues from the recovery of incremental operating expenses and a higher rate base at ATSI, partially offset by higher depreciation expense and general taxes
- **Corporate +$0.48 / ($0.08):**
  - Results primarily impacted by higher operating expenses and interest expense
- **Competitive Energy Services ($13.56) / ($0.18):**
  - Results impacted by lower commodity margin due primarily to lower capacity revenues, partially offset by increased wholesale sales, lower capacity expense and a lower fuel rate
  - Special Items – Includes asset impairment/plant exit costs, mark-to-market adjustments, merger accounting for commodity contracts, debt redemption costs and trust securities impairment

Per share amounts for the special items and earnings drivers above and throughout this report are based on the after-tax effect of each item divided by the weighted average basic shares outstanding for the period. The current and deferred income tax effect was calculated by applying the subsidiaries' statutory tax rate to the pre-tax amount. The income tax rates range from 35% to 41%.

* Refer to the appendix (slide 12) for reconciliation between GAAP and Operating (non-GAAP) earnings

Impacts of Potential Tax Reform

- Too early to speculate on the details of an eventual tax reform proposal, but based on the blueprint released by the House last year, our sense of the impact of potential tax reforms include:
  - A lower effective tax rate at the utilities could result in lower customer rates which would reduce FFO, since we are not currently a federal cash tax payer
  - In addition, eliminating the interest expense deduction would reduce earnings by at least $0.20 per share, given the level of holding company interest at both FE Corp. and FE Transmission

	Holding Company Debt (as of 12/31/2016)	Interest Expense (Average Annual)
FE Corp.	~$6.9B	~$300M
FE Transmission	~$1.0B	

  - Assuming 100% bonus depreciation, we do not expect to be a federal cash tax payer in the near term
- We are working closely with others in our industry to educate congressional leaders about the importance of interest deductibility and we will remain focused on this important and evolving legislation

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Appendix

Earnings Per Share (EPS) – 4Q 2016 and 4Q 2015

Reconciliation of GAAP to Operating (Non-GAAP) Earnings

(In millions, except per share amounts)

Three Months Ended December 31, 2016	Regulated Distribution	Regulated Transmission	Competitive Energy Services	Corporate / Other	FirstEnergy Corp. Consolidated
4Q 2016 Net Income (Loss) - GAAP	$ 78	$ 67	$ (5,890)	$ (71)	$ (5,796)
4Q 2016 Basic earnings (loss) per share (avg. shares outstanding 431M)	$ 0.18	$ 0.20	$ (13.66)	$ (0.16)	$ (13.44)
Excluding Special Items:					
Mark-to-market adjustments -					
Pension/OPEB actuarial assumptions	0.15	—	0.06	—	0.21
Other	—	—	0.03	—	0.03
Merger accounting - commodity contracts	—	—	0.01	—	0.01
Regulatory charges	0.01	—	—	—	0.01
Asset impairment/Plant exit costs	—	—	13.54	—	13.54
Debt redemption costs	—	—	0.01	—	0.01
Trust securities impairment	—	—	0.01	—	0.01
Total Special Items	$ 0.16	$ —	$ 13.66	$ —	$ 13.82
Basic EPS - Operating (Non-GAAP)	$ 0.34	$ 0.20	$ —	$ (0.16)	$ 0.38

Three Months Ended December 31, 2015	Regulated Distribution	Regulated Transmission	Competitive Energy Services	Corporate / Other	FirstEnergy Corp. Consolidated
4Q 2015 Net Income (Loss) - GAAP	$ 13	$ 74	$ (40)	$ (273)	$ (226)
4Q 2015 Basic earnings (loss) per share (avg. shares outstanding 423M)	$ 0.03	$ 0.18	$ (0.10)	$ (0.64)	$ (0.53)
Excluding Special Items:					
Mark-to-market adjustments -					
Pension/OPEB actuarial assumptions	0.26	—	0.09	—	0.35
Other	—	—	(0.01)	—	(0.01)
Merger accounting - commodity contracts	—	—	0.11	—	0.11
Regulatory charges	0.01	—	—	—	0.01
Retail repositioning charges	—	—	0.02	—	0.02
Asset impairment/Plant exit costs	—	—	0.03	0.56	0.59
Trust securities impairment	—	—	0.04	—	0.04
Total Special Items	$ 0.27	$ —	$ 0.28	$ 0.56	$ 1.11
Basic EPS - Operating (Non-GAAP)	$ 0.30	$ 0.18	$ 0.18	$ (0.08)	$ 0.58

Per share amounts for the special items and earnings drivers above and throughout this report are based on the after-tax effect of each item divided by the weighted average basic shares outstanding for the period. The current and deferred income tax effect was calculated by applying the subsidiaries' statutory tax rate to the pre-tax amount. The income tax rates range from 35% to 41%. See slide 14 for details regarding special items.

Earnings Per Share (EPS) – 2016 and 2015

Reconciliation of GAAP to Operating (Non-GAAP) Earnings

(In millions, except per share amounts)

Year Ended December 31, 2016	Regulated Distribution	Regulated Transmission	Competitive Energy Services	Corporate / Other	FirstEnergy Corp. Consolidated
2016 Net Income (Loss) - GAAP	$ 651	$ 331	$ (6,919)	$ (240)	$ (6,177)
2016 Basic EPS (avg. shares outstanding 426M)	$ 1.53	$ 0.78	$ (16.23)	$ (0.57)	$ (14.49)
Excluding Special Items:					
Mark-to-market adjustments -					
Pension/OPEB actuarial assumptions	0.15	—	0.06	—	0.21
Other	—	—	0.01	—	0.01
Merger accounting - commodity contracts	—	—	0.05	—	0.05
Regulatory charges	0.13	—	—	—	0.13
Asset impairment/Plant exit costs	—	—	16.67	—	16.67
Debt redemption costs	—	—	0.01	0.01	0.02
Trust securities impairment	—	—	0.03	—	0.03
Total Special Items	$ 0.28	$ —	$ 16.83	$ 0.01	$ 17.12
Basic EPS - Operating (Non-GAAP)	$ 1.81	$ 0.78	$ 0.60	$ (0.56)	$ 2.63

Year Ended December 31, 2015	Regulated Distribution	Regulated Transmission	Competitive Energy Services	Corporate / Other	FirstEnergy Corp. Consolidated
2015 Net Income - GAAP	$ 586	$ 328	$ 89	$ (427)	$ 578
2015 Basic EPS (avg. shares outstanding 422M)	$ 1.39	$ 0.78	$ 0.21	$ (1.01)	$ 1.37
Excluding Special Items:					
Mark-to-market adjustments -					
Pension/OPEB actuarial assumptions	0.26	—	0.09	—	0.35
Other	—	—	(0.11)	—	(0.11)
Merger accounting - commodity contracts	—	—	0.16	—	0.16
Regulatory charges	0.07	—	—	—	0.07
Retail repositioning charges	—	—	0.05	—	0.05
Asset impairment/Plant exit costs	0.01	—	0.09	0.57	0.67
Trust securities impairment	0.02	—	0.13	—	0.15
Total Special Items	$ 0.36	$ —	$ 0.41	$ 0.57	$ 1.34
Basic EPS - Operating (Non-GAAP)	$ 1.75	$ 0.78	$ 0.62	$ (0.44)	$ 2.71

Per share amounts for the special items and earnings drivers above and throughout this report are based on the after-tax effect of each item divided by the weighted average basic shares outstanding for the period. The current and deferred income tax effect was calculated by applying the subsidiaries' statutory tax rate to the pre-tax amount with the exception of Asset impairment/Plant exit costs that included an impairment of goodwill, of which $433 million of the $800 million pre-tax impairment was non-deductible for tax purposes, and valuation allowances against state and local NOL carryforwards of $159 million. With the exception of these items included in Asset impairment/Plant exit costs, the income tax rates range from 35% to 41%. See slide 15 for details regarding special items.

FE Corp. Income Statements – 4Q 2016 and 4Q 2015

Consolidated GAAP and Special Items

(In millions, except per share amounts)

	Three Months Ended December 31, 2016		Three Months Ended December 31, 2015	
	GAAP	Special Items	GAAP	Special Items
(1) **Revenues**	$ 3,375	$ —	$ 3,541	$ —
Expenses				
(2) Fuel	397	(8) (c)	477	(76) (c,f)
(3) Purchased power	821	—	1,007	—
(4) Other operating expenses	1,023	(27) (b,d)	952	(14) (b,d,e,f)
(5) Pension and OPEB mark-to-market adjustment	147	(147) (a)	242	(242) (a)
(6) Provision for depreciation	339	—	313	—
(7) Amortization of regulatory assets, net	98	—	67	—
(8) General taxes	256	—	231	(1) (f)
(9) Impairment of assets	9,218	(9,218) (f)	16	(16) (f)
(10) **Total Expenses**	12,299	(9,400)	3,305	(349)
(11) **Operating Income (Loss)**	(8,924)	9,400	236	349
Other Income (Expense)				
(12) Investment income (loss)	9	8 (h)	(8)	33 (f,h)
(13) Impairment of equity method investment	—	—	(362)	362 (f)
(14) Interest expense	(294)	7 (g)	(286)	—
(15) Capitalized financing costs	24	—	24	—
(16) **Total Other Expense**	(261)	15	(632)	395
(17) **Income (Loss) Before Income Taxes (Benefits)**	(9,185)	9,415	(396)	744
(18) Income taxes (benefits)	(3,389)	3,456	(170)	274
(19) **Net Income (Loss)**	$ (5,796)	$ 5,959	$ (226)	$ 470

The above special items, if any, provides additional transparency to our disclosures by providing specific line items to which the special items are recorded. Management consistently utilizes these reconciliations to assist in its analysis of historical and ongoing performance. Additionally, the table above summarizes the pre-tax impact of each special item and the cumulative impact on income taxes (benefits) based on the current and deferred income tax expense associated with each special item. See slide 12 for GAAP to Operating (non-GAAP) EPS Reconciliation.

(a) **Mark-to-market adjustments - Pension / OPEB actuarial assumptions: 2016 ($0.21 per share)**, ($147) million included in "Pension and OPEB mark-to-market adjustment". **2015 ($0.35 per share)**, ($242) million included in "Pension and OPEB mark-to-market adjustment".

(b) **Mark-to-market adjustments - Other: 2016 ($0.03 per share)**, ($19) million included in "Other operating expenses'. **2015 (($0.01) per share)**, $9 million included in "Other operating expenses".

(c) **Merger accounting - commodity contracts: 2016 ($0.01 per share)**, ($8) million included in "Fuel". **2015 ($0.11 per share)**, ($75) million included in "Fuel".

(d) **Regulatory charges: 2016 ($0.01 per share)**, ($8) million included in "Other operating expenses". **2015 ($0.01 per share)**,($7) million included in "Other operating expenses".

(e) **Retail repositioning charges: 2015 ($0.02 per share)**, ($15) million included in "Other operating expenses".

(f) **Asset impairment/Plant exit costs: 2016 ($13.54 per share)**, ($9,218) million included in "Impairment of assets". **2015 ($0.59 per share)**, ($1) million included in "Fuel", ($1) million included in "Other operating expenses", ($1) million included in "General taxes", ($16) million included in "Impairment of assets"; $2 million included in "Investment income (loss)", and $362 million included in "Impairment of equity method investment".

(g) **Debt redemption costs: 2016 ($0.01 per share)**, $7 million in "Interest expense".

(h) **Trust securities impairment: 2016 ($0.01 per share)**, $8 million included in "Investment income (loss)'. **2015 ($0.04 per share)**, $31 million included in "Investment income (loss)".

Per share amounts included above are based on the after tax effect of the above special items as discussed on slide 12 divided by the weighted average shares outstanding of 431 million shares in the fourth quarter of 2016 and 423 million shares in the fourth quarter of 2015.

FE Corp. Income Statements – 2016 and 2015

Consolidated GAAP and Special Items

(In millions, except per share amounts)

	Year Ended December 31, 2016		Year Ended December 31, 2015	
	GAAP	Special Items	GAAP	Special Items
(1) **Revenues**	$ 14,562	$ —	$ 15,026	$ (3) (d,f)
Expenses				
(2) Fuel	1,666	(90) (c,f)	1,855	(123) (c,f)
(3) Purchased Power	3,813	—	4,318	—
(4) Other operating expenses	3,858	(96) (b,d)	3,749	(9) (b,d,e,f)
(5) Pension and OPEB mark-to-market adjustment	147	(147) (a)	242	(242) (a)
(6) Provision for depreciation	1,313	—	1,282	—
(7) Amortization of regulatory assets, net	320	—	268	(2) (d)
(8) General taxes	1,042	—	978	(2) (f)
(9) Impairment of assets	10,665	(10,665) (f)	42	(42) (f)
(10) **Total Expenses**	22,824	(10,998)	12,734	(420)
(11) **Operating Income**	(8,262)	10,998	2,292	417
Other Income (Expense)				
(12) Investment income (loss)	84	19 (f,h)	(22)	115 (f,h)
(13) Impairment of equity method investment	—	—	(362)	362 (f)
(14) Interest expense	(1,157)	11 (g)	(1,132)	—
(15) Capitalized financing costs	103	—	117	—
(16) **Total Other Expense**	(970)	30	(1,399)	477
(17) **Income (Loss) Before Income Taxes**	(9,232)	11,028	893	894
(18) Income taxes	(3,055)	3,731 (i)	315	328
(19) **Net Income (Loss)**	$ (6,177)	$ 7,297	$ 578	$ 566

The above special items, if any, provides additional transparency to our disclosures by providing specific line items to which the special items are recorded. Management consistently utilizes these reconciliations to assist in its analysis of historical and ongoing performance. Additionally, the table above summarizes the pre-tax impact of each special item and the cumulative impact to income taxes (benefits) based on the current and deferred income tax expense associated with each special item. See slide 13 for GAAP to Operating (non-GAAP) EPS Reconciliation.

(a) **Mark-to-market adjustments - Pension/OPEB actuarial assumptions: 2016 ($0.21 per share)**, ($147) million included in "Pension and OPEB mark-to-market adjustment". **2015 ($0.35 per share)**, ($242) million included in "Pension and OPEB mark-to-market adjustment".

(b) **Mark-to-market adjustments - Other: 2016 ($0.01 per share)**, ($9) million included in "Other operating expenses". **2015 (($0.11) per share)**, $73 million included in "Other operating expenses".

(c) **Merger accounting - commodity contracts: 2016 ($0.05 per share)**, ($32) million included in "Fuel". **2015 ($0.16 per share)**, ($110) million included in "Fuel".

(d) **Regulatory charges: 2016 ($0.13 per share)**, ($87) million included in "Other operating expenses". **2015 ($0.07 per share)**, $2 million included in "Revenues", ($42) million included in "Other operating expenses", and ($2) million included in "Amortization of regulatory assets, net".

(e) **Retail repositioning charges: 2015 ($0.05 per share)**, ($31) million included in "Other operating expenses".

(f) **Asset impairment/Plant exit costs: 2016 ($16.67 per share)**, ($58) million included in "Fuel"; ($10,665) million included in "Impairment of assets"; ($2) million included in "Investment income (loss)"; and $159 million included in "Income taxes". **2015 ($0.67 per share)**, ($5) million included in "Revenues", ($13) million included in "Fuel", ($9) million included in "Other operating expenses", ($2) million included in "General taxes", ($42) million included in "Impairment of assets", $13 million included in "Investment income (loss)", and $362 million included in "Impairment of equity method investment".

(g) **Debt redemption costs: 2016 ($0.02 per share)**, $11 million included in "Interest expense".

(h) **Trust securities impairment: 2016 ($0.03 per share)**, $21 million included in "Investment income (loss)". **2015 ($0.15 per share)**, $102 million included in "Investment income (loss)".

Per share amounts included above are based on the after tax effect of the above special items as discussed on slide 13 divided by the weighted average shares outstanding of 426 million shares in 2016 and 422 million shares in 2015.

Earnings Per Share (EPS) – Forecast for 2017

Reconciliation of GAAP to Operating (Non-GAAP) Earnings

(In millions, except per share amounts)

	Estimate for Year 2017*					Q1 of 2017*
(In millions, except per share amounts)	Regulated Distribution	Regulated Transmission	Competitive Energy Services	Corporate / Other	FirstEnergy Corp. Consolidated	FirstEnergy Corp. Consolidated
2017F Net Income - GAAP	$980 - $1,025	$360 - $380	$5 - $55	$(245) - $(225)	$1,100 - $1,235	$285 - $330
2017F Basic EPS (avg. shares outstanding 445M)	$2.20 - $2.30	$0.81 - $0.85	$0.01 - $0.13	$(0.55) - $(0.51)	$2.47 - $2.77	$0.64 - $0.74
Excluding Special Items:						
Regulatory charges	0.04	—	—	—	0.04	0.01
Debt redemption costs	—	—	0.19	—	0.19	—
Total Special Items	0.04	—	0.19	—	0.23	0.01
2017F Basic EPS - Operating (Non-GAAP) (avg. shares outstanding 445M)	$2.24 - $2.34	$0.81 - $0.85	$0.20 - $0.32	$(0.55) - $(0.51)	$2.70 - $3.00	$0.65 - $0.75

* Per share amounts for the special items and earnings drivers above are based on the after-tax effect of each item divided by the weighted average basic shares outstanding and assumes up to $600 million of additional equity in 2017, of which ~$100 million relates to employee benefit and other plans. The current and deferred income tax effect was calculated by applying the subsidiaries' statutory tax rate to the pretax amount. The income tax rates range from 37% to 42%.

Ohio – Regulatory Update

ESP IV – Powering Ohio's Progress

- Implemented ESP IV on June 1, 2016
- ESP IV term is June 1, 2016, through May 31, 2024
  - Contemplates base distribution rate freeze for the term of ESP IV
  - Continues Delivery Capital Recovery Rider, with increases in annual revenue caps to earn a return on and of incremental distribution plant in service since last rate case
    - $30M June 1, 2016, to May 31, 2019
    - $20M June 1, 2019, to May 31, 2022
    - $15M June 1, 2022, to May 31, 2024
  - Commitment to robust energy efficiency offerings, including continued recovery of lost distribution revenue and shared savings
    - 2017-2019 Energy Efficiency Portfolio Plan filed April 15
    - Stipulation filed December 9, 2016; awaiting PUCO decision
  - Business plan filed on February 29, 2016, with options to invest in grid modernization initiatives in Ohio; awaiting PUCO direction
  - Provisions related to federal advocacy and resource diversification
  - Support for economic development, job retention and low-income customers
  - Commitment to file a case by April 3, 2017, proposing transition to decoupled distribution rates for residential customers starting January 1, 2019

Ohio – Regulatory Update

ESP IV – Powering Ohio's Progress

- PUCO issued its Entry on Rehearing on October 12, 2016
  - Denies the Ohio Utilities' modified Rider RRS proposal
  - Adopts the PUCO Staff's recommendation of Rider DMR with modifications
    - Rider DMR should be grossed up for taxes to the prevailing federal corporate income tax rate, which raises Rider DMR to approximately $204M annually
    - Three-year term, with possibility for a two-year extension
    - Excluded from significantly excessive earnings test
    - Recovery of Rider DMR is subject to three conditions: (1) retention of the corporate headquarters and nexus of operations in Akron, Ohio; (2) no change in control of FE's Ohio Utilities; and (3) a demonstration of sufficient progress in the implementation of grid modernization programs approved by the PUCO
    - Rider DMR was effective January 1, 2017

Base Rate Case Filings – Regulatory Update

- Pennsylvania
  - On April 28, 2016, each of the PA Utilities filed tariffs with the PPUC proposing general rate increases associated with their distribution operations based upon a fully projected future test year for the 12 months ending December 31, 2017
  - On October 14, 2016, each of the PA Utilities filed Joint Petitions for Settlement on all but one issue, proposing increases in operating revenues by approximately $291M – $96M at Met-Ed, $100M at Penelec, $29M at Penn Power, and $66M at West Penn Power
    - Briefs were filed on September 30, 2016, on one issue that the ADIT should be a deduction when calculating DSIC rates. Reply Briefs were filed on October 14, 2016
  - ALJ Recommended Decision was issued on November 7, 2016
  - PPUC Order issued January 19, 2017, approving rates effective on January 27, 2017, and moving single issue to a DSIC proceeding

	Met-Ed	Penelec	Penn Power	West Penn Power
Rate Increase (as settled)	$96M	$100M	$29M	$66M
Estimated Pre-Tax Earnings Increase (as settled)	$67M	$74M	$22M	$40M
Residential Rate Impact (as settled)	10.7%	12.8%	10.4%	7.2%
Debt/Equity Ratio (as filed)	48.8% / 51.2%	47.4% / 52.6%	49.9% / 50.1%	49.7% / 50.3%
Return on Equity	N/A	N/A	N/A	N/A
Rate Base (as filed)	$1.405B	$1.631B	$0.414B	$1.364B

Base Rate Case Filings – Regulatory Update

- New Jersey
  - On April 28, 2016, JCP&L filed tariffs with the NJBPU proposing a general rate increase associated with its distribution operations, which requested approval to increase operating revenues by approximately $142M with a hybrid test year for 12 months ending June 30, 2016
  - On September 30, 2016, JCP&L filed an updated revenue requirement of $146.6M, which included actual results for 12 months ending June 30, 2016
  - On November 30, 2016, submitted Stipulation of Settlement to the ALJ
  - On December 12, 2016, the NJBPU approved the Stipulation of Settlement, which provided for an annual $80M distribution revenue increase effective on January 1, 2017
    - The Settlement also provided for an annual increase of $19.2M to JCP&L's Storm Recovery Charge (SRC), effective February 1, 2017, to accelerate the recovery of deferred O&M expenses resulting from Hurricane Sandy, which was approved by the NJBPU on January 25, 2017
    - The Stipulation is structured as a "black box" settlement

West Virginia – Regulatory Update

- Mon Power RFP
  - Mon Power identified a capacity shortfall in its 2015 Integrated Resource Plan
  - Mon Power has updated its load forecast from the 2015 IRP and seeks to satisfy its capacity shortfall through a combination of approximately 1,300 MW (UCAP) of generation capacity and up to 100 MW of demand resources
  - CRA International was retained to manage the RFP and evaluate the proposals on behalf of Mon Power
  - Milestone dates:

– RFP Issued	December 16, 2016
– Notice of Intent w/ Pre-Qualification Documents	December 23, 2016
– Notification of Pre-qualification	January 6, 2017
– Proposals Due	February 3, 2017
– Proposal Evaluation	February 4, 2017 – February 24, 2017
– Due Diligence and Negotiation Period	February 24, 2017 – March 14, 2017
– Applications filed with WVPSC and FERC	March 15, 2017

MAIT Transmission – Regulatory Update

- MAIT and JCP&L to update their respective transmission rates
  - On October 28, 2016, MAIT and JCP&L filed under Federal Power Act section 205 a “forward-looking” formula rate for recovery of MAIT’s and JCP&L’s transmission costs; requested that rates become effective January 1, 2017, subject to regulatory approval
  - Protests submitted to FERC by Intervenors
    - November 18, 2016, in JCP&L and November 30, 2016, in MAIT
  - Subsequently, JCP&L (December 5, 2016) and MAIT (December 12, 2016) filed responses to the intervenor protests
- FERC Staff issued “Deficiency Letters” for MAIT & JCP&L on December 28, 2016
  - Proposed formula rates did not take effect as of January 1, 2017, as requested
- MAIT & JCP&L submitted to FERC on January 10, 2017, their written responses to the deficiency letters
  - MAIT requested rates to be effective upon the closing of the transaction in which MAIT acquires the transmission facilities of Met-Ed and Penelec (rates to be effective February 1, 2017)
    - However, until FERC accepts the formula rate, the legacy Met-Ed/Penelec stated rate will remain in effect
  - JCP&L requested rates to be effective retroactively to January 1, 2017
    - The legacy stated rate will remain in effect until FERC accepts the formula rate

Financial – Liquidity

Available Liquidity
($M)

	FES	FET	FEU	FE Corp.	FE Consolidated[1]
Revolving Credit Facility	$ 500	$ 1,000	$ 4,000		$ 5,000
Short-Term borrowings	–	–	–	(2,650)	(2,650)
Letters of Credit (LOC)	–	–	–	(9)	(9)
Total Utilization	–	–	$ (2,659)		$ (2,659)
Available Credit Capacity	$ 500	$ 1,000	$ 1,341		$ 2,341
Cash & Investments	–	72	–	236	308
Available Liquidity	$ 500	$ 1,072	$ 1,577		$ 2,649

As of January 31, 2017

[1] FES has $500M in available credit capacity from a two-year secured credit facility with FirstEnergy Corp, which is excluded from the available credit capacity to FE Consolidated.

Financial – Parental Guarantees

	FirstEnergy Corp. (Parent)					
	Competitive		Regulated		Corp/Other	
	$M	Expiration	$M	Expiration	$M	Expiration
Energy-Related & Retail Contracts	$12	2017	–	–	–	–
Deferred Compensation Arrangements	$139	–	$184	–	$236	–
Other[1]	$3	2016-2017	$4	2030	$3	–

	Competitive	Regulated	Corp/Other
Total FE Corp. Guarantees on behalf of subsidiaries	$154	$188	$239
Unfunded Pension/OPEB Obligations[2]	$712	$1,333	$1,458

[1] Effective January 2017, FirstEnergy Corp. is a guarantor for $169M of competitive (FES) surety bonds for the benefit of the Pennsylvania Department of Environmental Protection with respect to Little Blue Run.
[2] FE Corp. is committed to fund all unfunded pension/OPEB obligations.

As of December 31, 2016

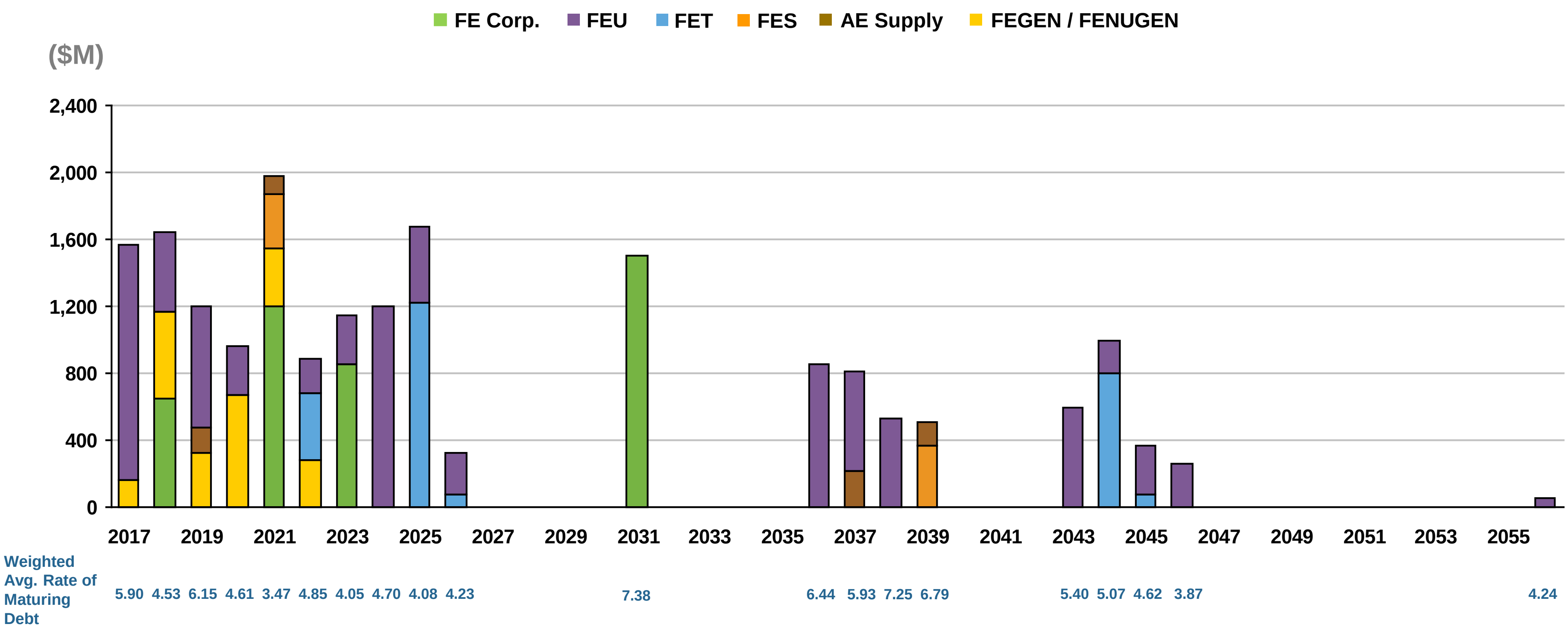
Financial – Potential Collateral Requirements

($M)

As of December 31, 2016	Competitive	Utilities	Total
At Current Credit Rating	$10	$0	$10
Upon Further Downgrade	$0	$48	$48
Surety Bonds[1]	$265	$102	$367
Maximum Potential	$275	$150	$425

[1] Surety Bonds are not tied to a credit rating. Surety Bonds impact assumes maximum contractual obligations (typical obligations require 30 days to cure). Effective January 2017, FirstEnergy Corp. is a guarantor for $169M of competitive (FES) surety bonds for the benefit of the Pennsylvania Department of Environmental Protection with respect to Little Blue Run.

Financial – Consolidated Long-Term Debt Maturities



Excludes securitization bonds

As of December 31, 2016

Financial – Outstanding Debt by Legal Entity

($M)

Hold Co. At 12/31/2016	FE Hold Co.
Short-term Debt	2,675
Long-term Debt	4,200
Debt Subtotal	**6,875**
Premiums	2
Unamortized Issuance Costs	(11)
Total Balance Sheet Debt	**6,866**

Utilities At 12/31/2016	Ohio Edison	Cleveland Electric	Toledo Edison	Penn Power	Metropolitan Edison	Pennsylvania Electric	Jersey Central	Mon Power	Potomac Edison	West Penn Power
Short-term Debt	-	2	-	-	46	31	98	195	17	103
Long-term Debt	650	1,330	350	153	850	1,125	1,950	1,224	500	625
Securitization Bonds	135	164	40	-	-	-	85	293	98	-
Debt Subtotal	**785**	**1,496**	**390**	**153**	**896**	**1,156**	**2,133**	**1,711**	**614**	**728**
Discounts	(8)	(2)	-	-	(1)	(1)	(6)	(1)	-	-
Unamortized Issuance Costs	(2)	(4)	(2)	(1)	(4)	(4)	(7)	(12)	(5)	(2)
Purchase Accounting	-	-	-	-	-	-	-	12	4	4
Capital Leases	18	14	8	3	14	21	-	4	4	7
Total Balance Sheet Debt	**792**	**1,505**	**396**	**155**	**905**	**1,172**	**2,120**	**1,715**	**618**	**737**

Transmission At 12/31/2016	FET Hold Co.	ATSI	TrAIL
Short-term Debt	-	-	170
Long-term Debt	1,000	950	625
Debt Subtotal	**1,000**	**950**	**795**
Discounts	(2)	(4)	-
Unamortized Issuance Costs	(9)	(6)	(4)
Total Balance Sheet Debt	**990**	**940**	**791**

Competitive Energy Services At 12/31/2016	FES Hold Co.	FE Generation	FE Nuclear Generation	Allegheny Energy Supply	Allegheny Generating
Short-term Debt	101	-	-	-	24
Long-term Debt	696	1,173	1,131	521	100
Debt Subtotal	**797**	**1,173**	**1,131**	**521**	**124**
Discounts	(1)	-	-	-	-
Unamortized Issuance Costs	(4)	(5)	(6)	-	-
Purchase Accounting	-	-	-	(27)	-
Capital Leases	-	8	-	-	-
Total Balance Sheet Debt	**792**	**1,176**	**1,125**	**494**	**124**

Totals may not foot due to rounding

Financial – Credit Ratings

As of 02/03/2017	Corporate Credit Rating (S&P) / Issuer Rating (Moody's) [1] / Issuer Default (Fitch)			Senior Secured			Senior Unsecured			Outlook		
	S&P	Moody's	Fitch	S&P	Moody's	Fitch	S&P	Moody's	Fitch	S&P	Moody's	Fitch
FirstEnergy Corp.	BBB-	Baa3	BBB-	-	-	-	BB+	Baa3	BBB-	negative	stable	stable
FirstEnergy Solutions	CCC+	Caa1	CC	B	B1	-	CCC+	Caa1	C	negative	negative	-
Allegheny Energy Supply	B+	B1	B	BB	-	BB	BB-	B1	BB-	cr. watch	negative	stable
Allegheny Generating Co.	B+	Baa3	B+	-	-	-	BB-	Baa3	BB	cr. watch	stable	stable
American Transmission Systems Inc.	BBB-	Baa2	BBB	-	-	-	BBB-	Baa2	BBB+	negative	stable	stable
Cleveland Electric Illuminating	BBB-	Baa3	BBB	BBB+	Baa1	A-	BBB-	Baa3	BBB+	negative	stable	stable
FirstEnergy Transmission	BBB-	Baa3	BBB-	-	-	-	BB+	Baa3	BBB-	negative	stable	stable
Jersey Central Power & Light	BBB-	Baa2	BBB-	-	-	-	BBB-	Baa2	BBB	negative	stable	stable
Metropolitan Edison	BBB-	A3	BBB	-	-	-	BBB-	A3	BBB+	negative	stable	stable
Mid-Atlantic Interstate Transmission	-	-	-	-	-	-	-	-	-	-	-	-
Monongahela Power	BBB-	Baa2	BBB-	BBB+	A3	BBB+	-	-	-	negative	stable	stable
Ohio Edison Co.	BBB-	Baa1	BBB	BBB+	A2	A-	BBB-	Baa1	BBB+	negative	stable	stable
Pennsylvania Electric Co.	BBB-	Baa1	BBB	-	-	-	BBB-	Baa1	BBB+	negative	stable	stable
Pennsylvania Power Co.	BBB-	Baa1	BBB	-	A2	A-	-	-	-	negative	stable	stable
Potomac Edison Co.	BBB-	Baa2	BBB-	BBB+	A3	BBB+	-	-	-	negative	stable	stable
Toledo Edison Co.	BBB-	Baa3	BBB	BBB+	Baa1	A-	-	-	-	negative	stable	stable
Trans-Allegheny Interstate Line Co.	BBB-	A3	BBB	-	-	-	BBB-	A3	BBB+	negative	stable	stable
West Penn Power Co.	BBB-	A3	BBB	BBB+	A1	A-	-	-	-	negative	stable	stable

[1] Ratings shown for FES and AES reflect Moody's "Corporate Family Rating" (CFR) which are employed for speculative grade issuers

On 02/03/2017 Moody's upgraded the issuer and senior unsecured ratings of:
- West Penn Power Company to A3 from Baa1; the senior secured rating was also upgraded to A1 from A2
- Metropolitan Edison Company to A3 from Baa1
- Pennsylvania Electric Company to Baa1 from Baa2
- Affirmed the ratings of Pennsylvania Power Company
- The rating outlook for all companies is stable

Financial – Credit Providers

24 financial institutions provide ~$6.4B aggregate credit commitment

($M)	
Revolving Credit Facilities	$5,000
Term Loans	1,200
SUB-TOTAL	$6,200
Vehicle Leases	158
Sale Leaseback LOC	4
TOTAL	$6,362

Bank of America	Ind & Comm Bank of China
Bank of New York Mellon	JP Morgan Chase
Bank of Nova Scotia	Keybank
Barclays Bank	Mizuho
CIBC	Morgan Stanley
Citibank	PNC
Citizens Bank	Santander
CoBank	Sumitomo Mitsui
Fifth Third Bank	TD Bank
First National Bank	Union Bank/Bank of Tokyo Mitsubishi
Goldman Sachs	US Bank
Huntington National Bank	Wells Fargo

As of December 31, 2016