Enclosure B
L-16-092

Non-Proprietary Foreign Ownership Control or Influence Information for FirstEnergy Solutions Corp.
(307 pages follow)

FOCI DATA SHEET

FOCI DATA SHEET

COMPANY NAME: FirstEnergy Solutions Corp.

Listed below are documents required to complete a FOCI Determination.

FOCI Determination Documents common to all Business Structures

OODEP LIST	X
RFI STATEMENT	N/A
Standard Form 328 (CPFI)	X
WEB PAGE ADDRESS (if applicable)	N/A

Additional documents required to be included for a PUBLICLY TRADED CORPORATION

ARTICLES OF INCORPORATION	
SEC 10K REPORT	
PROXY STATEMENT	
SEC SCHEDULES 13D & 13G	
CORPORATE BY-LAWS	
IRS FORM 5471	
ANNUAL REPORT WITH FINANCIAL INFORMATION	

Additional documents required to be included for a PRIVATELY OWNED CORPORATION

ARTICLES OF INCORPORATION	X
CORPORATE BY-LAWS	X
IRS FORM 5471 (IF APPLICABLE)	N/A
ANNUAL REPORT WITH FINANCIAL INFORMATION (OR)	X
AUDITED FINANCIAL INFORMATION IN LIEU OF ANNUAL REPORT	N/A
(IF UNAUDITED, SUBMIT A CERTIFICATION ATTESTING TO THE UNAVAILABILITY OF AUDIT INFORMATION)	N/A

Additional documents required for a PARTNERSHIP

PARTNERSHIP AGREEMENT	
SEC 10K REPORT	
PROXY STATEMENT	
SEC SCHEDULES 13D &13G	
IRS FORMS 5471 AND 1065	
LATEST ANNUAL REPORT WITH FINANCIAL INFORMATION (OR)	
AUDITED FINANCIAL INFORMATION IN LIEU OF ANNUAL REPORT	
(IF UNAUDITED, SUBMIT A CERTIFICATION ATTESTING TO THE UNAVAILABILITY OF AUDIT INFORMATION)	
MOST CURRENT BOARD MEETING MINUTES IDENTIFYING EXECUTIVE APPOINTMENTS/CHANGES	

CSCS ______________ NSP ______________

Additional documents required for a PROPRIETORSHIP

TAX ID NO./STATE REGISTRATION CERTIFICATE ______
IRS FORM 1040 ______
ANNUAL REPORT OR AUDITED FINANCIAL INFORMATION FOR MOST RECENT FISCAL YEAR (IF AUDITED REPORT IS NOT AVAILABLE CFO/TREASURER MUST SIGN AND DATE THE FINANCIAL STATEMENT CERTIFYING THAT IT IS CURRENT AND CORRECT) ______
IF COMMUNITY PROPERTY STATE (AZ, CA, ID, LA, NV, NM, TX, WA, WI) SPOUSAL INFORMATION IS ALSO REQUESTED. IF SUBJECT IS SINGLE, PLEASE SO STATE. ______

Additional documents required for a LIMITED LIABILITY CORPORATION

CERTIFICATE OF ORGANIZATION ______
OPERATING AGREEMENT ______
AUDITED FINANCIAL INFORMATION FOR MOST RECENT FISCAL YEAR (IF UNAUDITED THE CFO/TREASURER MUST SIGN AND DATE THE FINANCIAL STATEMENT CERTIFYING THAT IT IS CURRENT AND CORRECT) ______

Additional documents required for a COLLEGE/UNIVERSITY

UNIVERSITY CHARTER ______
LATEST ANNUAL REPORT ______
MOST CURRENT BOARD MEETING MINUTES IDENTIFYING EXECUTIVE APPOINTMENTS/CHANGES ______

NON-PROPRIETARY OWNERS, OFFICERS, DIRECTORS, AND EXECUTIVE PERSONNEL (OODEP)

~~OFFICIAL USE ONLY - SECURITY-RELATED INFORMATION~~

NRC FORM 405F (MM-YYYY) 10 CFR Part 95 — List ALL Owners, Officers, Directors, and Executive Personnel (OODEP's)	APPROVED BY OMB: 3150-XXXX — U. S. NUCLEAR REGULATORY COMMISSION
	Estimated burden per response to comply with this collection request: 10 minutes. This collection is a voluntary means of complying with the requirements in 10 CFR 95.17. This notification is being made available to report changes to owners, officers, directors or executive personnel entities holding existing Facility Clearances under 10 CFR 95 or MD 12.2. Send comments regarding burden estimate to the FOIA, Privacy, and Information Collections Branch (T-5 F53), U. S. Nuclear Regulatory Commission, Washington, DC 20555-0001, or by e-mail to Infocollects.Resource@nrc.gov, and to the Desk Officer, Office of Information and Regulatory Affairs, NEOB-10202, (3150-xxxx), Office of Management and Budget, Washington, DC 20503. If a means used to impose an information collection does not display a currently valid OMB control number, the NRC may not conduct or sponsor, and a person is not required to respond to, the information collection.

Company's Current Legal Name, Address, and Phone Number of Company's Principal Executive Offices:	Other names used (e.g., doing business as):		
FirstEnergy Solutions Corp. 341 White Pond Drive Akron, OH 44320 1-800-736-3402	N/A	Date Submitted:	4/22/2016
		Tax Identification No.	31-1560186
		Date Company was Incorporated:	8/08/1997
		State of Incorporation:	Ohio

(Must provide any name or address change of the Company's principal executive office and date(s) of change during the past 10 years on the Attachment page).

Organization Status:	Stock Ownership:
☑ Corporation ☐ Sole Proprietorship ☐ Partnership	☐ Privately-Owned ☑ Subsidiary of:
☐ Other ☐ General ☐ Limited	☐ Publicly-Traded FirstEnergy Corp.

NAME (First Name, Initial, Last Name)	POSITION TITLES	IF OWNER, % OF OWNERSHIP	SSN	CLEARANCE HELD AND/OR BEING OBTAINED AND ISSUING AGENCY	CITIZENSHIP
See Attached.	---	---	---	---	---
None assigned.	Facility Security Officer	N/A	N/A	N/A	N/A

[1]The above information, i.e., name, titles, etc., must be provided for the following: (a) the proprietor of a sole proprietorship; (b) all individuals managing the business affairs of a corporation. In most cases, these individuals are identified in the Articles of Incorporation or By-Laws and include the Board of Directors, President, Secretary, and Treasurer; (c) the General Partner(s) of a Limited Partnership; and (d) all partners of a General Partnership. [2] In addition, privately-held entities must provide the above information, i.e., name, titles, etc., for all owners, and also provide the percentage of issued stock/shares held by each owner.

List certified correct by: (Typed or Printed Name and Title)	SIGNATURE	DATE
Daniel M. Dunlap Assistant Corporate Secretary	[signature]	4/13/16

944

NRC FORM 405F
(MM-YYYY)
10 CFR Part 95

List ALL Owners, Officers, Directors, and Executive Personnel (OODEP's)

U. S. NUCLEAR REGULATORY COMMISSION

INSTRUCTIONS:

Provide requested OODEP information in accordance with the following instructions. In addition, the OODEP listing must be certified as being accurate, current, and complete by an authorized official of the organization [i.e., a person authorized to represent and sign for the organization as officially recorded by the organization (that is, in the document which sets forth the terms and conditions for its operation and management--the bylaws, operating agreement, partnership agreement, etc.)] or any other employee, identified by name, of the organization, if designated in writing by such an authorized official as having been delegated authority to execute the FOCI repre. & certt. On behalf of the organization:

Owners. The requested information on owners and representatives or agents of stockholders is to be attached to the organization's OODEP listing:

1. For privately-owned organizations:
   a. Provide the following information for each person (i.e., human being) who directly or indirectly owns or has beneficial ownership of 5 percent or more of any class of the organization's securities or who has directly or indirectly subscribed 5 percent or more of the organization's total capital commitment:

      (1) If the beneficial owner holds a position as an OODEP in the organization and is identified on the OODEP listing, provide the individual's name with the class and number of shares of capital stock he/she owns of the organization's securities or the capital commitment he/she has subscribed.

      (2) If the beneficial owner does not hold a position as an OODEP in the organization and is not identified on the OODEP listing, provide the individual's name, address, and the class and number of shares of capital stock he/she owns of the organization's securities or the capital commitment he/she has subscribed. If known, information on the individual's citizenship should also be provided.

   b. Provide the following information for each legal entity which directly or indirectly owns or has beneficial ownership of 5 percent or more of any class of the organization's securities or which has directly or indirectly subscribed 5 percent or more of the organization's total capital commitment:

      The legal name (i.e., as specified in charter) with the address of its principal executive offices and the class and number of shares of capital stock the entity owns of the organization's securities or the capital commitment the entity has subscribed. In addition, if the entity is controlled by another organization, the country of ultimate legal residence must be provided.

   c. Provide the name of any representative(s) or agent(s) of any owner (person or entity), if any, who hold positions, such as Board member (or similar type of governing body), officers, executive personnel, or general partners in your organization. Also identify the owner which the individual is representing.

2. For publicly-traded organizations:
   a. Provide the most recent copies of any Schedules 13D and/or 13G received from any beneficial owners (foreign or domestic) who hold 5 percent or more of the organization's securities.

   b. Provide the name of any representative(s) or agent(s) of any stockholder (person or entity), if any, who hold positions, such as Board member (or similar type of governing body), officers, executive personnel, or general partners in your organization. Also identity the stockholder which the individual is representing.

Officers: Identify and provide requested information (i.e., names, titles, etc.) for all of the organization's officers on the OODEP listing.

The definition of officers is: Those persons in positions established as officers as officially recorded by the organization (that is, in the document filed for the organization's existence and the document which sets forth the terms and conditions for its operation and management--the articles of incorporation and bylaws; articles of organization and operating agreement; certificate of limited or general partnership and the partnership agreement; etc.). However, excluded from this definition are: (a) assistant vice presidents who have no management responsibilities related to performance on classified contracts; (ii) assistant secretaries; and (iii) assistant treasurers.

Directors: Identify and provide requested information (i.e., names, titles, etc.) for all of the organization's directors on the OODEP listing, to include identification of the Chairman of the Board and any Vice Chairman. If the organization has no Chairman of the Board of Directors, identify the individual who performs those functions at board meetings.

The definition of directors is: Members of the board or similar governing body chosen to direct the affairs of a corporation or institution.

Executive Personnel: Identify and provide requested information (i.e., names, titles, etc.) for all of the organization's executive personnel on the OODEP listing.

The definition of executive personnel is: Those individuals who perform policy making functions for the organization, or any other person in charge of a principal business unit, division, or function.

Facility Security Officer: Identify and provide requested information (i.e., name, title, etc.) for the organization's Facility Security Officer.

The definition of a Facility Security Officer is: The individual at the facility assigned the responsibility of administering the requirements of the Safeguards and Security Program within the facility.

Spouse of a sole proprietor: For those sole proprietorships operating in community property states, identify and provide requested information (i.e., all information required on the OODEP listing) on a sole proprietor's spouse, if any. If there is no spouse, so state.

Vacant positions: If any OODEP position is vacant, so state and include estimated date vacancy will be filled.

Mail Completed NRC Form 405F to the following address:

USNRC
Office of Nuclear Security and Incident Response
Mail Stop: O2 D15
11555 Rockville Pike
Rockville, MD 20852-2738

List ALL Owners, Officers, Directors, and Executive personnel (OODEPs)[1, 2]

Company's Current Legal Name, Address, and Phone Number Of company's Principal Executive Offices:
FirstEnergy Solutions Corp.

341 White Pond Drive

Akron, OH 44320

1-800-736-3402
(Must provide any name or address change of the Company's Principal executive office and date(s) of change during past 10 years on the Attachment page.)

Other names used (e.g., doing business as):
N/A

Tax Identification No. 31-1560186

Date Company was Incorporated: 8/08/1997

State of Incorporation: Ohio

Organization Status:

☒ Corporation	☐ Sole Proprietorship	Partnership: ☐ General ☐ Limited	☐ Other: ______

Stock Ownership:

☒ Privately-Owned	☐ Publicly-traded	☒ Subsidiary of: FirstEnergy Corp.

NAME First Name, Initial, Last Name	POSITION TITLES	IF OWNER, % OF OWNERSHIP[2]	SSN	CLEARANCE HELD AND/OR BEING OBTAINED AND ISSUING AGENCY	CITIZENSHIP
Charles E. Jones	Director	N/A	[ ][3]	[ ]	[ ]
James H. Lash	Director	N/A	[ ]	[ ]	[ ]
James F. Pearson	Director, Executive Vice President and Chief Financial Officer	N/A	[ ]	[ ]	[ ]
Donald R. Schneider	President	N/A	[ ]	[ ]	[ ]
Rhonda S. Ferguson	Vice President and Corporate Secretary	N/A	[ ]	[ ]	[ ]
Leila L. Vespoli	Executive Vice President, Markets and Chief Legal Officer	N/A	[ ]	[ ]	[ ]
Robert P. Reffner	Vice President and General Counsel	N/A	[ ]	[ ]	[ ]
Brian A. Farley	Vice President, Sales	N/A	[ ]	[ ]	[ ]
James G. Garanich	Vice President, Tax	N/A	[ ]	[ ]	[ ]
James G. Mellody	Vice President, Fuel and	N/A	[ ]	[ ]	[ ]

	Unit Dispatch				
Kevin T. Warvell	Vice President, Commercial Operations, Structuring and Pricing	N/A	[ ]	[ ]	[ ]
K. Jon Taylor	Vice President and Controller	N/A	[ ]	[ ]	[ ]
Steven R. Staub	Vice President and Treasurer	N/A	[ ]	[ ]	[ ]
N/A	Facility Security Officer	N/A	N/A	N/A	N/A

1. The above information, i.e., name, titles, etc., must be provided for the following: (a) the proprietor of a sole proprietorship; (b) all individuals managing the business affairs of a corporation. In most cases, these individuals are identified in the Articles of Incorporation or By-Laws and include the Board of Directors, President, Secretary, and Treasurer; (c) the General Partner(s) of a Limited Partnership; and (d) all partners of a General partnership.

2. In addition, privately-held entities must provide the above information, i.e., name, titles, etc., for all owners, and also provide the percentage of issued stock/shares held by each owner.

3. Information contained within the brackets [ ] is considered security-related or personal privacy information.

STANDARD FORM 328

CERTIFICATE PERTAINING TO FOREIGN INTERESTS

(Type or print all answers)

OMB No. 0704-0194
OMB approval expires May 31, 2011

PLEASE DO NOT RETURN YOUR FORM TO THE ORGANIZATION IN THE PARAGRAPH BELOW, RETURN COMPLETED FORM TO YOUR RESPECTIVE COGNIZANT SECURITY OFFICE.

PENALTY NOTICE

Failure to answer all questions or any misrepresentation (by omission or concealment, or by misleading, false or partial answers) may serve as a basis for denial of clearance for access to classified information. In addition, Title 18, United States Code 1001, makes it a criminal offense, punishable by a maximum of five (5) years imprisonment, $15,000 fine or both, knowingly to make a false statement or representation to any Department or Agency of the United States, as to any matter within the jurisdiction of any Department or Agency of the United States. This includes any statement made herein which is knowingly incorrect, incomplete or misleading in any important particular.

PROVISIONS

1. This report is authorized by the Secretary of Defense, as Executive Agent for the National Industrial Security Program, pursuant to Executive Order 12829. While you are not required to respond, your eligibility for a facility security clearance cannot be determined if you do not complete this form. The retention of a facility security clearance is contingent upon your compliance with the requirements of DoD 5220.22-M for submission of a revised form as appropriate.

2. When this report is submitted in confidence and is so marked, applicable exemptions to the Freedom of Information Act will be invoked to withhold it from public disclosure.

3. Complete all questions on this form. Mark "Yes" or "No" for each question. If your answer is "Yes" furnish in full the complete information under "Remarks."

QUESTIONS AND ANSWERS

	YES	NO
1. *(Answer 1a. or 1b.)*		
a. *(For entities which issue stock):* Do any foreign person(s), directly or indirectly, own or have beneficial ownership of 5 percent or more of the outstanding shares of any class of your organization's equity securities?		X
b. *(For entities which do not issue stock):* Has any foreign person directly or indirectly subscribed 5 percent or more of your organization's total capital commitment?		
2. Does your organization directly, or indirectly through your subsidiaries and/or affiliates, own 10 percent or more of any foreign interest?		X
3. Do any non-U.S. citizens serve as members of your organization's board of directors (or similar governing body), officers, executive personnel, general partners, regents, trustees or senior management officials?		X
4. Does any foreign person(s) have the power, direct or indirect, to control the election, appointment, or tenure of members of your organization's board of directors (or similar governing body) or other management positions of your organization, or have the power to control or cause the direction of other decisions or activities of your organization?		X
5. Does your organization have any contracts, agreements, understandings, or arrangements with a foreign person(s)?	X	
6. Does your organization, whether as borrower, surety, guarantor or otherwise have any indebtedness, liabilities or obligations to a foreign person(s)?	X	
7. During your last fiscal year, did your organization derive:		
a. 5 percent or more of its total revenues or net income from any single foreign person?		X
b. In the aggregate 30 percent or more if its revenues or net income from foreign persons?		X
8. Is 10 percent or more of any class of your organization's voting securities held in "nominee" shares, in "street names" or in some other method which does not identify the beneficial owner?		X
9. Do any of the members of your organization's board of directors (or similar governing body), officers, executive personnel, general partners, regents, trustees or senior management officials hold any positions with or serve as consultants for, any foreign person(s)?		X
10. Is there any other factor(s) that indicates or demonstrates a capability on the part of foreign persons to control or influence the operations or management of your organization?		X

REMARKS *(Attach additional sheets, if necessary, for a full detailed statement.)*

FirstEnergy Solutions Corp.

FirstEnergy Solutions Corp. is wholly owned by FirstEnergy Corp.

Refer to the FirstEnergy Corp. Standard Form 328 for information regarding the responses to Items 5 and 6.

CERTIFICATION

I CERTIFY that the entries made by me above are true, complete, and correct to the best of my knowledge and belief and are made in good faith.

WITNESSES:

N/A

N/A

NOTE: In case of a corporation, a witness is not required but the certificate below must be completed. Type or print names under all signatures.

4/13/16
(Date Certified)

944
(Signature ~~of~~ Authorized ~~Contractor~~ Representative)

Daniel M. Dunlap
(Typed Name ~~of Contractor~~)

Assistant Corporate Secretary
(Title of Authorized ~~Contractor~~ Representative)

76 South Main Street, Akron, Ohio 44308
(Address)

NOTE: Contractor, if a corporation, should cause the following certificate to be executed under its corporate seal, provided that the same officer shall not execute both the Agreement and the Certificate.

CERTIFICATE

I, Rhonda S. Ferguson, certify that I am the Corporate Secretary of the corporation named ~~as Contractor~~ herein; that Daniel M. Dunlap who signed this certificate ~~on behalf of the Contractor~~, was then Assistant Corporate Secretary of said corporation; that said certificate was duly signed for and in behalf of said corporation by authority of its governing body, and is within the scope of its corporate powers.

(Corporate Seal)

(Signature and Date)

ARTICLES OF INCORPORATION

FIRSTENERGY SERVICES CORP.

Action of Sole Shareholder Without a Meeting

Pursuant to Section 1701.54 of the Ohio Revised Code, FirstEnergy Corp., an Ohio corporation, being the sole shareholder of FirstEnergy Services Corp., an Ohio corporation (the "Corporation"), hereby adopts the following resolution by this written action in lieu of a meeting:

RESOLVED, that, effective September 1, 2001, the First Article of the Corporation's Articles of Incorporation shall be deleted in its entirety, and the following shall be adopted in its place:

1. NAME The name of this corporation shall be: "FirstEnergy Solutions Corp.".

IN WITNESS WHEREOF the undersigned has hereunto set its signature as of the 31st day of August, 2001.

FIRSTENERGY CORP.

By: H. Peter Burg

H. Peter Burg
Chairman and Chief Executive Officer

[49185]

Prescribed by **J. Kenneth Blackwell**

Please obtain fee amount and mailing instructions from the **Forms Inventory List** (using the 3 digit form # located at the bottom of this form). To obtain the **Forms Inventory List** or for assistance, please call Customer Service:

Central Ohio: (614)-466-3910 Toll Free: 1-877-SOS-FILE (1-877-767-3453)

Expedite this form

☑ Yes

CERTIFICATE OF AMENDMENT BY SHAREHOLDERS TO ARTICLES OF

FirstEnergy Services Corp.

(Name of Corporation)

987413

(charter number)

Arthur R. Garfield , who is the President

(name) (title)

of the above named Ohio corporation organized for profit, does hereby certify that: (Please check the appropriate box and complete the appropriate statements.)

☐ a meeting of the shareholders was duly called and held on ______________, at which meeting a quorum the shareholders was present in person or by proxy, and that by the affirmative vote of the holders of shares entitling them to exercise ________ % of the voting power of the corporation,

☑ in a writing signed by all the shareholders who would be entitled to notice of a meeting held for that purpose, the following resolution to amend the articles was adopted:

RESOLVED, that, effective September 1, 2001, the First Article of the Corporation's Articles of Incorporation shall be deleted in its entirety, and the following shall be adopted in its place:

1. NAME The name of this corporation shall be: "FirstEnergy Solutions Corp.".

CLIENT SERVICE CENTER

2001 AUG 31 AM 9:59

RECEIVED SECRETARY OF STATE

IN WITNESS WHEREOF, the above named officer, acting for and on behalf of the corporation, has hereunto subscribed his name on August 31, 2001

(his/her) (date)

Signature: Arthur R. Garfield

Title: President

05964-0780

ARTICLES OF INCORPORATION

OF

FIRSTENERGY SERVICES CORP.

08/18/97
$85.00
97081100301

The undersigned, desiring to form a corporation, for profit, under Sections 1701.01 *et seq*. of the Ohio Revised Code, does hereby state the following:

FIRST. The name of the corporation shall be FirstEnergy Services Corp.

SECOND. The place in Ohio where its principal office is to be located is Akron, Summit County.

THIRD. The purpose for which this corporation is formed is to engage in any lawful act or activity for which a corporation may be formed under Section 1701.01 to 1701.98, inclusive, of the Ohio Revised Code.

FOURTH. The number of shares of all classes which the corporation is authorized to have outstanding is seven hundred and fifty (750) shares of common stock having no par value.

IN WITNESS WHEREOF, I have subscribed my name, this 6th day of August, 1997.

FirstEnergy Services Corp.

David L. Feltner

David L. Feltner, Incorporator

{25672}

CORPORATE BY-LAWS

AMENDED AND RESTATED
CODE OF REGULATIONS
of
FirstEnergy Solutions Corp.
(FKA – FirstEnergy Services Corp.)

August 26, 2009

ARTICLE I – OFFICES

The principal office of the Corporation shall be located in the City of Akron, County of Summit, State of Ohio. The Corporation may also maintain offices at such other places within or without the United States as the Board of Directors may, from time to time, determine.

ARTICLE II – MEETING OF SHAREHOLDERS

Section 1 – Annual Meeting:

The annual meeting of shareholders of the Corporation for the election of directors and for the transaction of such other business as may properly come before said meeting shall be held on such date and at such hour and place, within or without the State of Ohio, as shall be fixed by the Board of Directors with respect to each such meeting and as shall be stated in the notice thereof.

Section 2 – Special Meetings:

Special meetings of shareholders, for any purpose or purposes may, except as otherwise prescribed by law, be called at any time by the President or by the Board of Directors, and shall be called by the President or the Secretary at the written request of the holders of twenty-five percent (25%) of the shares then outstanding and entitled to vote thereat, or as otherwise required under the provisions of the Generation Corporation Law of Ohio.

Section 3 – Place of Meetings:

All meetings of shareholders shall be held at the principal office of the Corporation, or at such other places as shall be designated in the notices or waivers of notice of such meetings.

Section 4 – Notice of Meetings:

(a) Except as otherwise provided by law, written notice of each meeting of shareholders, whether annual or special, stating the time when and place where it is to be held, shall be served either personally or by mail, not less than seven (7) nor more than sixty (60) days before the

meeting, upon each shareholder of record entitled to vote at such meeting, and to any other shareholder to whom the giving of notice may be required by law. Notice of a special meeting shall also state the purpose or purposes for which the meeting is called, and shall indicate that it is being issued by, or at the direction of, the person or persons calling the meeting. If, at any meeting, action is proposed to be taken that would, if taken, entitle shareholders to receive payment for their shares pursuant to law, the notice of such meeting shall include a statement of that purpose and to that effect. If mailed, such notice shall be directed to each such shareholder at his address, as it appears on the records of the shareholders of the Corporation, unless he shall have previously filed with the Secretary of the Corporation a written request that notices intended for the shareholder be mailed to some other address, in which case, it shall be mailed to the address designated in such request.

(b) Notice of any meeting need not be given to any person who may become a shareholder of record after the mailing of such notice and prior to, the meeting, or to any shareholder who attends such meeting, in person or by proxy, or to any shareholder who, in person or by proxy, submits a signed waiver of notice either before or after such meeting. Notice of any adjourned meeting of shareholders need not be given, unless otherwise required by law.

Section 5 – Quorum:

(a) Except as otherwise provided herein, by law or in the Articles of Incorporation (such Articles and any amendments thereof being hereinafter collectively referred to as the "Articles of Incorporation"), at all meetings of shareholders of the Corporation, the presence at the commencement of such meetings in person or by proxy of shareholders of record holding a majority of the total number of shares of the Corporation then issued and outstanding and entitled to vote, shall be necessary and sufficient to constitute a quorum for the transaction of any business. The withdrawal of any shareholder after the commencement of a meeting shall have no effect on the existence of a quorum, after a quorum has been established at such meeting.

(b) If, however, such quorum shall not be present or represented at any meeting of the shareholders, the shareholders entitled to vote thereat, present in person or by proxy, shall have power to adjourn the meeting from time to time, without notice other than announcement at the meeting of the time and place of the adjourned meeting, until a quorum shall be present or represented. At such adjourned meeting any business may be transacted which might have been transacted at the original meeting. If a quorum be present at any meeting of shareholders and the meeting is adjourned to reconvene at a later time and/or date, no notice, except as by law, need be given other than announcement at the meeting. However, if any adjournment, whether a quorum is present or not, is for more than thirty days, or if after the adjournment a new record date is fixed for the adjourned meeting, a notice of the adjourned meeting shall be given to each stockholder of record entitled to vote at the meeting. When a quorum is present at any meeting, the vote of the holders of a majority of the stock having voting power present in person or by proxy shall decide any question brought before such meeting unless the question is one upon which by express provision of law or of the Articles of Incorporation or by this Code of Regulations a larger or different vote is required, in which case such express provision shall govern and control the decision of such question. The shareholders present or represented at any duly called and held meeting at which a quorum is present or represented may continue to do

business until adjournment, notwithstanding the withdrawal of such number as to leave less than a quorum.

Section 6 – Voting:

(a) Except as otherwise provided by law or by the Articles of Incorporation, any corporate action, other than the election of directors, to be taken by vote of the shareholders, shall be authorized by a majority of votes cast at a meeting of shareholders by the holders of shares entitled to vote thereon.

(b) Except as otherwise provided by law or by the Articles of Incorporation, at each meeting of shareholders, each holder of record of stock of the Corporation entitled to vote thereat, shall be entitled to one vote for each share of stock registered in his/her/its name on the books of the Corporation.

(c) Each shareholder entitled to vote, or to express consent or dissent without a meeting, may do so by proxy; provided, however, that the instrument authorizing such proxy to act shall have been executed in writing by the shareholder or by his attorney-in-fact and have been filed with the Secretary of the Corporation prior to the vote. No proxy shall be valid after the expiration of eleven months from the date of its execution, unless the person executing it shall have specified therein the length of time it is to continue in force. Such instrument shall be exhibited to the Secretary at the meeting and shall be filed with the records of the Corporation.

(d) Any action which may be taken by the vote of the shareholders at a meeting may be taken without a meeting if authorized by a writing or writings signed by all of the holders of shares who would be entitled to notice of a meeting for such purpose. Such written consent shall be filed with or entered upon the records of the Corporation.

ARTICLE III – BOARD OF DIRECTORS

Section 1 – Number, Election and Term of Office:

(a) The number of directors of the Corporation shall be three (3), unless and until otherwise determined by a majority vote of the entire Board of Directors.

(b) Except as may otherwise be provided herein or in the Articles of Incorporation, the members of the Board of Directors of the Corporation, who need not be shareholders, shall be elected at a meeting of shareholders, by the holders of shares, present in person or by proxy, entitled to vote in the election.

(c) Each director shall hold office until the annual meeting of the shareholders next succeeding his election, and until his successor is elected and qualified, or until his prior death, resignation or removal.

Section 2 – Duties and Powers:

The Board of Directors shall be responsible for the control and management of the affairs, property and interests of the Corporation, and may exercise all powers of the Corporation, except as are in the Articles of Incorporation or by law expressly conferred upon or reserved to the shareholders.

Section 3 – Annual and Regular Meetings; Notice:

(a) A regular annual meeting of the Board of Directors shall be held immediately following the annual meeting of the shareholders, at the place of such annual meeting of shareholders.

(b) The Board of Directors, from time to time, may provide by resolution for the holding of other regular meetings of the Board of Directors, and may fix the time and place thereof.

(c) Notice of any regular meeting of the Board of Directors shall not be required to be given and, if given, need not specify the purpose of the meeting; provided, however, that in case the Board of Directors shall fix or change the time or place of any regular meeting, notice of such action shall be given to each director who shall not have been present at the meeting at which such action was taken within the time limited, and in the manner set forth in paragraph (b) Section 4 of this Article III, with respect to special meetings, unless such notice shall be waived in the manner set forth in paragraph (c) of such Section 4.

Section 4 – Special Meetings; Notice:

(a) Special meetings of the Board of Directors shall be held whenever called by the President or by one of the directors, at such time and place as may be specified in the respective notices or waivers of notice thereof.

(b) Except as otherwise required by statute, notice of special meetings shall be mailed directly to each director, addressed to such director at his residence or usual place of business, at least two (2) business days before the day on which the meeting is to be held, or shall be sent to him at such place by telegram, telephone, radio or cable, or shall be delivered to him personally or given to him orally, not later than the day before the day on which the meeting is to be held, except as otherwise required by statute. A notice, or waiver of notice, except as required by Section 8 of this Article III, need not specify the purpose of the meeting.

(c) Notice of any special meeting shall not be required to be given to any director who shall attend such meeting without protesting prior thereto or at its commencement, the lack of notice to him, or who submits a signed waiver of notice, whether before or after the meeting. Notice of any adjourned meeting shall not be required to be given.

Section 5 – Chairman:

At all meetings of the Board of Directors, the Chairman of the Board, if present, shall preside. In the absence of the Chairman, the directors present shall choose a Chairman to preside.

Section 6 – Minutes

Minutes of all Board of Director meetings shall be kept by the Secretary of the Corporation or any other individual designated by the Board of Directors.

Section 7 – Quorum and Adjournments:

(a) At all meetings of the Board of Directors, the presence of a majority of the entire Board shall be necessary and sufficient to constitute a quorum for the transaction of business, except as otherwise provided by law, by the Articles of Incorporation or by these Code of Regulations.

(b) A majority of the directors at the time and place of any regular or special meeting, although less than a quorum, may adjourn the same from time to time without notice, until a quorum shall be present.

Section 8 – Manner of Acting:

(a) At all meetings of the Board of Directors, each director present shall have one vote, irrespective of the number of shares of stock, if any, which he may hold.

(b) Except as otherwise provided by law, by the Articles of Incorporation or by this Code of Regulations, the action of a majority of the directors present at any meeting at which a quorum is present shall be the act of the Board of Directors. Any action authorized, in writing, by all of the directors entitled to vote thereon and filed with the minutes of the corporation shall be the act of the Board of Directors with the same force and effect as if the same had been passed by unanimous vote at a duly called meeting of the Board.

(c) Members of the Board of Directors or any committee designated by such Board may participate in a meeting of such Board or committee by means of conference telephone or similar communications equipment by means of which all persons participating in the meeting can hear each other, and participation in a meeting in this manner shall constitute presence in person at such meeting.

Section 9 – Vacancies:

If the office of any director becomes vacant at any time by reason of death, resignation, retirement, disqualification, removal from office or otherwise, or if any new directorship is created by any increase in the authorized number of directors, a majority of the directors then in office, although less than a quorum, or the sole remaining director, may choose a successor or fill

the newly created directorship, and the director so chosen shall hold office, subject to the provisions of this Code of Regulations, until the next annual election of directors and until his successor shall be duly elected and shall qualify. In the event that a vacancy arising as aforesaid shall not have been filled by the Board of Directors, such vacancy may be filled by the stockholders at any meeting thereof after such office becomes vacant. If one or more directors shall resign from the Board, effective at a future date, a majority of the directors then in office, including those who have so prospectively resigned, shall have the power to fill such vacancy or vacancies, the vote thereon to take effect when such resignation or resignations shall become effective, and each director so chosen shall hold office as herein provided in the filling of other vacancies.

Section 10 – Resignation:

Any director may resign at any time by giving written notice to the Board of Directors, the President or the Secretary of the Corporation. Unless otherwise specified in such written notice, such resignation shall take effect upon receipt thereof by the Board of Directors or such officer, and the acceptance of such resignation shall not be necessary to make it effective.

Section 11 – Removal:

Any director may be removed with or without cause at any time by the affirmative vote of shareholders holding of record in the aggregate at least a majority of the outstanding shares of the Corporation at a special meeting of the shareholders called for that purpose, and may be removed for cause by action of the Board.

Section 12 – Salary:

No stated salary shall be paid to directors, as such, for their services, but by resolution of the Board of Directors a fixed sum and expenses of attendance, if any, may be allowed for attendance at each regular or special meeting of the Board; provided, however, that nothing herein contained shall be construed to preclude any director from serving the Corporation in any other capacity and receiving compensation therefor.

Section 13 – Contracts:

(a) No contract or other transaction between this Corporation and any other corporation shall be impaired, affected or invalidated, nor shall any director be liable in any way by reason of the fact that any one or more of the directors of this Corporation is or are interested in, or is a director, officer, employee or are directors, officers, or employees of such other corporation, provided that such facts are disclosed or made known to the Board of Directors.

(b) Any director, personally and individually, may be a party to or may be interested in any contract or transaction of this Corporation, and no director shall be liable in any way by reason of such interest, provided that the fact of such interest be disclosed or made known to the Board of Directors, and provided either that the Board of Directors shall authorize, approve or ratify such contract or transaction by the vote (not counting the vote of any such director) of a

majority of a quorum, notwithstanding the presence of any such director at the meeting at which such action is taken or the contract or transaction is fair as to the Corporation as of the time it is authorized or approved by the Directors. Such director or directors may be counted in determining the presence of a quorum at such meeting. This Section shall not be construed to impair or invalidate or in any way affect any contract or other transaction which would otherwise be valid under the law (common, statutory or otherwise) applicable thereto.

ARTICLE IV – OFFICERS

Section 1 – Number, Qualifications, Election and Term of Office:

(a) The officers of the Corporation shall consist of a President, a Secretary, a Treasurer, and such other officers, including a Chairman of the Board of Directors, and one or more Vice Presidents, as the Board of Directors may from time to time deem advisable. The Chairman of the Board of Directors shall be a director of the Corporation. Any other officer may be, but is not required to be, a director of the Corporation. Any two or more offices may be held by the same person.

(b) The officers of the Corporation shall be elected by the Board of Directors at the regular annual meeting of the Board following the annual meeting of shareholders.

(c) Each officer shall hold office until the annual meeting of the Board of Directors next succeeding his election, and until his successor shall have been elected and qualified, or until his death, resignation or removal.

Section 2 – Resignation:

Subject to any applicable contract, any officer may resign at any time by giving written notice of such resignation to the Board of Directors, to the President or the Secretary of the Corporation. Unless otherwise specified in such written notice, such resignation shall take effect upon receipt thereof by the Board of Directors or by such officer, and the acceptance of such resignation shall not be necessary to make it effective.

Section 3 – Removal:

Any officer may be removed, either with or without cause, and a successor elected by a majority vote of the Board of Directors at any time.

Section 4 – Vacancies:

A vacancy in any office by reason of death, resignation, inability to act, disqualification or any other cause, may at any time be filled for the unexpired portion of the term by a majority vote of the Board of Directors.

Section 5 – Duties of Officers:

Officers of the Corporation shall, unless otherwise provided by the Board of Directors, each have such powers and duties as generally pertain to their respective offices as well as such powers and duties as may be set forth in this Code of Regulations, or may from time to time be specifically conferred or imposed by the Board of Directors. The President shall be the chief executive officer of the Corporation.

Section 6 – Sureties and Bonds:

If the Board of Directors shall so require, any officer, employee or agent of the Corporation shall execute to the Corporation a fidelity bond in such sum, and with such surety or sureties as the Board of Directors may direct, conditioned upon the faithful performance of his/her duties to the Corporation, including responsibility for negligence and for the accounting for all property, funds or securities of the Corporation which may come into his hands.

Section 7 – Shares of Other Corporations:

Whenever the Corporation is the holder of shares of any other Corporation, any right or power of the Corporation as such shareholder (including the attendance, acting and voting at shareholders' meetings and execution of waivers, consents, proxies or other instruments) may be exercised on behalf of the Corporation by the President, Secretary, Treasurer, or such other person as the Board of Directors may authorize.

Section 8 – Compensation:

The compensation of all officers, agents and employees of the Corporation shall be fixed from time to time by the Board of Directors, or pursuant to authority of general or special resolutions of the Board. No officer shall be prevented from receiving such salary by reason of the fact that he/she is also a director of the Corporation or a member of any committee.

ARTIILE V - SHARES OF STOCK

Section 1 – Certificate of Stock:

(a) The Certificates representing shares of the Corporation shall be in such form as shall be adopted by the Board of Directors, and shall be numbered and registered in the order issued. They shall bear the holder's name and the number of shares, shall be signed by the Secretary and the Treasurer, and shall bear the corporate seal. Such signatures and corporate seal may be facsimile or facsimiles to the extent permitted by law.

(b) No Certificates representing shares shall be issued until the full amount of consideration therefor has been paid, except as otherwise permitted by law.

(c) To the extent permitted by law, the Board of Directors may authorize the issuance of Certificates for fractions of a share which shall entitle the holder to exercise voting rights, receive dividends and participate in liquidating distributions, in proportion to the fractional holdings; or it may authorize the payment in cash of the fair value of fractions of a share as of the time when those entitled to receive such fractions are determined.

Section 2 - Lost or Destroyed Certificates:

The holder of any Certificates representing shares of the Corporation shall immediately notify the Corporation of any loss or destruction of the Certificates representing the same. The Corporation may issue new Certificates in the place of any Certificates theretofore issued by it, alleged to have been lost or destroyed. On production of such evidence of loss or destruction as the Board of Directors in its discretion may require, the Board of Directors may, in its discretion, require the owner of the lost or destroyed Certificates, or his legal representatives, to give the Corporation a bond in such sum as the Board may direct, and with such surety or sureties 'as may be satisfactory to the Board, to indemnify the Corporation against any claims, loss, liability or damage it may suffer on account of the issuance of the new Certificates. A new Certificate may be issued without requiring any such evidence or bond when, in the judgment of the Board of Directors, it is proper so to do.

Section 3 – Transfers of Shares:

(a) Transfers of shares of the Corporation shall be made on the share records of the Corporation only by the holder of record thereof, in person or by his duly authorized attorney, upon surrender for cancellation of the Certificate or Certificates representing such shares, with an assignment or power of transfer endorsed thereon or delivered therewith, duly executed, with such proof of the authenticity of the signature and of authority to transfer and of payment of transfer taxes as the Corporation or its agents may require.

(b) The Corporation shall be entitled to treat the holder of record of any share or shares as the absolute owner thereof for all purposes and, accordingly, shall not be bound to recognize any legal, equitable or other claim to, or interest in, such share or shares on the part of any other person, whether or not it shall have express or other notice thereof, except as otherwise expressly provided by law.

Section 4 – Record Date:

In lieu of closing the share records of the Corporation, the Board of Directors may fix, in advance, a date not exceeding fifty days, nor less than ten days, as the record date for the determination of shareholders entitled to receive notice of, or to vote at, any meeting of shareholders, or to consent to any proposal without a meeting, or for the purpose of determining shareholders entitled to receive payment of any dividends, or allotment of any rights, or for the purpose of any other action. If no record date is fixed, the record date for the determination of shareholders entitled to notice of or to vote at a meeting of shareholders shall be at the close of business on the day next preceding the day on which notice is given, or, if no notice is given, the

day on which the meeting is held; the record date for determining shareholders for any other purpose shall be at the close of business on the day on which the resolution of the directors relating thereto is adopted. When a determination of shareholders of record entitled to notice of or to vote at any meeting of shareholders has been made as provided for herein, such determination shall apply to any adjournment thereof, unless the directors fix a new record date for the adjourned meeting.

ARTICLE VI - DIVIDENDS

Subject to law, dividends may be declared and paid out of any funds available therefor, as often, in such amounts, and at such time or times as the Board of Directors may determine.

ARTICLE VII – FISCAL YEAR

The fiscal year of the Corporation shall be fixed by the Board of Directors, subject to law.

ARTICLE VIII – CORPORATE SEAL

The corporate seal, if any, shall be in such form as shall be approved from time to time by the Board of Directors.

ARTICLE IX - AMENDMENTS

All provisions of the Code of Regulations of the Corporation shall be subject to alteration or repeal, and new provisions of the Code of Regulations may be made, by the affirmative vote of shareholders of record holding all of the outstanding shares entitled to vote in the election of directors at any annual or special meeting of shareholders, provided that the notice or waiver of notice of such meeting shall have summarized or set forth in full therein, the proposed amendment.

ARTICLE X - INDEMNIFICATION

Section 1 – Indemnification:

(a) The Corporation shall indemnify any person who is or was a director, officer, employee or agent of the Corporation or any person who is or has served at the request of the Corporation as a director, officer, employee, agent or trustee of another corporation, joint venture, trust or other enterprise (and his heirs, executors and administrators) against expenses, including attorneys' fees, judgments, fines and amounts paid in settlement, actually and reasonably incurred by him by reason of the fact that he is or was such director, officer, employee, agent or trustee in connection with any threatened, pending or completed action, suit

or proceeding, whether civil, criminal, administrative or investigative to the full extent and according to the procedures and requirements set forth in any applicable law as the same may be in effect from time to time.

(b) The foregoing right of indemnification shall not be deemed exclusive of any other rights to which any officer or director or employee may be entitled apart from the provisions of this section.

Section 2 – Insurance:

The Board of Directors may, in its discretion, authorize the Corporation to purchase and maintain insurance on behalf of any person who is or was a director, officer, employee or agent of the Corporation, or is or was serving at the request of the Corporation, as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise against any liability asserted against him and incurred by him in any such capacity, or arising out of his status as such, whether or not the Corporation would have the power to indemnify him against such liability under the provisions of Section 1 of this Article X.

CODE OF REGULATIONS

of

FirstEnergy Services Corp.

ARTICLE I - OFFICES

The principal office of the Corporation shall be located in the City of Akron, County of Summit, State of Ohio. The Corporation may also maintain offices at such other places within or without the United States as the Board of Directors may, from time to time, determine.

ARTICLE II – MEETING OF SHAREHOLDERS

Section 1 – Annual Meeting:

The annual meeting of shareholders of the Corporation for the election of directors and for the transaction of such other business as may properly come before said meeting shall be held on such date and at such hour and place, within or without the State of Ohio, as shall be fixed by the Board of Directors with respect to each such meeting and as shall be stated in the notice thereof.

Section 2 – Special Meetings:

Special meetings of shareholders, for any purpose or purposes may, except as otherwise prescribed by law, be called at any time by the President or by the Board of Directors, and shall be called by the President or the Secretary at the written request of the holders of twenty-five percent (25%) of the shares then outstanding and entitled to vote thereat, or as otherwise required under the provisions of the Generation Corporation Law of Ohio.

Section 3 – Place of Meetings:

All meetings of shareholders shall be held at the principal office of the Corporation, or at such other places as shall be designated in the notices or waivers of notice of such meetings.

Section 4 – Notice of Meetings:

(a) Except as otherwise provided by law, written notice of each meeting of shareholders, whether annual or special, stating the time when and place where it is to be held, shall be served either personally or by mail, not less than seven (7) nor more than sixty (60) days before the meeting, upon each shareholder of record entitled to vote at such meeting, and to any other shareholder to whom the giving of notice may be required by law. Notice of a special meeting shall also state the purpose or purposes for which the meeting is called, and shall indicate that it is being issued by, or at the direction of, the person or persons calling the meeting. If, at any meeting, action is proposed to be taken that would, if taken, entitle shareholders to receive payment for their shares pursuant to law, the notice of such meeting shall include a statement of that purpose and to that effect. If mailed, such notice shall be directed to each such shareholder at his address, as it appears on the records of the shareholders of the Corporation, unless he shall have previously filed with the Secretary of the Corporation a written request that notices intended for the shareholder be mailed to some other address, in which case, it shall be mailed to the address designated in such request.

(b) Notice of any meeting need not be given to any person who may become a shareholder of record after the mailing of such notice and prior to, the meeting, or to any shareholder who attends such meeting, in person or by proxy, or to any shareholder who, in person or by proxy, submits a signed waiver of notice either before or after such meeting. Notice of any adjourned meeting of shareholders need not be given, unless otherwise required by law.

Section 5 – Quorum:

(a) Except as otherwise provided herein, by law or in the Articles of Incorporation (such Articles and any amendments thereof being hereinafter collectively referred to as the "Articles of Incorporation"), at all meetings of shareholders of the Corporation, the presence at the commencement of such meetings in person or by proxy of shareholders of record holding a majority of the total number of shares of the Corporation then issued and outstanding and entitled to vote, shall be necessary and sufficient to constitute a quorum for the transaction of any business. The withdrawal of any shareholder after the commencement of a meeting shall have no effect on the existence of a quorum, after a quorum has been established at such meeting.

(b) If, however, such quorum shall not be present or represented at any meeting of the shareholders, the shareholders entitled to vote thereat, present in person or by proxy, shall have power to adjourn the meeting from time to time, without notice other than announcement at the meeting of the time and place of the adjourned meeting, until a quorum shall be present or represented. At such adjourned meeting any business may be transacted which might have been transacted at the original meeting. If a quorum be present at any meeting of shareholders and the meeting is adjourned to reconvene at a later time and/or date, no notice, except as by law, need be given other than announcement at the meeting. However, if any adjournment, whether a quorum is present or not, is for more than thirty days, or if after the adjournment a new record date is fixed for the adjourned meeting, a notice of the adjourned meeting shall be given to each stockholder of record entitled to vote at the meeting. When a quorum is present at any meeting, the vote of the holders of a majority of the stock having voting power present in person or by proxy shall decide any question brought before such meeting unless the question is one upon which by express provision of law or of the Articles of Incorporation or by this Code of Regulations a larger or different vote is required, in which case such express provision shall govern and control the decision of such question. The shareholders present or represented at any duly called and held meeting at which a quorum is present or represented may continue to do business until adjournment, notwithstanding the withdrawal of such number as to leave less than a quorum.

Section 6 – Voting:

(a) Except as otherwise provided by law or by the Articles of Incorporation, any corporate action, other than the election of directors, to be taken by vote of the shareholders, shall be authorized by a majority of votes cast at a meeting of shareholders by the holders of shares entitled to vote thereon.

(b) Except as otherwise provided by law or by the Articles of Incorporation, at each meeting of shareholders, each holder of record of stock of the Corporation entitled to vote thereat, shall be entitled to one vote for each share of stock registered in his/her/its name on the books of the Corporation.

(c) Each shareholder entitled to vote, or to express consent or dissent without a meeting, may do so by proxy; provided, however, that the instrument authorizing such proxy to act shall have been executed in writing by the shareholder or by his attorney-in-fact and have been filed with the Secretary of the Corporation prior to the vote. No proxy shall be valid after the expiration of eleven months from the date of its execution, unless the person executing it shall have specified therein the length of time it is to continue in force. Such instrument shall be exhibited to the Secretary at the meeting and shall be filed with the records of the Corporation.

(d) Any action required or permitted to be taken at any annual or special meeting of shareholders may be taken without a meeting, without prior notice and without a vote, if a consent in writing, setting forth the action so taken, shall be signed by the holders of outstanding stock having not less than the minimum number of votes that would be necessary to authorize or take such action at a meeting at which all shares entitled to vote thereon were present and voted. Evidence of such consent in writing shall be delivered to the Secretary of the Corporation for filing with the minutes of proceedings of shareholders of the Corporation. Prompt notice of the taking of the corporate action without a meeting by less than unanimous written consent shall be given to those shareholders who have not consented in writing.

ARTICLE III – BOARD OF DIRECTORS

Section 1 – Number, Election and Term of Office:

(a) The number of directors of the Corporation shall be three (3), unless and until otherwise determined by a majority vote of the entire Board of Directors.

(b) Except as may otherwise be provided herein or in the Articles of Incorporation, the members of the Board of Directors of the Corporation, who need not be shareholders, shall be elected at a meeting of shareholders, by the holders of shares, present in person or by proxy, entitled to vote in the election.

(c) Each director shall hold office until the annual meeting of the shareholders next succeeding his election, and until his successor is elected and qualified, or until his prior death, resignation or removal.

Section 2 – Duties and Powers:

The Board of Directors shall be responsible for the control and management of the affairs, property and interests of the Corporation, and may exercise all powers of the Corporation, except as are in the Articles of Incorporation or by law expressly conferred upon or reserved to the shareholders.

Section 3 – Annual and Regular Meetings; Notice:

(a) A regular annual meeting of the Board of Directors shall be held immediately following the annual meeting of the shareholders, at the place of such annual meeting of shareholders.

(b) The Board of Directors, from time to time, may provide by resolution for the holding of other regular meetings of the Board of Directors, and may fix the time and place thereof.

(c) Notice of any regular meeting of the Board of Directors shall not be required to be given and, if given, need not specify the purpose of the meeting; provided, however, that in case the Board of Directors shall fix or change the time or place of any regular meeting, notice of such action shall be given to each director who shall not have been present at the meeting at which such action was taken within the time limited, and in the manner set forth in paragraph (b) Section 4 of this Article III, with respect to special meetings, unless such notice shall be waived in the manner set forth in paragraph (c) of such Section 4.

Section 4 – Special Meetings; Notice:

(a) Special meetings of the Board of Directors shall be held whenever called by the President or by one of the directors, at such time and place as may be specified in the respective notices or waivers of notice thereof.

(b) Except as otherwise required by statute, notice of special meetings shall be mailed directly to each director, addressed to such director at his residence or usual place of business, at least two (2) business days before the day on which the meeting is to be held, or shall be sent to him at such place by telegram, telephone, radio or cable, or shall be delivered to him personally or given to him orally, not later than the day before the day on which the meeting is to be held, except as otherwise required by statute. A notice, or waiver of notice, except as required by Section 8 of this Article III, need not specify the purpose of the meeting.

(c) Notice of any special meeting shall not be required to be given to any director who shall attend such meeting without protesting prior thereto or at its commencement, the lack of notice to him, or who submits a signed waiver of notice, whether before or after the meeting. Notice of any adjourned meeting shall not be required to be given.

Section 5 – Chairman:

At all meetings of the Board of Directors, the Chairman of the Board, if present, shall preside. In the absence of the Chairman, the directors present shall choose a Chairman to preside.

Section 6 – Minutes

Minutes of all Board of Director meetings shall be kept by the Secretary of the Corporation or any other individual designated by the Board of Directors.

Section 7 – Quorum and Adjournments:

(a) At all meetings of the Board of Directors, the presence of a majority of the entire Board shall be necessary and sufficient to constitute a quorum for the transaction of business, except as otherwise provided by law, by the Articles of Incorporation or by these Code of Regulations.

(b) A majority of the directors at the time and place of any regular or special meeting, although less than a quorum, may adjourn the same from time to time without notice, until a quorum shall be present.

Section 8 – Manner of Acting:

(a) At all meetings of the Board of Directors, each director present shall have one vote, irrespective of the number of shares of stock, if any, which he may hold.

(b) Except as otherwise provided by law, by the Articles of Incorporation or by this Code of Regulations, the action of a majority of the directors present at any meeting at which a quorum is present shall be the act of the Board of Directors. Any action authorized, in writing, by all of the directors entitled to vote thereon and filed with the minutes of the corporation shall be the act of the Board of Directors with the same force and effect as if the same had been passed by unanimous vote at a duly called meeting of the Board.

(c) Members of the Board of Directors or any committee designated by such Board may participate in a meeting of such Board or committee by means of conference telephone or similar communications equipment by means of which all persons participating in the meeting can hear each other, and participation in a meeting in this manner shall constitute presence in person at such meeting.

Section 9 – Vacancies:

If the office of any director becomes vacant at any time by reason of death, resignation, retirement, disqualification, removal from office or otherwise, or if any new directorship is created by any increase in the authorized number of directors, a majority of the directors then in office, although less than a quorum, or the sole remaining director, may choose a successor or fill the newly created directorship, and the director so chosen shall hold office, subject to the provisions of this Code of Regulations, until the next annual election of directors and until his successor shall be duly elected and shall qualify. In the event that a vacancy arising as aforesaid shall not have been filled by the Board of Directors, such vacancy may be filled by the stockholders at any meeting thereof after such office becomes vacant. If one or more directors shall resign from the Board, effective at a future date, a majority of the directors then in office, including those who have so prospectively resigned, shall have the power to fill such vacancy or vacancies, the vote thereon to take effect when such resignation or resignations shall become effective, and each director so chosen shall hold office as herein provided in the filling of other vacancies.

Section 10 – Resignation:

Any director may resign at any time by giving written notice to the Board of Directors, the President or the Secretary of the Corporation. Unless otherwise specified in such written notice, such resignation shall take effect upon receipt thereof by the Board of Directors or such officer, and the acceptance of such resignation shall not be necessary to make it effective.

Section 11 – Removal:

Any director may be removed with or without cause at any time by the affirmative vote of shareholders holding of record in the aggregate at least a majority of the outstanding shares of the Corporation at a special meeting of the shareholders called for that purpose, and may be removed for cause by action of the Board.

Section 12 – Salary:

No stated salary shall be paid to directors, as such, for their services, but by resolution of the Board of Directors a fixed sum and expenses of attendance, if any, may be allowed for attendance at each regular or special meeting of the Board; provided, however, that nothing herein contained shall be construed to preclude any director from serving the Corporation in any other capacity and receiving compensation therefor.

Section 13 – Contracts:

(a) No contract or other transaction between this Corporation and any other corporation shall be impaired, affected or invalidated, nor shall any director be liable in any way by reason of the fact that any one or more of the directors of this Corporation is or are interested in, or is a director, officer, employee or are directors, officers, or employees of such other corporation, provided that such facts are disclosed or made known to the Board of Directors.

(b) Any director, personally and individually, may be a party to or may be interested in any contract or transaction of this Corporation, and no director shall be liable in any way by reason of such interest, provided that the fact of such interest be disclosed or made known to the Board of Directors, and provided either that the Board of Directors shall authorize, approve or ratify such contract or transaction by the vote (not counting the vote of any such director) of a majority of a quorum, notwithstanding the presence of any such director at the meeting at which such action is taken or the contract or transaction is fair as to the Corporation as of the time it is authorized or approved by the Directors. Such director or directors may be counted in determining the presence of a quorum at such meeting. This Section shall not be construed to impair or invalidate or in any way affect any contract or other transaction which would otherwise be valid under the law (common, statutory or otherwise) applicable thereto.

ARTICLE IV - OFFICERS

Section 1 – Number, Qualifications, Election and Term of Office:

(a) The officers of the Corporation shall consist of a President, a Secretary, a Treasurer, and such other officers, including a Chairman of the Board of Directors, and one or more Vice Presidents, as the Board of Directors may from time to time deem advisable. The Chairman of the Board of Directors shall be a director of the Corporation. Any other officer may be, but is not required to be, a director of the Corporation. Any two or more offices may be held by the same person.

(b) The officers of the Corporation shall be elected by the Board of Directors at the regular annual meeting of the Board following the annual meeting of shareholders.

(c) Each officer shall hold office until the annual meeting of the Board of Directors next succeeding his election, and until his successor shall have been elected and qualified, or until his death, resignation or removal.

Section 2 – Resignation:

Subject to any applicable contract, any officer may resign at any time by giving written notice of such resignation to the Board of Directors, to the President or the Secretary of the Corporation. Unless otherwise specified in such written notice, such resignation shall take effect upon receipt thereof by the Board of Directors or by such officer, and the acceptance of such resignation shall not be necessary to make it effective.

Section 3 – Removal:

Any officer may be removed, either with or without cause, and a successor elected by a majority vote of the Board of Directors at any time.

Section 4 – Vacancies:

A vacancy in any office by reason of death, resignation, inability to act, disqualification or any other cause, may at any time be filled for the unexpired portion of the term by a majority vote of the Board of Directors.

Section 5 – Duties of Officers:

Officers of the Corporation shall, unless otherwise provided by the Board of Directors, each have such powers and duties as generally pertain to their respective offices as well as such powers and duties as may be set forth in this Code of Regulations, or may from time to time be specifically conferred or imposed by the Board of Directors. The President shall be the chief executive officer of the Corporation.

Section 6 – Sureties and Bonds:

If the Board of Directors shall so require, any officer, employee or agent of the Corporation shall execute to the Corporation a fidelity bond in such sum, and with such surety or sureties as the Board of Directors may direct, conditioned upon the faithful performance of his/her duties to the Corporation, including responsibility for negligence and for the accounting for all property, funds or securities of the Corporation which may come into his hands.

Section 7 – Shares of Other Corporations:

Whenever the Corporation is the holder of shares of any other Corporation, any right or power of the Corporation as such shareholder (including the attendance, acting and voting at shareholders' meetings and execution of waivers, consents, proxies or other instruments) may be exercised on behalf of the Corporation by the President, Secretary, Treasurer, or such other person as the Board of Directors may authorize.

Section 8 – Compensation:

The compensation of all officers, agents and employees of the Corporation shall be fixed from time to time by the Board of Directors, or pursuant to authority of general or special resolutions of the Board. No officer shall be prevented from receiving such salary by reason of the fact that he/she is also a director of the Corporation or a member of any committee.

ARTIILE V - SHARES OF STOCK

Section 1 – Certificate of Stock:

(a) The Certificates representing shares of the Corporation shall be in such form as shall be adopted by the Board of Directors, and shall be numbered and registered in the order issued. They shall bear the holder's name and the number of shares, shall be signed by the Secretary and the Treasurer, and shall bear the corporate seal. Such signatures and corporate seal may be facsimile or facsimiles to the extent permitted by law.

(b) No Certificates representing shares shall be issued until the full amount of consideration therefor has been paid, except as otherwise permitted by law.

(c) To the extent permitted by law, the Board of Directors may authorize the issuance of Certificates for fractions of a share which shall entitle the holder to exercise voting rights, receive dividends and participate in liquidating distributions, in proportion to the fractional holdings; or it may authorize the payment in cash of the fair value of fractions of a share as of the time when those entitled to receive such fractions are determined.

Section 2 Lost or Destroyed Certificates:

The holder of any Certificates representing shares of the Corporation shall immediately notify the Corporation of any loss or destruction of the Certificates representing the same. The Corporation may issue new Certificates in the place of any Certificates theretofore issued by it, alleged to have been lost or destroyed. On production of such evidence of loss or destruction as the Board of Directors in its discretion may require, the Board of Directors may, in its discretion, require the owner of the lost or destroyed Certificates, or his legal representatives, to give the Corporation a bond in such sum as the Board may direct, and with such surety or sureties 'as may be satisfactory to the Board, to indemnify the Corporation against any claims, loss, liability or damage it may suffer on account of the issuance of the new Certificates. A new Certificate may be issued without requiring any such evidence or bond when, in the judgment of the Board of Directors, it is proper so to do.

Section 3 – Transfers of Shares:

(a) Transfers of shares of the Corporation shall be made on the share records of the Corporation only by the holder of record thereof, in person or by his duly authorized attorney, upon surrender for cancellation of the Certificate or Certificates representing such shares, with an assignment or power of transfer endorsed thereon or delivered therewith, duly executed, with such proof of the authenticity of the signature and of authority to transfer and of payment of transfer taxes as the Corporation or its agents may require.

(b) The Corporation shall be entitled to treat the holder of record of any share or shares as the absolute owner thereof for all purposes and, accordingly, shall not be bound to recognize any legal, equitable or other claim to, or interest in, such share or shares on the part of any other person, whether or not it shall have express or other notice thereof, except as otherwise expressly provided by law.

Section 4 – Record Date:

In lieu of closing the share records of the Corporation, the Board of Directors may fix, in advance, a date not exceeding fifty days, nor less than ten days, as the record date for the determination of shareholders entitled to receive notice of, or to vote at, any meeting of shareholders, or to consent to any proposal without a meeting, or for the purpose of determining shareholders entitled to receive payment of any dividends, or allotment of any rights, or for the purpose of any other action. If no record date is fixed, the record date for the determination of shareholders entitled to notice of or to vote at a meeting of shareholders shall be at the close of business on the day next preceding the day on which notice is given, or, if no notice is given, the day on which the meeting is held; the record date for determining shareholders for any other purpose shall be at the close of business on the day on which the resolution of the directors relating thereto is adopted. When a determination of shareholders of record entitled to notice of or to vote at any meeting of shareholders has been made as provided for herein, such determination shall apply to any adjournment thereof, unless the directors fix a new record date for the adjourned meeting.

ARTICLE VI - DIVIDENDS

Subject to law, dividends may be declared and paid out of any funds available therefor, as often, in such amounts, and at such time or times as the Board of Directors may determine.

ARTICLE VII – FISCAL YEAR

The fiscal year of the Corporation shall be fixed by the Board of Directors, subject to law.

ARTICLE VIII – CORPORATE SEAL

The corporate seal, if any, shall be in such form as shall be approved from time to time by the Board of Directors.

ARTICLE IX - AMENDMENTS

All provisions of the Code of Regulations of the Corporation shall be subject to alteration or repeal, and new provisions of the Code of Regulations may be made, by the affirmative vote of shareholders of record holding all of the outstanding shares entitled to vote in the election of directors at any annual or special meeting of shareholders, provided that the notice or waiver of notice of such meeting shall have summarized or set forth in full therein, the proposed amendment.

ARTICLE X - INDEMNIFICATION

Section 1 – Indemnification:

(a) The Corporation shall indemnify any person who is or was a director, officer, employee or agent of the Corporation or any person who is or has served at the request of the Corporation as a director, officer, employee, agent or trustee of another corporation, joint venture, trust or other enterprise (and his heirs, executors and administrators) against expenses, including attorneys' fees, judgments, fines and amounts paid in settlement, actually and reasonably incurred by him by reason of the fact that he is or was such director, officer, employee, agent or trustee in connection with any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative to the full extent and according to the procedures and requirements set forth in any applicable law as the same may be in effect from time to time.

(b) The foregoing right of indemnification shall not be deemed exclusive of any other rights to which any officer or director or employee may be entitled apart from the provisions of this section.

Section 2 – Insurance:

The Board of Directors may, in its discretion, authorize the Corporation to purchase and maintain insurance on behalf of any person who is or was a director, officer, employee or agent of the Corporation, or is or was serving at the request of the Corporation, as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise against any liability asserted against him and incurred by him in any such capacity, or arising out of his status as such, whether or not the Corporation would have the power to indemnify him against such liability under the provisions of Section 1 of this Article X.

ANNUAL REPORT INCLUDING FINANCIAL INFORMATION

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Section 1: 10-K (10-K)

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

FORM 10-K
(Mark One)

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

For the FISCAL YEAR ended December 31, 2015

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
000-53742	FIRSTENERGY SOLUTIONS CORP. (An Ohio Corporation) c/o FirstEnergy Corp. 76 South Main Street Akron, OH 44308 Telephone (800)736-3402	31-1560186

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

Registrant	Title of Each Class	Name of Each Exchange on Which Registered
FirstEnergy Corp.	Common Stock, $0.10 par value	New York Stock Exchange

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

Registrant	Title of Each Class
FirstEnergy Solutions Corp.	Common Stock, no par value per share

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.

Yes ☑ No ☐ FirstEnergy Corp.
Yes ☐ No ☑ FirstEnergy Solutions Corp.

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act.

Yes ☐ No ☑ FirstEnergy Corp. and FirstEnergy Solutions Corp.

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 ☐ FirstEnergy Corp. and FirstEnergy Solutions Corp.

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate website, if any, every Interactive Data File required to be submitted and posted 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 and post such files).

Yes ☑ No ☐ FirstEnergy Corp. and FirstEnergy Solutions Corp.

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K.

☐ FirstEnergy Corp.
☐ FirstEnergy Solutions Corp.

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

Large Accelerated Filer ☑ FirstEnergy Corp.

Accelerated Filer ☐ N/A

Non-accelerated Filer (Do not check if a smaller reporting company) ☑	FirstEnergy Solutions Corp.
Smaller Reporting Company ☐	N/A

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

Yes ☐ No ☑ FirstEnergy Corp. and FirstEnergy Solutions Corp.

State the aggregate market value of the voting and non-voting common equity held by non-affiliates computed by reference to the price at which the common equity was last sold, or the average bid and ask price of such common equity, as of the last business day of the registrant's most recently completed second fiscal quarter.

FirstEnergy Corp., $13,727,177,963 as of June 30, 2015; and for FirstEnergy Solutions Corp., none.

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 JANUARY 31, 2016
FirstEnergy Corp., $0.10 par value	423,650,645
FirstEnergy Solutions Corp., no par value	7

FirstEnergy Corp. is the sole holder of FirstEnergy Solutions Corp. common stock.

Documents Incorporated By Reference

DOCUMENT	PART OF FORM 10-K INTO WHICH DOCUMENT IS INCORPORATED
Proxy Statement for 2016 Annual Meeting of Shareholders to be held May 17, 2016	Parts II and III

This combined Form 10-K is separately filed by FirstEnergy Corp. and FirstEnergy Solutions Corp. Information contained herein relating to an individual registrant is filed by such registrant on its own behalf. No registrant makes any representation as to information relating to the other registrant, except that information relating to FirstEnergy Solutions Corp. is also attributed to FirstEnergy Corp.

OMISSION OF CERTAIN INFORMATION

FirstEnergy Solutions Corp. meets the conditions set forth in General Instruction I(1)(a) and (b) of Form 10-K and is therefore filing this Form 10-K with the reduced disclosure format specified in General Instruction I(2) to Form 10-K.

Forward-Looking Statements: Certain of the matters discussed in this Annual Report on Form 10-K are forward-looking statements, within the meaning of the Private Securities Litigation Reform Act of 1995, that are subject to risks and uncertainties. The factors that could cause actual results to differ materially from the forward-looking statements made by the Registrants include those factors discussed herein, including those factors with respect to such Registrants discussed in (a) Item 1A. Risk Factors, (b) Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations, and (c) other factors discussed herein and in other filings with the SEC by the Registrants. Readers are cautioned not to place undue reliance on these forward-looking statements, which apply only as of the date of this Form 10-K. Neither of the Registrants undertake any obligation to update these statements, except as required by law.

TABLE OF CONTENTS

TABLE OF CONTENTS

GLOSSARY OF TERMS

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

AE	Allegheny Energy, Inc., a Maryland utility holding company that merged with a subsidiary of FirstEnergy on February 25, 2011, which subsequently merged with and into FE on January 1, 2014
AESC	Allegheny Energy Service Corporation, which provided legal, financial and other corporate support services to the former AE subsidiaries
AE Supply	Allegheny Energy Supply Company, LLC, an unregulated generation subsidiary
AGC	Allegheny Generating Company, a generation subsidiary of AE Supply and equity method investee of MP
ATSI	American Transmission Systems, Incorporated, formerly a direct subsidiary of FE that became a subsidiary of FET in April 2012, which owns and operates transmission facilities
Buchanan Energy	Buchanan Energy Company of Virginia, LLC, a subsidiary of AE Supply
Buchanan Generation	Buchanan Generation, LLC, a joint venture between AE Supply and CNX Gas Corporation
CEI	The Cleveland Electric Illuminating Company, an Ohio electric utility operating subsidiary
CES	Competitive Energy Services, a reportable operating segment of FirstEnergy
FE	FirstEnergy Corp., a public utility holding company
FELHC	FELHC, Inc.
FENOC	FirstEnergy Nuclear Operating Company, which operates nuclear generating facilities
FES	FirstEnergy Solutions Corp., which provides energy-related products and services
FESC	FirstEnergy Service Company, which provides legal, financial and other corporate support services
FET	FirstEnergy Transmission, LLC, formerly known as Allegheny Energy Transmission, LLC, which is the parent of ATSI and TrAIL and has a joint venture in PATH
FEV	FirstEnergy Ventures Corp., which invests in certain unregulated enterprises and business ventures
FG	FirstEnergy Generation, LLC, a wholly-owned subsidiary of FES, which owns and operates non-nuclear generating facilities
FGMUC	FirstEnergy Generation Mansfield Unit 1 Corp., a wholly-owned subsidiary of FG, which owns various leasehold interests in Bruce Mansfield Unit 1
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
GPU	GPU, Inc., former parent of JCP&L, ME and PN, that merged with FE on November 7, 2001
Green Valley	Green Valley Hydro, LLC, which owned hydro generating stations
JCP&L	Jersey Central Power & Light Company, a New Jersey electric utility operating subsidiary
MAIT	Mid-Atlantic Interstate Transmission, LLC, a subsidiary of FET, formed to own and operate transmission facilities
ME	Metropolitan Edison Company, a Pennsylvania electric utility operating subsidiary
MP	Monongahela Power Company, a West Virginia electric utility operating subsidiary
NG	FirstEnergy Nuclear Generation, LLC, a subsidiary of FES, 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
PATH-Allegheny	PATH Allegheny Transmission Company, LLC
PATH-WV	PATH West Virginia Transmission Company, LLC
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
PNBV	PNBV Capital Trust, a special purpose entity created by OE in 1996
Shippingport	Shippingport Capital Trust, a special purpose entity created by CEI and TE in 1997
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
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:

AAA	American Arbitration Association
AEP	American Electric Power Company, Inc.
AFS	Available-for-sale
AFUDC	Allowance for Funds Used During Construction
ALJ	Administrative Law Judge
AMT	Alternative Minimum Tax
AOCI	Accumulated Other Comprehensive Income
Apple®	Apple®, iPad® and iPhone® are registered trademarks of Apple Inc.
ARO	Asset Retirement Obligation
ARR	Auction Revenue Right
ASLB	Atomic Safety and Licensing Board
ASU	Accounting Standards Update
BGS	Basic Generation Service
BNSF	BNSF Railway Company
BRA	PJM RPM Base Residual Auction
CAA	Clean Air Act
CBA	Collective Bargaining Agreement
CCR	Coal Combustion Residuals
CDWR	California Department of Water Resources
CERCLA	Comprehensive Environmental Response, Compensation, and Liability Act of 1980
CFL	Compact Fluorescent Light
CFR	Code of Federal Regulations
CFTC	Commodity Futures Trading Commission
CO_2	Carbon Dioxide
CONE	Cost-of-New-Entry
CPP	EPA's Clean Power Plan
CSAPR	Cross-State Air Pollution Rule
CSX	CSX Transportation, Inc.
CTA	Consolidated Tax Adjustment
CWA	Clean Water Act
DCPD	Deferred Compensation Plan for Outside Directors
DCR	Delivery Capital Recovery
DOE	United States Department of Energy
DR	Demand Response
DSIC	Distribution System Improvement Charge
DSP	Default Service Plan
EDC	Electric Distribution Company
EDCP	Executive Deferred Compensation Plan
EE&C	Energy Efficiency and Conservation
EGS	Electric Generation Supplier
ELPC	Environmental Law & Policy Center
EMAAC	Eastern Mid-Atlantic Area Council of PJM
EmPOWER Maryland	EmPOWER Maryland Energy Efficiency Act
ENEC	Expanded Net Energy Cost
EPA	United States Environmental Protection Agency
EPRI	Electric Power Research Institute
ERO	Electric Reliability Organization
ESOP	Employee Stock Ownership Plan
ESP	Electric Security Plan

GLOSSARY OF TERMS, *Continued*

ESTIP	Executive Short-Term Incentive Program
Facebook®	Facebook is a registered trademark of Facebook, Inc.
FASB	Financial Accounting Standards Board
FERC	Federal Energy Regulatory Commission
Fitch	Fitch Ratings
FMB	First Mortgage Bond
FPA	Federal Power Act
FTR	Financial Transmission Right
GAAP	Accounting Principles Generally Accepted in the United States of America
GHG	Greenhouse Gases
GWH	Gigawatt-hour
HCl	HydroChloric Acid
IBEW	International Brotherhood of Electrical Workers
ICE	IntercontinentalExchange, Inc.
ICP 2007	FirstEnergy Corp. 2007 Incentive Plan
ICP 2015	FirstEnergy Corp. 2015 Incentive Compensation Plan
IRS	Internal Revenue Service
ISO	Independent System Operator
kV	Kilovolt
KWH	Kilowatt-hour
KPI	Key Performance Indicator
LBR	Little Blue Run
LCAPP	Long-Term Capacity Agreement Pilot Program
LED	Light Emitting Diode
LMP	Locational Marginal Price
LOC	Letter of Credit
LSE	Load Serving Entity
LTIIPs	Long-Term Infrastructure Improvement Plans
MAAC	Mid-Atlantic Area Council of PJM
MATS	Mercury and Air Toxics Standards
MDPSC	Maryland Public Service Commission
MISO	Midcontinent Independent System Operator, Inc.
MLP	Master Limited Partnership
mmBTU	One Million British Thermal Units
Moody's	Moody's Investors Service, Inc.
MVP	Multi-Value Project
MW	Megawatt
MWD	Megawatt-day
MWH	Megawatt-hour
NAAQS	National Ambient Air Quality Standards
NDT	Nuclear Decommissioning Trust
NEIL	Nuclear Electric Insurance Limited
NERC	North American Electric Reliability Corporation
NGO	Non-Governmental Organization
Ninth Circuit	United States Court of Appeals for the Ninth Circuit
NJBPU	New Jersey Board of Public Utilities
NMB	Non-Market Based
NOL	Net Operating Loss
NOV	Notice of Violation
NOx	Nitrogen Oxide
NPDES	National Pollutant Discharge Elimination System

NPNS	Normal Purchases and Normal Sales
NRC	Nuclear Regulatory Commission
NRG	NRG Energy, Inc.
NSR	New Source Review
NUG	Non-Utility Generation
NYISO	New York Independent System Operator
NYPSC	New York State Public Service Commission
OCA	Office of Consumer Advocate
OCC	Ohio Consumers' Counsel
OEPA	Ohio Environmental Protection Agency
OPEB	Other Post-Employment Benefits
OPEIU	Office and Professional Employees International Union
OTC	Over The Counter
OTTI	Other-Than-Temporary Impairments
OVEC	Ohio Valley Electric Corporation
PA DEP	Pennsylvania Department of Environmental Protection
PCB	Polychlorinated Biphenyl
PCRB	Pollution Control Revenue Bond
PJM	PJM Interconnection, L.L.C.
PJM Region	The aggregate of the zones within PJM
PJM Tariff	PJM Open Access Transmission Tariff
PM	Particulate Matter
POLR	Provider of Last Resort
POR	Purchase of Receivables
PPA	Purchase Power Agreement
PPB	Parts per Billion
PPUC	Pennsylvania Public Utility Commission
PSA	Power Supply Agreement
PSD	Prevention of Significant Deterioration
PTC	Price-to-Compare
PUCO	Public Utilities Commission of Ohio
PURPA	Public Utility Regulatory Policies Act of 1978
R&D	Research and Development
RCRA	Resource Conservation and Recovery Act
REC	Renewable Energy Credit
Regulation FD	Regulation Fair Disclosure promulgated by the SEC
REIT	Real Estate Investment Trust
RFC	Reliability*First* Corporation
RFP	Request for Proposal
RGGI	Regional Greenhouse Gas Initiative
RMR	Reliability Must-Run
ROE	Return on Equity
RPM	Reliability Pricing Model
RRS	Retail Rate Stability
RSS	Rich Site Summary
RTEP	Regional Transmission Expansion Plan
RTO	Regional Transmission Organization
S&P	Standard & Poor's Ratings Service
SAIDI	System Average Interruption Duration Index
SAIFI	System Average Interruption Frequency Index
SB221	Amended Substitute Senate Bill No. 221

GLOSSARY OF TERMS, *Continued*

SB310	Substitute Senate Bill No. 310
SBC	Societal Benefits Charge
SEC	United States Securities and Exchange Commission
SERTP	Southeastern Regional Transmission Planning
Seventh Circuit	United States Court of Appeals for the Seventh Circuit
SF_6	Sulfur Hexafluoride
SIP	State Implementation Plan(s) Under the Clean Air Act
SO_2	Sulfur Dioxide
SOS	Standard Offer Service
SPE	Special Purpose Entity
SREC	Solar Renewable Energy Credit
SSO	Standard Service Offer
TDS	Total Dissolved Solid
TMI-2	Three Mile Island Unit 2
TO	Transmission Owner
TTS	Temporary Transaction Surcharge
Twitter®	Twitter is a registered trademark of Twitter, Inc.
U.S. Court of Appeals for the D.C. Circuit	United States Court of Appeals for the District of Columbia Circuit
UWUA	Utility Workers Union of America
VIE	Variable Interest Entity
VRR	Variable Resource Requirement
VSCC	Virginia State Corporation Commission
WVDEP	West Virginia Department of Environmental Protection
WVPSC	Public Service Commission of West Virginia

PART I

ITEM 1. BUSINESS

The Company

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

FirstEnergy and its subsidiaries are involved in the generation, transmission, and distribution of electricity. FirstEnergy's ten utility operating companies comprise one of the nation's largest investor-owned electric systems, serving six million customers in the Midwest and Mid-Atlantic regions. Its generation subsidiaries control nearly 17,000 MW of capacity from a diverse mix of non-emitting nuclear, scrubbed coal, natural gas, hydroelectric and other renewables. FirstEnergy's transmission operations include approximately 24,000 miles of lines and two regional transmission operation centers.

Subsidiaries

FirstEnergy's revenues are primarily derived from electric service provided by its utility operating subsidiaries (OE, CEI, TE, Penn, JCP&L, ME, PN, MP, PE, and WP), ATSI and TrAIL, and the sale of energy and related products and services by its unregulated competitive subsidiaries, FES and AE Supply.

The Utilities' combined service areas encompass approximately 65,000 square miles in Ohio, Pennsylvania, West Virginia, Maryland, New Jersey and New York. The areas they serve have a combined population of approximately 13.5 million.

OE was organized under the laws of the State of Ohio in 1930 and owns property and does business as an electric public utility in that state. OE engages in the distribution and sale of electric energy to communities in a 7,000 square mile area of central and northeastern Ohio. The area it serves has a population of approximately 2.3 million. OE complies with the regulations, orders, policies and practices prescribed by the SEC, FERC and PUCO.

OE owns all of Penn's outstanding common stock. Penn was organized under the laws of the Commonwealth of Pennsylvania in 1930 and owns property and does business as an electric public utility in that state. Penn is also authorized to do business in the State of Ohio. Penn furnishes electric service to communities in 1,100 square miles of western Pennsylvania. The area it serves has a population of approximately 0.3 million. Penn complies with the regulations, orders, policies and practices prescribed by the SEC, FERC and PPUC.

CEI was organized under the laws of the State of Ohio in 1892 and does business as an electric public utility in that state. CEI engages in the distribution and sale of electric energy in an area of 1,600 square miles in northeastern Ohio. The area it serves has a population of approximately 1.7 million. CEI complies with the regulations, orders, policies and practices prescribed by the SEC, FERC and PUCO.

TE was organized under the laws of the State of Ohio in 1901 and does business as an electric public utility in that state. TE engages in the distribution and sale of electric energy in an area of 2,300 square miles in northwestern Ohio. The area it serves has a population of approximately 0.7 million. TE complies with the regulations, orders, policies and practices prescribed by the SEC, FERC and PUCO.

JCP&L was organized under the laws of the State of New Jersey in 1925 and owns property and does business as an electric public utility in that state. JCP&L provides transmission and distribution services in 3,200 square miles of northern, western and east central New Jersey. The area it serves has a population of approximately 2.7 million. JCP&L also has a 50% ownership interest (210 MW) in a hydroelectric generating facility. JCP&L complies with the regulations, orders, policies and practices prescribed by the SEC, FERC and the NJBPU.

ME was organized under the laws of the Commonwealth of Pennsylvania in 1922 and owns property and does business as an electric public utility in that state. ME provides transmission and distribution services in 3,300 square miles of eastern and south central Pennsylvania. The area it serves has a population of approximately 1.2 million. ME complies with the regulations, orders, policies and practices prescribed by the SEC, FERC and PPUC.

PN was organized under the laws of the Commonwealth of Pennsylvania in 1919 and owns property and does business as an electric public utility in that state. PN provides transmission and distribution services in 17,600 square miles of western, northern and south central Pennsylvania. The area it serves has a population of approximately 1.3 million. PN, as lessee of the property of its subsidiary, The Waverly Electric Light & Power Company, also serves customers in the Waverly, New York vicinity. PN complies with the regulations, orders, policies and practices prescribed by the SEC, FERC, NYPSC and PPUC.

PE was organized under the laws of the State of Maryland in 1923 and in the Commonwealth of Virginia in 1974. PE is authorized to do business in the Commonwealth of Virginia and the States of West Virginia and Maryland. PE owns property and does business as an electric public utility in those states. PE provides transmission and distribution services in portions of Maryland and West Virginia and provides transmission services in Virginia in an area totaling approximately 5,500 square miles. The area it serves has a population of approximately 0.9 million. PE complies with the regulations, orders, policies and practices prescribed by the SEC, FERC, MDPSC, VSCC, and WVPSC.

MP was organized under the laws of the State of Ohio in 1924 and owns property and does business as an electric public utility in the state of West Virginia. MP provides generation, transmission and distribution services in 13,000 square miles of northern West Virginia. The area it serves has a population of approximately 0.8 million. As of December 31, 2015, MP owned or contractually controlled 3,580 MWs of generation capacity that is supplied to its electric utility business. In addition, MP is contractually obligated to provide power to PE to meet its load obligations in West Virginia. MP complies with the regulations, orders, policies and practices prescribed by the SEC, FERC and WVPSC.

WP was organized under the laws of the Commonwealth of Pennsylvania in 1916 and owns property and does business as an electric public utility in that state. WP provides transmission and distribution services in 10,400 square miles of southwestern, south-central and northern Pennsylvania. The area it serves has a population of approximately 1.6 million. WP complies with the regulations, orders, policies and practices prescribed by the SEC, FERC and PPUC.

ATSI was organized under the laws of the State of Ohio in 1998. ATSI owns major, high-voltage transmission facilities, which consist of approximately 7,800 circuit miles of transmission lines with nominal voltages of 345 kV, 138 kV and 69 kV in the PJM Region. ATSI plans, operates, and maintains its transmission system in accordance with NERC reliability standards, and other applicable regulatory requirements. In addition, ATSI complies with the regulations, orders, policies and practices prescribed by the SEC, FERC and applicable state regulatory authorities.

TrAIL was organized under the laws of the State of Maryland and the Commonwealth of Virginia in 2006. TrAIL was formed to finance, construct, own, operate and maintain high-voltage transmission facilities in the PJM Region and has several transmission facilities in operation, including a 500 kV transmission line extending approximately 150 miles from southwestern Pennsylvania through West Virginia to a point of interconnection with Virginia Electric and Power Company in northern Virginia. TrAIL plans, operates and maintains its transmission system and facilities in accordance with NERC reliability standards, and other applicable regulatory requirements. In addition, TrAIL complies with the regulations, orders, policies and practices prescribed by the SEC, FERC, and applicable state regulatory authorities.

FES was organized under the laws of the State of Ohio in 1997. FES provides energy-related products and services to retail and wholesale customers. FES also owns and operates, through its FG subsidiary, fossil generating facilities and owns, through its NG subsidiary, nuclear generating facilities. FENOC, a separate subsidiary of FirstEnergy, organized under the laws of the State of Ohio in 1998, operates and maintains NG's nuclear generating facilities. FES purchases the entire output of the generation facilities owned by FG and NG, and purchases the uncommitted output of AE Supply, as well as the output relating to leasehold interests of OE and TE in certain of those facilities that are subject to sale and leaseback arrangements, and pursuant to full output, cost-of-service PSAs.

AE Supply was organized under the laws of the State of Delaware in 1999. AE Supply provides energy-related products and services to wholesale and retail customers. AE Supply also owns and operates fossil generating facilities and purchases and sells energy and energy-related commodities.

AGC was organized under the laws of the Commonwealth of Virginia in 1981. Approximately 59% of AGC is owned by AE Supply and approximately 41% by MP. AGC's sole asset is a 40% undivided interest in the Bath County, Virginia pumped-storage hydroelectric generation facility (1,200 MW) and its connecting transmission facilities. AGC provides the generation capacity from this facility to AE Supply and MP.

FES, FG, NG, AE Supply and AGC comply with the regulations, orders, policies and practices prescribed by the SEC, FERC, and applicable state regulatory authorities. In addition, NG and FENOC comply with the regulations, orders, policies and practices prescribed by the NRC.

FESC provides legal, financial and other corporate support services to affiliated FirstEnergy companies.

Operating Segments

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

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.

The **Regulated Transmission** segment transmits electricity through transmission facilities owned and operated by ATSI, TrAIL, and certain of FirstEnergy's utilities (JCP&L, ME, PN, MP, PE and WP). This segment also includes the regulatory asset associated with the abandoned PATH project.

The **CES** segment, through FES and AE Supply, primarily supplies electricity to end-use customers through retail and wholesale arrangements, including competitive retail sales to customers primarily in Ohio, Pennsylvania, Illinois, Michigan, New Jersey and Maryland, and the provision of partial POLR and default service for some utilities in Ohio, Pennsylvania and Maryland, including the Utilities.

Corporate support and other businesses that do not constitute an operating segment, interest expense on stand-alone holding company debt and corporate income taxes are categorized as Corporate/Other for reportable business segment purposes. Additionally, reconciling adjustments for the elimination of inter-segment transactions are included in Corporate/Other. As of December 31, 2015, Corporate/Other had $4.2 billion of stand-alone holding company long-term debt, of which 28% was subject to variable-interest rates, and $1.7 billion was borrowed by FE under its revolving credit facility.

Additional information regarding FirstEnergy's reportable segments is provided in Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations and Note 18, Segment Information, of the Combined Notes to Consolidated Financial Statements. FES does not have separate reportable operating segments.

Competitive and Regulated Generation

As of February 16, 2016, FirstEnergy's generating portfolio consists of 16,952 MW of diversified capacity (CES — 13,162 MW and Regulated Distribution — 3,790 MW). Of the generation asset portfolio, approximately 9,218 MW (54.4%) consist of coal-fired capacity; 4,048 MW (23.9%) consist of nuclear capacity; 1,410 MW (8.3%) consist of hydroelectric capacity; 1,592 MW (9.4%) consist of oil and natural gas units; 496 MW (2.9%) consist of wind and solar power arrangements; and 188 MW (1.1%) consist of capacity entitlements to output from generation assets owned by OVEC. All units are located within PJM and sell electric energy, capacity and other products into the wholesale markets that are operated by PJM. Within CES' generation portfolio, 10,180 MW consist of FES' facilities that are operated by FENOC and FG (including entitlements from OVEC, wind and solar power arrangements), and except for portions of certain facilities that are subject to the sale and leaseback arrangements with non-affiliates for which the corresponding output of these arrangements is available to FES through power sales agreements, are all owned directly by NG and FG. Another 2,982 MW of the CES' portfolio consists of AE Supply's facilities, including AE Supply's entitlement to 713 MW from AGC's Bath County, Virginia hydroelectric facility and 67 MW of AE Supply's 3.01% entitlement from OVEC's generation output. FES' generating facilities are concentrated primarily in Ohio and Pennsylvania and AE Supply's generating facilities are primarily located in Pennsylvania, West Virginia, Virginia and Ohio.

Within the Regulated Distribution segment's portfolio, 210 MW consist of JCP&L's 50% ownership interest in the Yards Creek hydroelectric facility in New Jersey; and 3,580 MW consist of MP's facilities, including 487 MW from AGC's Bath County, Virginia hydroelectric facility that MP partially owns and 11 MW of MP's 0.49% entitlement from OVEC's generation output. MP's facilities are concentrated primarily in West Virginia.

Utility Regulation

State Regulation

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

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

Federal Regulation

With respect to their wholesale services and rates, the Utilities, AE Supply, ATSI, AGC, FES, FG, NG, PATH and TrAIL are subject to regulation by FERC. 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. FERC regulations require ATSI, JCP&L, ME, MP, PE, PN, WP and TrAIL to provide open access transmission service at FERC-approved rates, terms and conditions. Transmission facilities of ATSI, JCP&L, ME, MP, PE, PN, WP and TrAIL are subject to functional control by PJM and transmission service using their transmission facilities is provided by PJM under the PJM Tariff. See FERC Matters below.

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, AE Supply, FES, FG, NG, FGMUC, Buchanan Generation and Green Valley each have been authorized by FERC to sell wholesale power in interstate commerce at market rates and have a market-based rate tariff on file with FERC, although major wholesale purchases remain subject to regulation by the relevant state commissions. As a condition to selling electricity on a wholesale basis at market-based rates, the Utilities, AE Supply, FES, FG, NG, FGMUC, Buchanan Generation and Green Valley, like other entities granted market-based rate authority, must file electronic quarterly reports with FERC listing their sales transactions for the prior quarter. However, consistent with its historical practice, FERC has granted AE Supply, FES, FG, NG, FGMUC, Buchanan Generation and Green Valley a waiver from certain reporting, record-keeping and accounting requirements that typically apply to traditional public utilities. Along with market-based rate authority, FERC also granted AE Supply, FES, FG, NG, FGMUC, Buchanan Generation and Green Valley blanket authority to issue securities and assume liabilities under Section 204 of the FPA.

The nuclear generating facilities owned and leased by NG, OE and TE, and operated by FENOC, are subject to extensive regulation by the NRC. The NRC subjects nuclear generating stations to continuing review and regulation covering, among other things, operations, maintenance, emergency planning, security, environmental and radiological aspects of those stations. The NRC may modify, suspend or revoke operating licenses and impose civil penalties for failure to comply with the Atomic Energy Act, the regulations under such Act or the terms of the licenses. FENOC is the licensee for the operating nuclear plants and has direct compliance responsibility for NRC matters. FES controls the economic dispatch of NG's plants. See Nuclear Regulation below.

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

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

Regulatory Accounting

The Utilities, AGC, ATSI, PATH and TrAIL recognize, as regulatory assets and regulatory liabilities, costs which FERC and the various state utility commissions, as applicable, have authorized for recovery/return from/to customers in future periods or for which authorization is probable. Without the probability of such authorization, costs currently recorded as regulatory assets and regulatory liabilities would have been charged to income as incurred. All regulatory assets and liabilities are expected to be recovered/returned from/to customers. Based on current ratemaking procedures, the Utilities, AGC, ATSI, PATH and TrAIL continue to collect cost-based rates for their transmission and distribution services and, in the case of PATH, for its abandoned plant, which remains regulated; accordingly, it is appropriate that the Utilities, AGC, ATSI, PATH and TrAIL continue the application of regulatory accounting to those operations. Regulatory accounting is applied only to the parts of the business that meet the above criteria. If a portion of the business applying regulatory accounting no longer meets those requirements, previously recorded net regulatory assets or liabilities are removed from the balance sheet in accordance with GAAP.

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

Maryland Regulatory Matters

PE provides SOS pursuant to a combination of settlement agreements, MDPSC orders and regulations, and statutory provisions. SOS supply is competitively procured in the form of rolling contracts of varying lengths through periodic auctions that are overseen by the MDPSC and a third party monitor. Although settlements with respect to 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 Maryland legislature adopted a statute in 2008 codifying the EmPOWER Maryland goals to reduce electric consumption by 10% and reduce electricity demand by 15%, in each case by 2015, and requiring each electric utility to file a plan every three years. PE's current plan, covering the three-year period 2015-2017, was approved by the MDPSC on December 23, 2014. The costs of

the 2015-2017 plan are expected to be approximately $66 million for that three-year period, of which $19 million was incurred through December 2015. On July 16, 2015, the MDPSC issued an order setting new incremental energy savings goals for 2017 and beyond, beginning with the level of savings achieved under PE's current plan for 2016, and ramping up 0.2% per year thereafter to reach 2%. PE continues to recover program costs subject to a five-year amortization. Maryland law only allows for the utility to recover lost distribution revenue attributable to energy efficiency or demand reduction programs through a base rate case proceeding, and to date, such recovery has not been sought or obtained by PE. On January 28, 2016, PE filed a request to increase plan spending by $2 million in order to reach the new goals for 2017 set in the July 16, 2015 order.

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

On March 3, 2014, pursuant to the MDPSC's regulations, PE filed its recommendations for SAIDI and SAIFI standards to apply during the period 2016-2019. The MDPSC directed the Staff of the MDPSC to file an analysis and recommendations with respect to the proposed 2016-2019 SAIDI and SAIFI standards and any related rule changes which the Staff of the MDPSC recommended. The Staff of the MDPSC made its filing on July 10, 2015, and recommended that PE be required to improve its SAIDI results by approximately 20% by 2019. The MDPSC held a hearing on the Staff's analysis and recommendations on September 1-2, 2015, and approved PE's revised proposal for an improvement of 8.6% in its SAIDI standard by 2019 and maintained its SAIFI standard at 2015 levels. The proposed regulations incorporating the new SAIDI and SAIFI standards were approved as final in December 2015.

On April 1, 2015, PE filed its annual report on its performance relative to various service reliability standards set forth in the MDPSC's regulations. The MDPSC conducted hearings on the reports filed by PE and the other electric utilities in Maryland on August 24, 2015 and subsequently closed its 2014 service reliability review.

New Jersey Regulatory Matters

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

On March 26, 2015, the NJBPU entered final orders which together provided an overall reduction in JCP&L's annual revenues of approximately $34 million, effective April 1, 2015. The final order in JCP&L's base rate case proceeding directed an annual base rate revenue reduction of approximately $115 million, including recovery of 2011 storm costs and the application of the NJBPU's modified CTA policy approved in the generic CTA proceeding referred to below. Additionally, the final order in the generic proceeding established to review JCP&L's major storm events of 2011 and 2012 approved the recovery of 2012 storm costs of $580 million resulting in an increase in annual revenues of approximately $81 million. JCP&L is required to file another base rate case no later than April 1, 2017. The NJBPU also directed that certain studies be completed. On July 22, 2015, the NJBPU approved the NJBPU staff's recommendation to implement such studies, which will include operational and financial components and is expected to take approximately one year to complete.

In an Order issued October 22, 2014, in a generic proceeding to review its policies with respect to the use of a CTA in base rate cases (Generic CTA proceeding), the NJBPU stated that it would continue to apply its current CTA policy in base rate cases, subject to incorporating the following modifications: (i) calculating savings using a five-year look back from the beginning of the test year; (ii) allocating savings with 75% retained by the company and 25% allocated to rate payers; and (iii) excluding transmission assets of electric distribution companies in the savings calculation. On November 5, 2014, the Division of Rate Counsel appealed the NJBPU Order regarding the Generic CTA proceeding to the New Jersey Superior Court and JCP&L has filed to participate as a respondent in that proceeding. Briefing has been completed, and oral argument has not yet been scheduled.

On June 19, 2015, JCP&L, along with PN, ME, FET and MAIT made filings with FERC, the NJBPU, and the PPUC requesting authorization for JCP&L, PN and ME to contribute their transmission assets to MAIT, a new transmission-only subsidiary of FET.

On January 8, 2016, the NJBPU President issued an Order granting Rate Counsel's Motion on the legal issue of whether MAIT can be designated as a public utility. The procedural schedule has been suspended until a decision is made on this issue. See Transfer of Transmission Assets to MAIT in FERC Matters below for further discussion of this transaction.

Ohio Regulatory Matters

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

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

Notices of appeal of the Ohio Companies' ESP 3 plan to the Supreme Court of Ohio were filed by the Northeast Ohio Public Energy Council and the ELPC. The oral argument in this matter occurred on January 6, 2016.

The Ohio Companies filed an application with the PUCO on August 4, 2014 seeking approval of their ESP IV entitled *Powering Ohio's Progress*. The Ohio Companies filed a Stipulation and Recommendation on December 22, 2014, and supplemental stipulations and recommendations on May 28, 2015, and June 4, 2015.The evidentiary hearing on the ESP IV commenced on August 31, 2015 and concluded on October 29, 2015. On December 1, 2015, the Ohio Companies filed a Third Supplemental Stipulation and Recommendation, which included PUCO Staff as a signatory party in addition to other signatories. The PUCO completed a hearing on the Third Supplemental Stipulation and Recommendation in January 2016. Initial briefs are due on February 16, 2016 and reply briefs are due on February 26, 2016. A final PUCO decision is expected in March 2016.

The proposed ESP IV supports FirstEnergy's strategic focus on regulated operations and better positions the Ohio Companies to deliver on their ongoing commitment to upgrade, modernize and maintain reliable electric service for customers while preserving electric security in Ohio. The material terms of the proposed ESP IV, as modified by the stipulations include:

- An eight-year term (June 1, 2016 - May 31, 2024);
- Contemplates continuing a base distribution rate freeze through May 31, 2024;
- An Economic Stability Program that flows through charges or credits through Rider RRS representing the net result of the price paid to FES through a proposed eight-year FERC-jurisdictional PPA for the output of the Sammis and Davis-Besse plants and FES' share of OVEC against the revenues received from selling such output into the PJM markets over the same period, subject to the PUCO's termination of Rider RRS charges/credits associated with any plants or units that may be sold or transferred;
- Continuing to provide power to non-shopping customers at a market-based price set through an auction process;
- Continuing Rider DCR with increased revenue caps of approximately $30 million per year from June 1, 2016 through May 31, 2019; $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 that supports continued investment related to the distribution system for the benefit of customers;
- Collection of lost distribution revenues associated with energy efficiency and peak demand reduction programs;
- A risk-sharing mechanism that would provide guaranteed credits under Rider RRS in years five through eight to customers as follows: $10 million in year five, $20 million in year six, $30 million in year seven and $40 million in year eight;
- A continuing commitment not to recover from retail customers certain costs related to transmission cost allocations for the longer of the five-year period from June 1, 2011 through May 31, 2016 or when the amount of such costs avoided by customers for certain types of products totals $360 million, including such costs from MISO along with such costs from PJM, subject to the outcome of certain FERC proceedings;
- Potential procurement of 100 MW of new Ohio wind or solar resources subject to a demonstrated need to procure new renewable energy resources as part of a strategy to further diversify Ohio's energy portfolio;
- An agreement to file a case with the PUCO by April 3, 2017, seeking to transition to decoupled base rates for residential customers;
- An agreement to file by February 29, 2016, a Grid Modernization Business Plan for PUCO consideration and approval;
- A contribution of $3 million per year ($24 million over the eight year term) to fund energy conservation programs, economic development and job retention in the Ohio Companies service territory;

- Contributions of $2.4 million per year ($19 million over the eight year term) to fund a fuel-fund in each of the Ohio Companies service territories to assist low-income customers; and
- A contribution of $1 million per year ($8 million over the eight year term) to establish a Customary Advisory Council to ensure preservation and growth of the competitive market in Ohio.

On January 27, 2016, certain parties filed a complaint at FERC against FES, OE, CEI, and TE that requests FERC review of the ESP IV PPA under Section 205 of the FPA. In addition to such proceeding, parties have expressed an intention to challenge in the courts and/or before FERC, the PPA or PUCO approval of the ESP IV, if approved. Management intends to vigorously defend against such challenges.

Under Ohio's energy efficiency standards (SB221 and SB310), and based on the Ohio Companies' amended energy efficiency plans, the Ohio Companies are required to implement energy efficiency programs that achieve a total annual energy savings equivalent of 2,266 GWHs in 2015 and 2,288 GWHs in 2016, and then begin to increase by 1% each year in 2017, subject to legislative amendments to the energy efficiency standards discussed below. The Ohio Companies are also required to retain the 2014 peak demand reduction level for 2015 and 2016 and then increase the benchmark by an additional 0.75% thereafter through 2020, subject to legislative amendments to the peak demand reduction standards discussed below.

On September 30, 2015, the Energy Mandates Study Committee issued its report related to energy efficiency and renewable energy mandates, recommending that the current level of mandates remain in place indefinitely. The report also recommended: (i) an expedited process for review of utility proposed energy efficiency plans; (ii) ensuring maximum credit for all of Ohio's Energy Initiatives; (iii) a switch from energy mandates to energy incentives; and (iv) a declaration be made that the General Assembly may determine energy policy of the state. No legislation has yet been introduced to change the standards described above.

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

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

Ohio law requires electric utilities and electric service companies in Ohio to serve part of their load from renewable energy resources measured by an annually increasing percentage amount through 2026, subject to legislative amendments discussed above, except 2015 and 2016 that remain at the 2014 level. The Ohio Companies conducted RFPs in 2009, 2010 and 2011 to secure RECs to help meet these renewable energy requirements. In September 2011, the PUCO opened a docket to review the Ohio Companies' alternative energy recovery rider through which the Ohio Companies recover the costs of acquiring these RECs. The PUCO issued an Opinion and Order on August 7, 2013, approving the Ohio Companies' acquisition process and their purchases of RECs to meet statutory mandates in all instances except for certain purchases arising from one auction and directed the Ohio Companies to credit non-shopping customers in the amount of $43.4 million, plus interest, on the basis that the Ohio Companies did not prove such purchases were prudent. On December 24, 2013, following the denial of their application for rehearing, the Ohio Companies filed a notice of appeal and a motion for stay of the PUCO's order with the Supreme Court of Ohio, which was granted. On February 18, 2014, the OCC and the ELPC also filed appeals of the PUCO's order. The Ohio Companies timely filed their merit brief with the Supreme Court of Ohio and the briefing process has concluded. The matter is not yet scheduled for oral argument.

On April 9, 2014, the PUCO initiated a generic investigation of marketing practices in the competitive retail electric service market, with a focus on the marketing of fixed-price or guaranteed percent-off SSO rate contracts where there is a provision that permits the pass-through of new or additional charges. On November 18, 2015, the PUCO ruled that on a going-forward basis, pass-through clauses may not be included in fixed-price contracts for all customer classes. On December 18, 2015, FES filed an Application for Rehearing seeking to change the ruling or have it only apply to residential and small commercial customers.

Pennsylvania Regulatory Matters

The Pennsylvania Companies currently operate under DSPs that expire on May 31, 2017, and provide for the competitive procurement of generation supply for customers that do not choose an alternative EGS or for customers of alternative EGSs that fail to provide the contracted service. The default service supply is currently provided by wholesale suppliers through a mix of long-

term and short-term contracts procured through spot market purchases, quarterly descending clock auctions for 3, 12- and 24-month energy contracts, and one RFP seeking 2-year contracts to serve SRECs for ME, PN and Penn.

On November 3, 2015, the Pennsylvania Companies filed their proposed DSPs for the June 1, 2017 through May 31, 2019 delivery period, which would 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 proposed programs, the supply would be provided by wholesale suppliers though a mix of 12 and 24-month energy contracts, as well as one RFP for 2-year SREC contracts for ME, PN and Penn. In addition, the proposal includes modifications to the Pennsylvania Companies' existing POR programs in order to reduce the level of uncollectibles the Pennsylvania Companies experience associated with alternative EGS charges.

Pursuant to Pennsylvania's EE&C legislation (Act 129 of 2008) and PPUC orders, Pennsylvania EDCs implement energy efficiency and peak demand reduction programs. The Pennsylvania Companies' Phase II EE&C Plans are effective through May 31, 2016. Total costs of these plans are expected to be approximately $234 million and recoverable through the Pennsylvania Companies' reconcilable EE&C riders. On June 19, 2015, the PPUC issued a Phase III Final Implementation Order setting: demand reduction targets, relative to each Pennsylvania Companies' 2007-2008 peak demand (in MW), at 1.8% for ME, 1.7% for Penn, 1.8% for WP, and 0% for PN; and energy consumption reduction targets, as a percentage of each Pennsylvania Companies' historic 2010 forecasts (in MWH), at 4.0% for ME, 3.9% for PN, 3.3% for Penn, and 2.6% for WP. The Pennsylvania Companies filed their Phase III EE&C plans for the June 2016 through May 2021 period on November 23, 2015, which are designed to achieve the targets established in the PPUC's Phase III Final Implementation Order. EDCs are permitted to recover costs for implementing their EE&C plans. On February 10, 2016, the Pennsylvania Companies and the parties intervening in the PPUC's Phase III proceeding filed a joint settlement that resolves all issues in the proceeding and is subject to PPUC approval.

Pursuant to Act 11 of 2012, Pennsylvania EDCs may establish a DSIC to recover costs of infrastructure improvements and costs related to highway relocation projects with PPUC approval. Pennsylvania EDCs must file LTIIPs outlining infrastructure improvement plans for PPUC review and approval prior to approval of a DSIC. On October 19, 2015, each of the Pennsylvania Companies filed LTIIPs with the PPUC for infrastructure improvement over the five-year period of 2016 to 2020 for the following costs: WP $88.34 million; PN $56.74 million; Penn $56.35 million; and ME $43.44 million. These amounts include all qualifying distribution capital additions identified in the revised implementation plan for the recent focused management and operations audit of the Pennsylvania Companies as discussed below. On February 11, 2016, the PPUC approved the Pennsylvania Companies' LTIIPs. On February 16, 2016, the Pennsylvania Companies filed DSIC riders for PPUC approval for quarterly cost recovery associated with the capital projects approved in the LTIIPs. The DSIC riders are expected to be effective July 1, 2016.

Each of the Pennsylvania Companies currently offer distribution rates under their respective Joint Petitions for Settlement approved on April 9, 2015 by the PPUC, which, among other things, provided for a total increase in annual revenues for all Pennsylvania Companies of $292.8 million, ($89.3 million for ME, $90.8 million for PN, $15.9 million for Penn and $96.8 million for WP), including the recovery of $87.7 million of additional annual operating expenses, including costs associated with service reliability enhancements to the distribution system, amortization of deferred storm costs and the remaining net book value of legacy meters, assistance for providing service to low-income customers, and the creation of a storm reserve for each utility. Additionally, the approved settlements include commitments to meet certain wait times for call centers and service reliability standards. The new rates were effective May 3, 2015.

On July 16, 2013, the PPUC's Bureau of Audits initiated a focused management and operations audit of the Pennsylvania Companies as required every eight years by statute. The PPUC issued a report on its findings and recommendations on February 12, 2015, at which time the Pennsylvania Companies' associated implementation plan was also made public. In an order issued on March 30, 2015, the Pennsylvania Companies were directed to develop and file by May 29, 2015 a revised implementation plan regarding certain of the operational topics addressed in the report, including addressing certain reliability matters. The Pennsylvania Companies filed their revised implementation plan in compliance with this order. A final order adopting the plan, as revised, was entered on November 5, 2015. The cost of compliance for the Pennsylvania Companies is currently expected to range from approximately $200 million to $230 million.

On June 19, 2015, ME and PN, along with JCP&L, FET and MAIT made filings with FERC, the NJBPU, and the PPUC requesting authorization for JCP&L, PN and ME to contribute their transmission assets to MAIT, a new transmission-only subsidiary of FET. Evidentiary hearings are scheduled to commence before the PPUC on February 29, 2016. A final decision from the PPUC is expected by mid-2016. See Transfer of Transmission Assets to MAIT in FERC Matters below for further discussion of this transaction.

West Virginia Regulatory Matters

MP and PE currently operate under a Joint Stipulation and Agreement of Settlement approved by the WVPSC on February 3, 2015, that provided for: a $15 million increase in annual base rate revenues effective February 25, 2015; the implementation of a Vegetation Management Surcharge to recover all costs related to both new and existing vegetation maintenance programs; authority to establish a regulatory asset for MATS investments placed into service in 2016 and 2017; authority to defer, amortize and recover over a five- year period through base rates approximately $46 million of storm restoration costs; and elimination of the TTS for costs associated with MP's acquisition of the Harrison plant in October 2013 and movement of those costs into base rates.

On August 14, 2015, MP and PE filed their annual ENEC case with the WVPSC proposing an approximate $165.1 million annual increase in rates effective January 1, 2016 or before, which would be a 12.5% overall increase over existing rates. The original proposed increase was comprised of a $97 million under-recovered balance as of June 30, 2015, a projected $23.7 million under-recovery for the 2016 calendar year, and an actual under-recovered balance from MP and PE's TTS for Harrison Power Station of $44.4 million. On September 10, 2015, MP and PE filed an amendment addressing the results of the recent PJM Transitional Auctions for Capacity Performance, which resulted in a net decrease of $20.6 million from the initial requested increase to $144.5 million. A settlement was reached among all the parties increasing revenues $96.9 million and deferring other costs for recovery into 2017. The settlement was presented to the WVPSC on November 19, 2015 and a final order approving the settlement without changes was issued on December 22, 2015, with rates effective on January 1, 2016.

On August 31, 2015, MP and PE filed with the WVPSC their biennial petition for reconciliation of the Vegetation Management Program Surcharge and regular review of the program proposing an approximate $37.7 million annual increase in rates over a two year period, which is a 2.8% overall increase over existing rates. The proposed increase was comprised of a $2.1 million under-recovered balance as of June 30, 2015, a projected $23.9 million in under-recovery for the 2016/2017 rate effective period, and recovery of previously authorized deferred vegetation management costs from April 14, 2014 through February 24, 2015 in the amount of $49.9 million. A settlement was reached among all the parties increasing revenues $36.7 million annually for the 2016-2017 two year rate recovery period, and was presented to the WVPSC on November 19, 2015. A final order approving the settlement without changes was issued on December 21, 2015, with rates effective on January 1, 2016.

FERC Matters

PJM Transmission Rates

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

In a series of orders in certain Order No. 1000 dockets, FERC asserted that the PJM transmission owners do not hold an incumbent "right of first refusal" to construct, own and operate transmission projects within their respective footprints that are approved as part of PJM's RTEP process. FirstEnergy and other PJM transmission owners have appealed these rulings, and the question of whether FirstEnergy and the PJM transmission owners have a "right of first refusal" is now pending before the U.S. Court of Appeals for the D.C. Circuit in an appeal of FERC's order approving PJM's Order No. 1000 compliance filing.

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

RTO Realignment

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

Separately, the question of ATSI's responsibility for certain costs for the "Michigan Thumb" transmission project continues to be disputed. Potential responsibility arises under the MISO MVP tariff, which has been litigated in complex proceedings before FERC and certain United States appellate courts. On October 29, 2015, FERC issued an order finding that ATSI and the ATSI zone do not have to pay MISO MVP charges for the Michigan Thumb transmission project. MISO and the MISO TOs filed a request for rehearing, which is pending at FERC. In the event of a final non-appealable order that rules that ATSI must pay these charges, ATSI will seek recovery of these charges through its formula rate. On a related issue, FirstEnergy joined certain other PJM transmission owners in a protest of MISO's proposal to allocate MVP costs to energy transactions that cross MISO's borders into the PJM Region. On January 22, 2015, FERC issued an order establishing a paper hearing on remand from the Seventh Circuit of the issue of whether any limitation on "export pricing" for sales of energy from MISO into PJM is justified in light of applicable FERC precedent. Certain PJM transmission owners, including FirstEnergy, filed an initial brief asserting that FERC's prior ruling

rejecting MISO's proposed MVP export charge on transactions into PJM was correct and should be re-affirmed on remand. The briefs and replies thereto are now before FERC for consideration.

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

The outcome of the proceedings that address the remaining open issues related to costs for the "Michigan Thumb" transmission project and "legacy RTEP" transmission projects cannot be predicted at this time.

2014 ATSI Formula Rate Filing

On October 31, 2014, ATSI filed a proposal with FERC to change the structure of its formula rate from an "historical looking" approach, where transmission rates reflect actual costs for the prior year, to a "forward looking" approach, where transmission rates would be based on the estimated costs for the coming year, with an annual true up. On December 31, 2014, FERC issued an order accepting ATSI's filing effective January 1, 2015, subject to refund and the outcome of hearing and settlement proceedings.FERC subsequently issued an order on October 29, 2015, accepting a settlement agreement on the forward-looking formula rate, subject to minor compliance requirements. The settlement agreement provides for certain changes to ATSI's formula rate template and protocols, and also changes ATSI's ROE from 12.38% to the following values: (i) 12.38% from January 1, 2015 through June 30, 2015; (ii) 11.06% from July 1, 2015 through December 31, 2015; and (iii) 10.38% from January 1, 2016, unless changed pursuant to section 205 or 206 of the FPA, provided the effective date for any change cannot be earlier than January 1, 2018.

Transfer of Transmission Assets to MAIT

On June 10, 2015, MAIT, a Delaware limited liability company, was formed as a new transmission-only subsidiary of FET for the purposes of owning and operating all FERC-jurisdictional transmission assets of JCP&L, ME and PN following the receipt of all necessary state and federal regulatory approvals. On June 19, 2015, JCP&L, PN, ME, FET, and MAIT made filings with FERC, the NJBPU, and the PPUC requesting authorization for JCP&L, PN and ME to contribute their transmission assets to MAIT. Additionally, the filings requested approval from the NJBPU and PPUC, as applicable, of: (i) a lease to MAIT of real property and rights-of-way associated with the utilities' transmission assets; (ii) a Mutual Assistance Agreement; (iii) MAIT being deemed a public utility under state law; (iv) MAIT's participation in FE's regulated companies' money pool; and (v) certain affiliated interest agreements. If approved, JCP&L, ME, and PN will contribute their transmission assets at net book value and an allocated portion of goodwill in a tax-free exchange to MAIT, which will operate similar to FET's two existing stand-alone transmission subsidiaries, ATSI and TrAIL. MAIT's transmission facilities will remain under the functional control of PJM, and PJM will provide transmission service using these facilities under the PJM Tariff. During the third quarter of 2015, FirstEnergy responded to FERC Staff's request for additional information regarding the application. FERC approval is expected during the first quarter of 2016 with final decisions expected from the NJBPU and PPUC by mid-2016. Following FERC approval of the transfer, MAIT expects to file a Section 204 application with FERC, and other necessary filings with the PPUC and the NJBPU, seeking authorization to issue equity to FET, JCP&L, PN and ME for their respective contributions, and to issue debt. MAIT will also make a Section 205 formula rate application with FERC to establish its transmission rate. See New Jersey and Pennsylvania in State Regulation above for further discussion of this transaction.

California Claims Matters

In October 2006, several California governmental and utility parties presented AE Supply with a settlement proposal to resolve alleged overcharges for power sales by AE Supply to the California Energy Resource Scheduling division of the CDWR during 2001. The settlement proposal claims that CDWR is owed approximately $190 million for these alleged overcharges. This proposal was made in the context of mediation efforts by FERC and the Ninth Circuit in several pending proceedings to resolve all outstanding refund and other claims, including claims of alleged price manipulation in the California energy markets during 2000 and 2001. The Ninth Circuit had previously remanded one of those proceedings to FERC, which dismissed the claims of the California parties in May 2011. The California parties appealed FERC's decision back to the Ninth Circuit. AE Supply joined with other intervenors in the case and filed a brief in support of FERC's dismissal of the case. On April 29, 2015, the Ninth Circuit remanded the case to FERC for further proceedings. On November 3, 2015, FERC set for hearing and settlement procedures the remanded issue of whether any individual public utility seller's violation of FERC's market-based rate quarterly reporting requirement led to an unjust and unreasonable rate for that particular seller in California during the 2000-2001 period. Settlement discussions under a FERC-appointed settlement judge are ongoing. Requests for rehearing or clarification of FERC's November 3, 2015 order by various parties, including AE Supply, remain pending.

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

The outcome of either of the above matters or estimate of loss or range of loss cannot be predicted at this time.

PATH Transmission Project

On August 24, 2012, the PJM Board of Managers canceled the PATH project, a proposed transmission line from West Virginia through Virginia and into Maryland which PJM had previously suspended in February 2011. As a result of PJM canceling the project, approximately $62 million and approximately $59 million in costs incurred by PATH-Allegheny and PATH-WV (an equity method investment for FE), respectively, were reclassified from net property, plant and equipment to a regulatory asset for future recovery. PATH-Allegheny and PATH-WV requested authorization from FERC to recover the costs with a proposed ROE of 10.9% (10.4% base plus 0.5% for RTO membership) from PJM customers over five years. FERC issued an order denying the 0.5% ROE adder for RTO membership and allowing the tariff changes enabling recovery of these costs to become effective on December 1, 2012, subject to settlement proceedings and hearing if the parties could not agree to a settlement. On March 24, 2014, the FERC Chief ALJ terminated settlement proceedings and appointed an ALJ to preside over the hearing phase of the case, including discovery and additional pleadings leading up to hearing, which subsequently included the parties addressing the application of FERC's Opinion No. 531, discussed below, to the PATH proceeding. On September 14, 2015, the ALJ issued his initial decision, disallowing recovery of certain costs. The initial decision and exceptions thereto are now before FERC for review and a final order. FirstEnergy continues to believe the costs are recoverable, subject to final ruling from FERC.

FERC Opinion No. 531

On June 19, 2014, FERC issued Opinion No. 531, in which FERC revised its approach for calculating the discounted cash flow element of FERC's ROE methodology, and announced the potential for a qualitative adjustment to the ROE methodology results. Under the old methodology, FERC used a five-year forecast for the dividend growth variable, whereas going forward the growth variable will consist of two parts: (a) a five-year forecast for dividend growth (2/3 weight); and (b) a long-term dividend growth forecast based on a forecast for the U.S. economy (1/3 weight). Regarding the qualitative adjustment, for single-utility rate cases FERC formerly pegged ROE at the median of the "zone of reasonableness" that came out of the ROE formula, whereas going forward, FERC may rely on record evidence to make qualitative adjustments to the outcome of the ROE methodology in order to reach a level sufficient to attract future investment. On October 16, 2014, FERC issued its Opinion No. 531-A, applying the revised ROE methodology to certain ISO New England transmission owners, and on March 3, 2015, FERC issued Opinion No. 531-B affirming its prior rulings. Appeals of Opinion Nos. 531, 532-A and 531-B are pending before the U.S. Court of Appeals for the D.C. Circuit. FirstEnergy is evaluating the potential impact of Opinion No. 531 on the authorized ROE of our FERC-regulated transmission utilities and the cost-of-service wholesale power generation transactions of MP.

MISO Capacity Portability

On June 11, 2012, in response to certain arguments advanced by MISO, FERC requested comments regarding whether existing rules on transfer capability act as barriers to the delivery of capacity between MISO and PJM. FirstEnergy and other parties submitted filings arguing that MISO's concerns largely are without foundation, FERC did not mandate a solution in response to MISO's concerns. At FERC's direction, in May, 2015, PJM, MISO, and their respective independent market monitors provided additional information on their various joint issues surrounding the PJM/MISO seam to assist FERC's understanding of the issues and what, if any, additional steps FERC should take to improve the efficiency of operations at the PJM/MISO seam. Stakeholders, including FESC on behalf of certain of its affiliates and as part of a coalition of certain other PJM utilities, filed responses to the RTO submissions. The various submissions and responses are now before FERC for consideration.

Changes to the criteria and qualifications for participation in the PJM RPM capacity auctions could have a significant impact on the outcome of those auctions, including a negative impact on the prices at which those auctions would clear.

FTR Underfunding Complaint

In PJM, FTRs are a mechanism to hedge congestion and operate as a financial replacement for physical firm transmission service. FTRs are financially-settled instruments that entitle the holder to a stream of revenues based on the hourly congestion price differences across a specific transmission path in the PJM Day-ahead Energy Market. Due to certain language in the PJM Tariff, the funds that are set aside to pay FTRs can be diverted to other uses, which may result in "underfunding" of FTR payments. On February 15, 2013, FES and AE Supply filed a renewed complaint with FERC for the purpose of changing the PJM Tariff to eliminate FTR underfunding. On June 5, 2013, FERC issued an order denying the complaint, and on June 8, 2015, denied a request for rehearing of the June 5, 2013 order.

PJM Market Reform: PJM Capacity Performance Proposal

In December 2014, PJM submitted proposed "Capacity Performance" reforms of its RPM capacity and energy markets. On June 9, 2015, FERC issued an order conditionally approving the bulk of the proposed Capacity Performance reforms with an effective date of April 1, 2015, and directed PJM to make a compliance filing reflecting the mandate of FERC's order. On July 9, 2015, several parties, including FESC on behalf of certain of its affiliates, submitted requests for rehearing for FERC's June 9, 2015 order, and PJM submitted its compliance filing as directed by the order. The requests for rehearing and PJM's compliance filing are pending before FERC.

In August and September 2015, PJM conducted RPM auctions pursuant to the new Capacity Performance rules. FirstEnergy's net competitive capacity position as a result of the BRA and Capacity Performance transition auctions is as follows:

	2016 - 2017				2017 - 2018				2018 - 2019*			
	Legacy Obligation		Capacity Performance		Legacy Obligation		Capacity Performance		Base Generation		Capacity Performance	
	(MW)	($/MWD)	(MW)	($/MWD)	(MW)	($/MWD)	(MW)	($/MWD)	(MW)	($/MWD)	(MW)	($/MWD)
ATSI	2,765	$114.23	4,210	$134.00	375	$120.00	6,245	$151.50	—	$149.98	6,245	$164.77
RTO	875	$59.37	3,675	$134.00	985	$120.00	3,565	$151.50	240	$149.98	3,930	$164.77
All Other Zones	135	$119.13	—	$134.00	150	$120.00	—	$151.50	35	**	20	**
	3,775		7,885		1,510		9,810		275		10,195	

*Approximately 885 MWs remain uncommitted for the 2018/2019 delivery year.

**Base Generation: 10 MWs cleared at $200.21/MWD and 25 MWs cleared at $149.98/MWD. Capacity Performance: 5 MWs cleared at $215.00/MWD and 15 MWs cleared at $164.77/MWD.

PJM Market Reform: FERC Order No. 745 - DR

On May 23, 2014, a divided three-judge panel of the U.S. Court of Appeals for the D.C. Circuit issued an opinion vacating FERC Order No. 745, which required that, under certain parameters, DR participating in organized wholesale energy markets be compensated at LMP. The majority concluded that DR is a retail service, and therefore falls under state, and not federal, jurisdiction, and that FERC, therefore, lacks jurisdiction to regulate DR. The majority also found that even if FERC had jurisdiction over DR, Order No. 745 would be arbitrary and capricious because, under its requirements, DR was inappropriately receiving a double payment (LMP plus the savings of foregone energy purchases). On January 25, 2016, the United States Supreme Court reversed the opinion of the U.S. Court of Appeals for the D.C. Circuit and remanded for further action, finding FERC has statutory authority under the FPA to regulate compensation of demand response resources in FERC-jurisdictional wholesale power markets. The United States Supreme Court also reversed the holding that FERC's Order No. 745 was arbitrary and capricious, finding that the order included detailed support of the chosen compensation method.

On May 23, 2014, as amended September 22, 2014, FESC, on behalf of its affiliates with market-based rate authorization, filed a complaint asking FERC to issue an order requiring the removal of all portions of the PJM Tariff allowing or requiring DR to be included in the PJM capacity market, with a refund effective date of May 23, 2014. FESC also requested that the results of the May 2014 PJM BRA be considered void and legally invalid to the extent that DR cleared that auction because the participation of DR in that auction was unlawful. However, in light of the United States Supreme Court's January 25, 2016 decision discussed above, on January 29, 2016, FESC withdrew the complaint.

Capital Requirements

The centerpiece of FirstEnergy's regulated investment strategy is the *Energizing the Future* transmission expansion plan, with an initial phase that includes $4.2 billion in investments from 2014 to 2017 to modernize FirstEnergy's transmission system. Through 2015, FirstEnergy's capital expenditures under this plan were $2.4 billion and in 2016 capital expenditures under this plan are currently projected to be $1 billion. Planned capital expenditures for 2016 for Regulated Distribution, CES, and Corporate/Other will be dependent upon the outcome of the Ohio Companies' ESP IV and remain subject to Board approval.

Actual capital expenditures for 2015 by operating company and reportable segment are shown in the following tables. Such costs include expenditures for the improvement of existing facilities and for the construction of transmission lines, distribution lines and substations, and other assets.

Operating Company	2015 Actual[1]	2015 Pension/OPEB Mark-to-Market Capital Costs	2015 Actual Excluding Pension/OPEB Mark-to-Market Capital Costs
		(In millions)	
OE	$ 198	$ 37	$ 161
Penn	60	8	52
CEI	122	(3)	125
TE	45	(1)	46
JCP&L	303	45	258
ME	120	20	100
PN	163	23	140
MP	248	(4)	252
PE	99	(2)	101
WP	137	—	137
ATSI	617	—	617
TrAIL	212	—	212
FES	512	1	511
AE Supply	82	—	82
Other subsidiaries	98	3	95
Total	$ 3,016	$ 127	$ 2,889

Reportable Segment	2015 Actual[1]	2015 Pension/OPEB Mark-to-Market Capital Costs	2015 Actual Excluding Pension/OPEB Mark-to-Market Capital Costs
		(In millions)	
Regulated Distribution	$ 1,290	$ 113	$ 1,177
Regulated Transmission	986	10	976
CES	626	4	622
Corporate/Other	114	—	114
Total	$ 3,016	$ 127	$ 2,889

(1) Includes an increase of approximately $127 million related to the capital component of the non-cash pension and OPEB mark-to-market adjustment.

The following table presents scheduled debt repayments for outstanding long-term debt as of December 31, 2015, excluding capital leases for the next five years. PCRBs that are scheduled to be tendered for mandatory purchase prior to maturity are reflected in the applicable year in which such PCRBs are scheduled to be tendered.

	2016	2017-2020	Total
		(In millions)	
FirstEnergy	$ 1,039	$ 6,934	$ 7,973
FES	$ 414	$ 1,762	$ 2,176

The following tables display consolidated operating lease commitments as of December 31, 2015.

Operating Leases		FirstEnergy		
		Lease Payments	PNBV[1]	Net
		(In millions)		
	2016	$ 197	$ 13	$ 184
	2017	122	3	119
	2018	135	—	135
	2019	116	—	116
	2020	91	—	91
Years thereafter		1,438	—	1,438
Total minimum lease payments		$ 2,099	$ 16	$ 2,083

[1] PNBV purchased a portion of the lease obligation bonds associated with certain sale and leaseback transactions. These arrangements effectively reduce lease costs related to those transactions.

Operating Leases		FES
		(In millions)
	2016	$ 131
	2017	82
	2018	101
	2019	97
	2020	68
Years thereafter		1,315
Total minimum lease payments		$ 1,794

FirstEnergy expects its existing sources of liquidity to remain sufficient to meet its anticipated obligations and those of its subsidiaries. FirstEnergy's business is capital intensive, requiring significant resources to fund operating expenses, construction expenditures, scheduled debt maturities and interest payments, dividend payments, and contributions to its pension plan. During 2015, FirstEnergy received $630 million of cash dividends and capital returned from its subsidiaries and paid $607 million in cash dividends to common shareholders. In addition to internal sources to fund liquidity and capital requirements for 2016 and beyond, FirstEnergy expects 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 and/or equity. FirstEnergy expects that borrowing capacity under credit facilities will continue to be available to manage working capital requirements along with continued access to long-term capital markets. Additionally, FirstEnergy also expects to issue long-term debt at certain Utilities and certain other subsidiaries to, among other things, refinance short-term and maturing debt in the ordinary course, subject to market and other conditions. Additionally in 2016, FirstEnergy has minimum required funding obligations of $381 million to its qualified pension plan, of which $160 million has been contributed to date. FirstEnergy expects to make future contributions to the qualified pension plan in 2016 with cash, equity or a combination thereof, depending on, among other things, market conditions. In the future, FirstEnergy may consider equity issuances to fund capital requirements in the regulated operations.

Any financing plans by FirstEnergy, including the issuance of equity, refinancing of maturing debt and reductions in short-term borrowings, are subject to market conditions and other factors. No assurance can be given that any such issuances, financings, refinancings, or reductions in short-term debt, as the case may be, will be completed as anticipated. In addition, FirstEnergy expects to continually evaluate any planned financings, which may result in changes from time to time.

FE and certain of its subsidiaries participate in three five-year syndicated revolving credit facilities with aggregate commitments of $6.0 billion (Facilities), which are available until March 31, 2019. FirstEnergy had $1,708 million and $1,799 million of short-term borrowings as of December 31, 2015 and 2014, respectively. FirstEnergy's available liquidity under the Facilities as of January 31, 2016 was $4.1 billion.

In January 2016, FirstEnergy's Board of Directors declared a quarterly dividend of $0.36 per share of outstanding common stock. The dividend is payable March 1, 2016, to shareholders of record at the close of business on February 5, 2016. This dividend equates to an indicated annual dividend of $1.44 per share and is consistent with the dividends declared in 2015.

Nuclear Operating Licenses

In August 2010, FENOC submitted an application to the NRC for renewal of the Davis-Besse operating license for an additional twenty years. On December 8, 2015, the NRC renewed the operating license for Davis-Besse, which is now authorized to continue operation through April 22, 2037. Prior to that decision, the NRC Commissioners denied an intervenor's request to reopen the record and admit a contention on the NRC's Continued Storage Rule. On August 6, 2015, this intervenor sought review of the NRC Commissioners' decision before the U.S. Court of Appeals for the DC Circuit. FENOC has moved to intervene in that proceeding.

The following table summarizes the current operating license expiration dates for FES' nuclear facilities in service.

Station	In-Service Date	Current License Expiration
Beaver Valley Unit 1	1976	2036
Beaver Valley Unit 2	1987	2047
Perry	1986	2026
Davis-Besse	1977	2037

Nuclear Regulation

Under NRC regulations, FirstEnergy must ensure that adequate funds will be available to decommission its nuclear facilities. As of December 31, 2015, FirstEnergy had approximately $2.3 billion invested in external trusts to be used for the decommissioning and environmental remediation of Davis-Besse, Beaver Valley, Perry and TMI-2. The values of FirstEnergy's NDTs fluctuate based on market conditions. If the value of the trusts decline by a material amount, FirstEnergy's obligation to fund the trusts may increase. Disruptions in the capital markets and their effects on particular businesses and the economy could also affect the values of the NDTs. FE and FES have also entered into a total of $24.5 million in parental guarantees in support of the decommissioning of the spent fuel storage facilities located at the nuclear facilities. As required by the NRC, FirstEnergy annually recalculates and adjusts the amount of its parental guaranties, as appropriate.

As part of routine inspections of the concrete shield building at Davis-Besse in 2013, FENOC identified changes to the subsurface laminar cracking condition originally discovered in 2011. These inspections revealed that the cracking condition had propagated a small amount in select areas. FENOC's analysis confirms that the building continues to maintain its structural integrity, and its ability to safely perform all of its functions. In a May 28, 2015, Inspection Report regarding the apparent cause evaluation on crack propagation, the NRC issued a non-cited violation for FENOC's failure to request and obtain a license amendment for its method of evaluating the significance of the shield building cracking. The NRC also concluded that the shield building remained capable of performing its design safety functions despite the identified laminar cracking and that this issue was of very low safety significance. FENOC plans to submit a license amendment application related to the Shield Building analysis in 2016.

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

Nuclear Insurance

The Price-Anderson Act limits the public liability which can be assessed with respect to a nuclear power plant to $13.5 billion (assuming 103 units licensed to operate) for a single nuclear incident, which amount is covered by: (i) private insurance amounting to $375 million; and (ii) $13.1 billion provided by an industry retrospective rating plan required by the NRC pursuant thereto. Under such retrospective rating plan, in the event of a nuclear incident at any unit in the United States resulting in losses in excess of private insurance, up to $127 million (but not more than $19 million per unit per year in the event of more than one incident) must be contributed for each nuclear unit licensed to operate in the country by the licensees thereof to cover liabilities arising out of the incident. Based on their present nuclear ownership and leasehold interests, FirstEnergy's maximum potential assessment under these provisions would be $509 million (NG-$501 million) per incident but not more than $76 million (NG-$75 million) in any one year for each incident.

In addition to the public liability insurance provided pursuant to the Price-Anderson Act, FirstEnergy has also obtained insurance coverage in limited amounts for economic loss and property damage arising out of nuclear incidents. FirstEnergy is a member of NEIL, which provides coverage (NEIL I) for the extra expense of replacement power incurred due to prolonged accidental outages of nuclear units. Under NEIL I, FirstEnergy's subsidiaries have policies, renewable annually, corresponding to their respective nuclear interests, which provide an aggregate indemnity of up to approximately $1.96 billion (NG-$1.93 billion) for replacement power costs incurred during an outage after an initial 20-week waiting period. Members of NEIL I pay annual premiums and are

subject to assessments if losses exceed the accumulated funds available to the insurer. FirstEnergy's present maximum aggregate assessment for incidents at any covered nuclear facility occurring during a policy year would be approximately $15 million (NG-$15 million).

FirstEnergy is insured as to its respective nuclear interests under property damage insurance provided by NEIL to the operating company for each plant. Under these arrangements, up to $2.75 billion of coverage for decontamination costs, decommissioning costs, debris removal and repair and/or replacement of property is provided. FirstEnergy pays annual premiums for this coverage and is liable for retrospective assessments of up to approximately $83 million (NG-$81 million).

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

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

Environmental Matters

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

Clean Air Act

FirstEnergy complies with 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, generating more electricity from lower or non-emitting plants 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. The U.S. Court of Appeals for the D.C. Circuit ordered the EPA on July 28, 2015, to reconsider the CSAPR caps on NOx and SO_2 emissions from power plants in 13 states, including Ohio, Pennsylvania and West Virginia. This follows the 2014 U.S. Supreme Court ruling generally upholding EPA's regulatory approach under CSAPR, but questioning whether EPA required upwind states to reduce emissions by more than their contribution to air pollution in downwind states. EPA proposed a CSAPR update rule on November 16, 2015, that would reduce summertime NOx emissions from power plants in 23 states in the eastern U.S., including Ohio, Pennsylvania and West Virginia, beginning in 2017. Depending on how the EPA and the states implement CSAPR, the future cost of compliance may be substantial and changes to FirstEnergy's and FES' operations may result.

EPA tightened the primary and secondary NAAQS for ozone from the 2008 standard levels of 75 PPB to 70 PPB on October 1, 2015. EPA stated the vast majority of U.S. counties will meet the new 70 PPB standard by 2025 due to other federal and state rules and programs but EPA will designate those counties that fail to attain the new 2015 ozone NAAQS by October 1, 2017. States will then have roughly three years to develop implementation plans to attain the new 2015 ozone NAAQS. Depending on how the EPA and the states implement the new 2015 ozone NAAQS, the future cost of compliance may be substantial and changes to FirstEnergy's and FES' operations may result.

MATS imposes emission limits for mercury, PM, and HCl for all existing and new fossil fuel fired electric generating units effective in April 2015 with averaging of emissions from multiple units located at a single plant. Under the CAA, state permitting authorities can grant an additional compliance year through April 2016, as needed, including instances when necessary to maintain reliability where electric generating units are being closed. On December 28, 2012, the WVDEP granted a conditional extension through April 16, 2016 for MATS compliance at the Fort Martin, Harrison and Pleasants plants. On March 20, 2013, the PA DEP granted an extension through April 16, 2016 for MATS compliance at the Hatfield's Ferry and Bruce Mansfield plants. On February 5, 2015, the OEPA granted an extension through April 16, 2016 for MATS compliance at the Bay Shore and Sammis plants. Nearly all spending for MATS compliance at Bay Shore and Sammis has been completed through 2014. In addition, an EPA enforcement policy document contemplates up to an additional year to achieve compliance, through April 2017, under certain circumstances for reliability critical units. On June 29, 2015, the United States Supreme Court reversed a U.S. Court of Appeals for the D.C. Circuit

decision that upheld MATS, rejecting EPA's regulatory approach that costs are not relevant to the decision of whether or not to regulate power plant emissions under Section 112 of the Clean Air Act and remanded the case back to the U.S. Court of Appeals for the D.C. Circuit for further proceedings. The U.S. Court of Appeals for the D.C. Circuit later remanded MATS back to EPA, who represented to such court that the EPA is on track to issue a finalized MATS by April 15, 2016. Subject to the outcome of any further proceedings before the U.S. Court of Appeals for the D.C. Circuit and how the MATS are ultimately implemented, FirstEnergy's total capital cost for compliance (over the 2012 to 2018 time period) is currently expected to be approximately $345 million (CES segment of $168 million and Regulated Distribution segment of $177 million), of which $202 million has been spent through December 31, 2015 ($80 million at CES and $122 million at Regulated Distribution).

As a result of MATS, Eastlake Units 1-3, Ashtabula Unit 5 and Lake Shore Unit 18 were deactivated in April 2015, which completes the deactivation of 5,429 MW of coal-fired plants since 2012.

On August 3, 2015, FG, a subsidiary of FES, submitted to the AAA office in New York, N.Y., a demand for arbitration and statement of claim against BNSF and CSX seeking a declaration that MATS constituted a force majeure that excuses FG's performance under its coal transportation contract with these parties. Specifically, the dispute arises from a contract for the transportation by BNSF and CSX of a minimum of 3.5 million tons of coal annually through 2025 to certain coal-fired power plants owned by FG that are located in Ohio. As a result of and in compliance with MATS, those plants were deactivated by April 16, 2015. In January 2012, FG notified BNSF and CSX that MATS constituted a force majeure event under the contract that excused FG's further performance. Separately, on August 4, 2015, BNSF and CSX submitted to the AAA office in Washington, D.C., a demand for arbitration and statement of claim against FG alleging that FG breached the contract and that FG's declaration of a force majeure under the contract is not valid and seeking damages including, but not limited to, lost profits under the contract through 2025. As part of its statement of claim, a right to liquidated damages is alleged. The arbitration panel has determined to consolidate the claims with a liability hearing expected to begin in November 2016, and, if necessary, a damages hearing is expected to begin in May 2017. The decision on liability is expected to be issued within sixty days from the end of the liability hearings. FirstEnergy and FES continue to believe that MATS constitutes a force majeure event under the contract as it relates to the deactivated plants and that FG's performance under the contract is therefore excused. FirstEnergy and FES intend to vigorously assert their position in the arbitration proceedings. If, however, the arbitration panel rules in favor of BNSF and CSX, the results of operations and financial condition of both FirstEnergy and FES could be materially adversely impacted. FirstEnergy and FES are unable to estimate the loss or range of loss.

FG is also a party to another coal transportation contract covering the delivery of 2.5 million tons annually through 2025, a portion of which is to be delivered to another coal-fired plant owned by FG that was deactivated as a result of MATS. FG has asserted a defense of force majeure in response to delivery shortfalls to such plant under this contract as well. If FirstEnergy and FES fail to reach a resolution with the applicable counterparties to the contract, and if it were ultimately determined that, contrary to FirstEnergy's and FES' belief, the force majeure provisions of that contract do not excuse the delivery shortfalls to the deactivated plant, the results of operations and financial condition of both FirstEnergy and FES could be materially adversely impacted. FirstEnergy and FES are unable to estimate the loss or range of loss.

As to both coal transportation agreements referenced above, FES paid in settlement approximately $70 million in liquidated damages for delivery shortfalls in 2014 related to its deactivated plants.

As to a specific coal supply agreement, FirstEnergy and AE Supply have asserted termination rights effective in 2015. In response to notification of the termination, the coal supplier commenced litigation alleging FirstEnergy and AE Supply do not have sufficient justification to terminate the agreement. FirstEnergy and AE Supply have filed an answer denying any liability related to the termination. This matter is currently in the discovery phase of litigation and no trial date has been established. There are 6 million tons remaining under the contract for delivery. At this time, FirstEnergy cannot estimate the loss or range of loss regarding the on-going litigation with respect to this agreement.

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

Climate Change

There are a number of initiatives to reduce GHG emissions at the state, federal and international level. Certain northeastern states are participating in the RGGI and western states led by California, have implemented programs, primarily cap and trade mechanisms, to control emissions of certain GHGs. Additional policies reducing GHG emissions, such as demand reduction programs, renewable portfolio standards and renewable subsidies have been implemented across the nation. A June 2013, Presidential Climate Action Plan outlined goals to: (i) cut carbon pollution in America by 17% by 2020 (from 2005 levels); (ii) prepare the United States for the impacts of climate change; and (iii) lead international efforts to combat global climate change and prepare for its impacts. GHG

emissions have already been reduced by 10% between 2005 and 2012 according to an April, 2014 EPA Report. Due to plant deactivations and increased efficiencies, FirstEnergy anticipates its CO_2 emissions will be reduced 25% below 2005 levels by 2015, exceeding the President's Climate Action Plan goals both in terms of timing and reduction levels.

The EPA released its final "Endangerment and Cause or Contribute Findings for Greenhouse Gases under the Clean Air Act" in December 2009, concluding that concentrations of several key GHGs constitutes an "endangerment" and may be regulated as "air pollutants" under the CAA and mandated measurement and reporting of GHG emissions from certain sources, including electric generating plants. The EPA released its final regulations in August 2015, to reduce CO_2 emissions from existing fossil fuel fired electric generating units that would require each state to develop SIPs by September 6, 2016, to meet the EPA's state specific CO_2 emission rate goals. The EPA's CPP allows states to request a two-year extension to finalize SIPs by September 6, 2018. If states fail to develop SIPs, the EPA also proposed a federal implementation plan that can be implemented by the EPA that included model emissions trading rules which states can also adopt in their SIPs. The EPA also finalized separate regulations imposing CO_2 emission limits for new, modified, and reconstructed fossil fuel fired electric generating units. On June 23, 2014, the United States Supreme Court decided that CO_2 or other GHG emissions alone cannot trigger permitting requirements under the CAA, but that air emission sources that need PSD permits due to other regulated air pollutants can be required by the EPA to install GHG control technologies. Numerous states and private parties filed appeals and motions to stay the CPP with the U.S. Court of Appeals for the D.C. Circuit in October 2015. On January 21, 2015, a panel of the D.C. Circuit denied the motions for stay and set an expedited schedule for briefing and argument. 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. Depending on the outcome of further appeals and how any final rules are ultimately implemented, the future cost of compliance may be substantial.

At the international level, the United Nations Framework Convention on Climate Change resulted in the Kyoto Protocol requiring participating countries, which does not include the U.S., to reduce GHGs commencing in 2008 and has been extended through 2020. The Obama Administration submitted in March 2015, a formal pledge for the U.S. to reduce its economy-wide greenhouse gas emissions by 26 to 28 percent below 2005 levels by 2025 and joined in adopting the agreement reached on December 12, 2015 at the United Nations Framework Convention on Climate Change meetings in Paris. The Paris Agreement must be ratified by at least 55 countries representing at least 55% of global GHG emissions before its non-binding obligations to limit global warming to well below two degrees Celsius become effective. FirstEnergy cannot currently estimate the financial impact of climate change policies, although potential legislative or regulatory programs restricting CO_2 emissions, or litigation alleging damages from GHG emissions, could require significant capital and other expenditures or result in changes to its operations. The CO_2 emissions per KWH of electricity generated by FirstEnergy is lower than many of its regional competitors due to its diversified generation sources, which include low or non-CO_2 emitting gas-fired and nuclear generators.

Clean Water Act

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

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

The EPA proposed updates to the waste water effluent limitations guidelines and standards for the Steam Electric Power Generating category (40 CFR Part 423) in April 2013. On September 30, 2015, the EPA finalized new, more stringent effluent limits for arsenic, mercury, selenium and nitrogen for wastewater from wet scrubber systems and zero discharge of pollutants in ash transport water. The treatment obligations will phase-in as permits are renewed on a five-year cycle from 2018 to 2023. The final rule also allows plants to commit to more stringent effluent limits for wet scrubber systems based on evaporative technology and in return have until the end of 2023 to meet the more stringent limits. Depending on the outcome of appeals and how any final rules are ultimately implemented, the future costs of compliance with these standards may be substantial and changes to FirstEnergy's and FES' operations may result.

In October 2009, the WVDEP issued an NPDES water discharge permit for the Fort Martin plant, which imposes TDS, sulfate concentrations and other effluent limitations for heavy metals, as well as temperature limitations. Concurrent with the issuance of the Fort Martin NPDES permit, WVDEP also issued an administrative order setting deadlines for MP to meet certain of the effluent limits that were effective immediately under the terms of the NPDES permit. MP appealed, and a stay of certain conditions of the NPDES permit and order have been granted pending a final decision on the appeal and subject to WVDEP moving to dissolve the stay. The Fort Martin NPDES permit could require an initial capital investment ranging from $150 million to $300 million in order to install technology to meet the TDS and sulfate limits, which technology may also meet certain of the other effluent limits. Additional technology may be needed to meet certain other limits in the Fort Martin NPDES permit. MP intends to vigorously pursue these issues but cannot predict the outcome of the appeal or estimate the possible loss or range of loss.

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

Regulation of Waste Disposal

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

In December 2014, the EPA finalized regulations for the disposal of CCRs (non-hazardous), establishing national standards regarding landfill design, structural integrity design and assessment criteria for surface impoundments, groundwater monitoring and protection procedures and other operational and reporting procedures to assure the safe disposal of CCRs from electric generating plants. Based on an assessment of the finalized regulations, the future cost of compliance and expected timing of spend had no significant impact on FirstEnergy's or FES' existing AROs associated with CCRs. Although unexpected, changes in timing and closure plan requirements in the future could impact our asset retirement obligations significantly.

Pursuant to a 2013 consent decree, PA DEP issued a 2014 permit requiring FE to provide bonding for 45 years of closure and post-closure activities and to complete closure within a 12-year period, but authorizing FE to seek a permit modification based on "unexpected site conditions that have or will slow closure progress." The permit does not require active dewatering of the CCRs, but does require a groundwater assessment for arsenic and abatement if certain conditions in the permit are met. The Bruce Mansfield plant is pursuing several options for disposal of CCRs following December 31, 2016 and expects beneficial reuse and disposal options will be sufficient for the ongoing operation of the plant. On May 22, 2015 and September 21, 2015, the PA DEP reissued a permit for the Hatfield's Ferry CCR disposal facility and then modified that permit to allow disposal of Bruce Mansfield plant CCR. On July 6, 2015 and October 22, 2015, the Sierra Club filed Notice of Appeals with the Pennsylvania Environmental Hearing Board challenging the renewal, reissuance and modification of the permit for the Hatfield's Ferry CCR disposal facility.

FirstEnergy 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 December 31, 2015 based on estimates of the total costs of cleanup, FE's and its subsidiaries' proportionate responsibility for such costs and the financial ability of other unaffiliated entities to pay. Total liabilities of approximately $126 million have been accrued through December 31, 2015. Included in the total are accrued liabilities of approximately $87 million for environmental remediation of former manufactured gas plants and gas holder facilities in New Jersey, which are being recovered by JCP&L through a non-bypassable SBC. FirstEnergy or its subsidiaries could be found potentially responsible for additional amounts or additional sites, but the loss or range of losses cannot be determined or reasonably estimated at this time.

Fuel Supply

FirstEnergy currently has coal contracts.with various terms to acquire approximately 21.5 million tons of coal for the year 2016 which is approximately 100% of its estimated 2016 coal requirements. This contract coal is produced primarily from mines located in Ohio, Pennsylvania, and West Virginia. The contracts expire at various times through 2028. See Environmental Matters for additional information pertaining to the impact of increased environmental regulations on coal supply and transportation contracts applicable to certain deactivated coal-fired generating units.

FirstEnergy has contracts for all uranium requirements through 2018 and a portion of uranium material requirements through 2024. Conversion services contracts fully cover requirements through 2018 and partially fill requirements through 2024. Enrichment services are contracted for essentially all of the enrichment requirements for nuclear fuel through 2020. A portion of enrichment requirements is also contracted for through 2024. Fabrication services for fuel assemblies are contracted for both Beaver Valley units through 2020 and Davis-Besse through 2025 and through the current operating license period for Perry.

On-site spent fuel storage facilities are currently adequate for all FENOC operating units. An on-site dry cask storage facility has been constructed at Beaver Valley sufficient to extend spent fuel storage capacity through the end of current operating licenses at Beaver Valley Unit 1 and Beaver Valley Unity 2. Davis-Besse is planning to resume dry cask storage operations in 2017 which will extend on-site spent fuel storage capacity through the end of its recently extended operating license. Perry completed plant modification for dry cask storage in 2012, loaded spent fuel into dry cask storage in 2012 and 2014 (referred to as a loading campaign), and has planned to conduct additional dry cask storage loading campaigns that will provide for sufficient spent fuel storage capacity through 2046 (end of current operating license plus a 20-year operating license extension).

The Federal Nuclear Waste Policy Act of 1982 provided for the construction of facilities for the permanent disposal of high-level nuclear wastes, including spent fuel from nuclear power plants operated by electric utilities. NG has contracts with the DOE for the disposal of spent fuel for Beaver Valley, Davis-Besse and Perry. Yucca Mountain was approved in 2002 as a repository for underground disposal of spent nuclear fuel from nuclear power plants and high level waste from U.S. defense programs. The DOE

submitted the license application for Yucca Mountain to the NRC on June 3, 2008. The current Administration has stated the Yucca Mountain repository will not be completed and a Federal review of potential alternative strategies has been performed.

In light of this uncertainty, FirstEnergy has made arrangements for storage capacity as a contingency for the continuing delays of the DOE acceptance of spent fuel for disposal.

Natural gas demand at the combined cycle and peaking units is forecasted at approximately 30 million cubic feet in 2016. Fuel oil and natural gas are also used to fuel peaking units and/or to ignite the burners prior to burning coal when a coal-fired plant is restarted. Fuel oil requirements have historically been low and are forecasted to remain so. Requirements are expected to average approximately 9 million gallons per year over the next five years.

System Demand

The 2015 maximum hourly demand for each of the Utilities was:

- OE—5,391 MW on July 29, 2015;
- Penn—983 MW on July 29, 2015;
- CEI—4,057 MW on August 19, 2015;
- TE—2,149 MW on September 8, 2015;
- JCP&L—5,789 MW on July 20, 2015;
- ME—2,770 MW on July 20, 2015;
- PN—3,024 MW on February 19, 2015;
- MP—2,031 MW on January 7, 2015;
- PE—3,631 MW on February 20, 2015; and
- WP—3,942 MW on February 20, 2015.

Supply Plan

Regulated Commodity Sourcing

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 can vary depending on the level of shopping that occurs. Supply plans vary by state and by service territory. JCP&L's default service or BGS supply is secured through a statewide competitive procurement process approved by the NJBPU. Default service for the Ohio Companies, Pennsylvania Companies and PE's Maryland jurisdiction are provided through a competitive procurement process approved by the PUCO (under the ESP), PPUC (under the DSP) and MDPSC (under the SOS), respectively. If any supplier fails to deliver power to any one of those Utilities' service areas, the Utility serving that area may need to procure the required power in the market in their role as a LSE. West Virginia electric generation continues to be regulated by the WVPSC.

Unregulated Commodity Sourcing

The CES segment, through FES and AE Supply, primarily provides energy and energy related services, including the generation and sale of electricity and energy planning and procurement through retail and wholesale competitive supply arrangements. FES and AE Supply provide the power requirements of their competitive load-serving obligations through a combination of subsidiary-owned generation, non-affiliated contracts and spot market transactions.

FES and AE Supply have retail and wholesale competitive load-serving obligations in Ohio, Pennsylvania, Illinois, Maryland, Michigan and New Jersey, serving both affiliated and non-affiliated companies. FES and AE Supply provide energy products and services to customers under various POLR, shopping, competitive-bid and non-affiliated contractual obligations. Geographically, most of FES' and AE Supply's obligations are in the PJM market area where all of their respective generation facilities are located.

Regional Reliability

All of FirstEnergy's facilities are located within the PJM Region and operate under the reliability oversight of a regional entity known as RFC. This regional entity operates under the oversight of NERC in accordance with a delegation agreement approved by FERC.

Competition

Within FirstEnergy's Regulated Distribution segment, generally there is no competition for electric distribution service in the Utilities' respective service territories in Ohio, Pennsylvania, West Virginia, Maryland, New Jersey and New York. Additionally, there has traditionally been no competition for transmission service in PJM. However, pursuant to FERC's Order No. 1000 and subject to state and local siting and permitting approvals, non-incumbent developers now can compete for certain PJM transmission projects in the service territories of FirstEnergy's Regulated Transmission segment. This could result in additional competition to build transmission facilities in the Regulated Transmission segment's service territories while also allowing the Regulated Transmission segment the opportunity to seek to build facilities in non-incumbent service territories.

FirstEnergy's CES segment participates in deregulated energy markets in Ohio, Pennsylvania, Maryland, Michigan, New Jersey and Illinois, through FES and AE Supply. In these markets, the CES segment competes: (1) to provide retail generation service directly to end users; (2) to provide wholesale generation service to utilities, municipalities and co-operatives, which, in turn, resell to end users; and (3) in the wholesale market.

Seasonality

The sale of electric power is generally a seasonal business and weather patterns can have a material impact on FirstEnergy's operating results. Demand for electricity in our service territories historically peaks during the summer and winter months, with market prices also generally peaking at those times. Accordingly, FirstEnergy's annual results of operations and liquidity position may depend disproportionately on its operating performance during the summer and winter. Mild weather conditions may result in lower power sales and consequently lower earnings.

Research and Development

The Utilities, FES, FG, FENOC and ATSI participate in the funding of EPRI, which was formed for the purpose of expanding electric R&D under the voluntary participation of the nation's electric utility industry — public, private and cooperative. Its goal is to mutually benefit utilities and their customers by promoting the development of new and improved technologies to help the utility industry meet present and future electric energy needs in environmentally and economically acceptable ways. EPRI conducts research on all aspects of electric power production and use, including fuels, generation, and delivery, efficient management of energy use, environmental effects and energy analysis. The majority of EPRI's R&D programs and projects are directed toward business solutions and their applications to problems facing the electric utility industry.

FirstEnergy participates in other initiatives with industry R&D consortiums and universities to address technology needs for its various business units. Participation in these consortiums helps the company address research needs in areas such as plant

operations and maintenance, major component reliability, environmental controls, advanced energy technologies, and transmission and distribution system infrastructure to improve performance, and develop new technologies for advanced energy and grid applications.

Executive Officers as of February 16, 2016

Name	Age	Positions Held During Past Five Years	Dates
G. D. Benz	56	Senior Vice President, Strategy (B)	2015-present
		Vice President, Supply Chain (B)	2012-2015
L. M. Cavalier	64	Chief Human Resources Officer (B)	2015-present
		Senior Vice President, Human Resources (B)	*-2015
D. M. Chack	65	Senior Vice President, Marketing and Branding (B)	2015-present
		President, Ohio Operations (B)	2011-2015
		Vice President (C)	2011-2015
		Regional President (M)	*-2011
M. J. Dowling	51	Senior Vice President, External Affairs (B)	2011-present
		Vice President, External Affairs (B)	*-2011
B. L. Gaines	62	Senior Vice President, Corporate Services and Chief Information Officer (B)	2012-present
		Vice President, Corporate Services and Chief Information Officer (B)	2011-2012
		Vice President, Shared Services, Administration and Chief Information Officer (B)	*-2011
C. E. Jones	60	President and Chief Executive Officer (A)(B)	2015-present
		Chief Executive Officer (F)	2015-present
		Executive Vice President & President, FirstEnergy Utilities (A)(B)	2014
		Senior Vice President & President, FirstEnergy Utilities (B)	*-2013
		President (H)(I)	2011-2015
		President (C)(D)(L)	*-2015
		Senior Vice President & President, FirstEnergy Utilities (A)	*-2011
J. H. Lash	65	Executive Vice President & President, FE Generation (A)(B)	2015-present
		President, FE Generation (B)	2011-2015
		President (G)(J)	2011-present
		Chief Nuclear Officer (F)	2011-2012
		President and Chief Nuclear Officer (F)	*-2011
		President, FirstEnergy Nuclear Operating Company (B)	*-2011
C. D. Lasky	53	Senior Vice President, Human Resources (B)	2015-present
		Vice President, Fossil Operations (J)	2014-2015
		Vice President, Fossil Operations & Engineering (J)	2014
		Vice President (G)	2011-2015
		Vice President, Fossil Fleet Operations (J)	2011-2013
		Vice President (J)	*-2011
		Vice President, Fossil Operations (E)	*-2011
J. F. Pearson	61	Executive Vice President and Chief Financial Officer (A)(B)(C)(D)(E)(F)(G)(H)(I)(J)(L)	2015-present
		Senior Vice President and Chief Financial Officer (A)(B)(C)(D)(E)(F)(G)(H)(I)(J)(L)	2013-2015
		Senior Vice President and Treasurer (A)(B)(C)(D)(E)(F)(G)(H)(I)(J)(L)	2012
		Vice President and Treasurer (A)(B)(C)(D)(E)(F)(J)(L)	*-2012
		Vice President and Treasurer (G)(H)(I)	2011-2012
D. R. Schneider	54	President (E)	*-present
S. E. Strah	52	Senior Vice President & President, FirstEnergy Utilities (B)	2015-present
		President (C)(D)(H)(I)(L)	2015-present
		Vice President, Distribution Support (B)	2011-2015
		Regional President (K)	*-2011
K. J. Taylor	42	Vice President, Controller and Chief Accounting Officer (A)(B)	2013-present
		Vice President and Controller (C)(D)(E)(F)(G)(H)(I)(J)(L)	2013-present
		Vice President and Assistant Controller (A)(B)(C)(D)(E)(F)(G)(H)(I)(J)(L)	2012-2013
		Assistant Controller (A)(B)(C)(D)(L)	*-2012
		Assistant Controller (H)(I)	2011-2012
		Assistant Controller (E)(F)(G)(J)	2012
L. L. Vespoli	56	Executive Vice President, Markets & Chief Legal Officer (A)(B)(C)(D)(E)(F)(G)(H)(I)(J)(L)	2014-present
		Executive Vice President and General Counsel (A)(B)(C)(D)(E)(F)(J)(L)	*-2013
		Executive Vice President and General Counsel (G)(H)(I)	2011-2013

* Indicates position held at least since January 1, 2011
(A) Denotes executive officer of FE
(B) Denotes executive officer of FESC
(C) Denotes executive officer of OE, CEI and TE
(D) Denotes executive officer of ME, PN and Penn
(E) Denotes executive officer of FES
(F) Denotes executive officer of FENOC
(G) Denotes executive officer of AGC
(H) Denotes executive officer of MP, PE and WP
(I) Denotes executive officer of TrAIL and FET
(J) Denotes executive officer of FG
(K) Denotes executive officer of OE
(L) Denotes executive officer of ATSI
(M) Denotes executive officer of CEI

Employees

As of December 31, 2015, FirstEnergy's subsidiaries had 15,781 employees located in the United States as follows:

	Total Employees	Bargaining Unit Employees
FESC	4,179	614
OE	1,087	713
CEI	945	635
TE	331	237
Penn	190	137
JCP&L	1,378	1,082
ME	658	501
PN	756	503
FES	125	—
FG	1,738	1,070
FENOC	2,653	1,186
MP	589	382
PE	460	283
WP	692	448
Total	**15,781**	**7,791**

As of December 31, 2015, the IBEW, the UWUA and the OPEIU unions collectively represented approximately 6,900 of FirstEnergy's employees. There are 22 CBAs between FirstEnergy's subsidiaries and its unions, most of which have three year terms. In 2015, certain of FirstEnergy's subsidiaries reached new agreements on CBAs with four different IBEW locals, covering approximately 1,680 employees. These contracts will expire in 2018 and 2019. Additionally, in early 2016, PN reached a new agreement with IBEW local 459, covering approximately 425 employees, which will expire in 2021.

On July 1, 2015, IBEW Local 29, which represents approximately 17 employees at the Beaver Valley nuclear plant, ratified a new agreement that will expire September 30, 2018. On October 14, 2015, IBEW Local 777 CC, which represents approximately 161 call center employees in Reading, PA, ratified a new agreement that will expire on October 31, 2018. On November 12, 2015, IBEW Local 1289, which represents approximately 1,086 employees at JCP&L, ratified a new agreement that will expire on October 31, 2018. On November 24, 2015, IBEW Local 245, which represents approximately 416 employees of TE, the Davis-Besse nuclear plant and the Bay Shore generating station, ratified a new agreement that will expire on October 31, 2019.

The agreement with IBEW Local 272, which represents approximately 238 employees at the Bruce Mansfield Plant, expired on February 15, 2014. On October 27, 2015, following nearly two years of bargaining, FirstEnergy declared impasse and implemented terms and conditions of employment from its last comprehensive offer to settle. FirstEnergy continues to engage in negotiations with IBEW Local 272, and work continuation plans are in place in the event of a work stoppage. The agreement with UWUA Local 270, which represents approximately 76 employees at the Perry Nuclear Plant expired on November 16, 2015. The parties continue to negotiate for a new contract and work continuation plans are in place in the event of a work stoppage.

FirstEnergy Website and Other Social Media Sites and Applications

Each of the registrants' Annual Reports on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K, and amendments to those reports filed with or furnished to the SEC pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934 are also made available free of charge on or through the "Investors" page of FirstEnergy's Internet website at www.firstenergycorp.com. The public may read and copy any reports or other information that the registrants file with the SEC at the SEC's public reference room at 100 F Street, N.E., Washington, D.C. 20549. The public may obtain information on the operation of the SEC's public reference room by calling the SEC at 1-800-SEC-0330. 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 FirstEnergy's website as soon as reasonably practicable after they are electronically filed with the SEC. Additionally, the registrants routinely post additional important information including press releases, investor presentations and notices of upcoming events, under the "Investors" section of FirstEnergy's Internet website and recognize FirstEnergy's Internet 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 RSS feeds on the "Investors" page of FirstEnergy's Internet website or through push alerts from FirstEnergy Investor Relations apps for Apple Inc.'s iPad® and iPhone® devices, which can be installed for free at the Apple® online store. 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 Internet website, posted on FirstEnergy's Facebook® page or disseminated through Twitter®, and any corresponding applications, shall not be deemed incorporated into, or to be part of, this report.

ITEM 1A. RISK FACTORS

We operate in a business environment that involves significant risks, many of which are beyond our control. Management of each Registrant regularly evaluates the most significant risks of the Registrants' businesses and reviews those risks with the FirstEnergy Board of Directors or appropriate Committees of the Board. The following risk factors and all other information contained in this report should be considered carefully when evaluating FirstEnergy. These risk factors could affect our financial results and cause such results to differ materially from those expressed in any forward-looking statements made by or on behalf of us. Below, we have identified risks we currently consider material. Additional information on risk factors is included in "Item 1. Business" and "Item 7. Management's Discussion and Analysis of Registrant and Subsidiaries" and in other sections of this Form 10-K that include forward-looking and other statements involving risks and uncertainties that could impact our business and financial results.

Risks Related to Business Operations

We Have Taken a Series of Actions to Focus Our Growth on Our Regulated Operations. Whether This Will Deliver the Desired Result is Subject to Certain Risks Which Could Adversely Affect Profitability and our Financial Condition in the Future

We focus on capitalizing on investment opportunities available to our regulated operations - particularly in transmission - as we focus on delivering enhanced customer service and reliability. The success of these efforts will depend, in part, on successful recovery of our transmission investments. Factors that may affect rate recovery of our transmission investments may include: (1) whether the investments are included in PJM's RTEP; (2) FERC's evolving policies with respect to incentive rates for transmission assets; (3) FERC's evolving policies with respect to the base ROE component of transmission rates, as articulated in FERC's Opinion No. 531 and related orders; (4) consideration of the objections of those who oppose such investments and their recovery; and (5) timely development, construction, and operation of the new facilities.

The success of these efforts will also depend, in part, on our achieving positive outcomes in the ESP IV before the PUCO and any future distribution rate cases and transmission rate filings. Any denial of, or delay in, the approval of ESP IV or any future distribution or transmission rate request could restrict us from fully recovering our cost of service, may impose risk on operations, and could have a material adverse effect on our regulatory strategy. In addition, CES' continued operation of the generating units included in the PPA portion of the ESP IV is uncertain.

Our efforts also could be impacted by our ability to finance the proposed expansion projects while maintaining adequate liquidity. There can be no assurance that our efforts to reflect a more regulated business profile will deliver the desired result which could adversely affect our future profitability and financial condition.

We Are Subject to Risks Arising from the Operation of Our Power Plants and Transmission and Distribution Equipment

Operation of generation, transmission and distribution facilities involves risk, including the risk of potential breakdown or failure of equipment or processes due to aging infrastructure, fuel supply or transportation disruptions, accidents, labor disputes or work stoppages by employees, human error in operations or maintenance, acts of terrorism or sabotage, construction delays or cost overruns, shortages of or delays in obtaining equipment, material and labor, operational restrictions resulting from environmental requirements and governmental interventions, and performance below expected levels. In addition, weather-related incidents and other natural disasters can disrupt generation, transmission and distribution delivery systems. Because our transmission facilities are interconnected with those of third parties, the operation of our facilities could be adversely affected by unexpected or uncontrollable events occurring on the systems of such third parties.

Operation of our power plants below expected capacity could result in lost revenues and increased expenses, including higher operation and maintenance costs, purchased power costs and capital requirements. Unplanned outages of generating units and extensions of scheduled outages due to mechanical failures or other problems occur from time to time and are an inherent risk of our business. Unplanned outages typically increase our operation and maintenance expenses or may require us to incur significant costs as a result of operating our higher cost units or obtaining replacement power from third parties in the open market to satisfy our sales obligations. Moreover, if we were unable to perform under contractual obligations, including, but not limited to, our coal and coal transportation contracts, penalties or liability for damages could result.

FES, FG, OE and TE are exposed to losses under their applicable sale-leaseback arrangements for generating facilities upon the occurrence of certain contingent events that could render those facilities worthless. Although we believe these types of events are unlikely to occur, FES, FG, OE and TE have a maximum exposure to loss under those provisions of approximately $1.2 billion for FES, $368 million for OE and $192 million for TE. In addition, new and certain existing environmental requirements may force us to shut down such generating facilities or change their operating status, either temporarily or permanently, if we are unable to comply with such environmental requirements, or if we make a determination that the expenditures required to comply with such requirements are unreasonable.

Failure to Provide Safe and Reliable Service and Equipment Could Result in Serious Injury or Loss of Life That May Harm Our Business Reputation and Adversely Affect our Operating Results

We are obligated to provide safe and reliable service and equipment in our franchised service territories. Meeting this commitment requires the expenditure of significant capital resources. However, our employees, contractors and the general public may be exposed to dangerous environments, due to the nature of our operations. Failure to provide safe and reliable service and equipment due to a number of factors, including, equipment failure, accidents and weather, could result in serious injury or loss of life that may harm our business reputation and adversely affect our operating results through reduced revenues and increased capital and operating costs and the imposition of penalties/fines or other adverse regulatory outcomes.

Continued Pressure on Commodity Prices Including, but Not Limited to Natural Gas, Could Adversely Affect Our Profit Margins

We purchase and sell electricity in the competitive retail and wholesale markets. Increases in the costs of fuel for our generation facilities (particularly coal, uranium and natural gas) can affect our profit margins. Competition and changes in the short or long-term market price of electricity, which are affected by changes in other commodity costs and other factors including, but not limited to, weather, energy efficiency mandates, DR initiatives and deactivations and retirements at power production facilities, may impact our results of operations and financial position by decreasing sales margins or increasing the amount we pay to purchase power to satisfy our sales obligations in the states in which we do business. We are exposed to risk from the volatility of the market price of natural gas. Our ability to sell at a profit is highly dependent on the price of natural gas. With low natural gas prices, other market participants that utilize natural gas-fired generation will be able to offer electricity at increasingly competitive prices, so the margins we realize from sales will be lower and, on occasion, we may curtail or cease operation of marginal plants. The availability of natural gas and issues related to its accessibility may have a long-term material impact on the price of natural gas. In addition, deterioration or weakness in the global economy has led to lower international demand for coal, oil and natural gas, which has lowered fossil fuel prices and may continue to put downward pressure on electricity prices.

We Are Exposed to Operational, Price and Credit Risks Associated With Marketing and Selling Products in the Power Markets That We Do Not Always Completely Hedge Against

We purchase and sell power at the wholesale level under market-based rate tariffs authorized by FERC, and also enter into agreements to sell available energy and capacity from our generation assets. If we are unable to deliver firm capacity and energy under these agreements, we may be required to pay damages, including significant penalties under PJM's Capacity Performance market reform. These damages would generally be based on the difference between the market price to acquire replacement capacity or energy and the contract price of the undelivered capacity or energy. Depending on price volatility in the wholesale energy markets, such damages and penalties could be significant. A single outage could result in penalties that exceed capacity revenues for a given unit in a given year. Extreme weather conditions, unplanned power plant outages, transmission disruptions, and other factors could affect our ability to meet our obligations, or cause increases in the market price of replacement capacity and energy.

We attempt to mitigate risks associated with satisfying our contractual power sales arrangements by reserving generation capacity to deliver electricity to satisfy our net firm sales contracts and, when necessary, by purchasing firm transmission service. We also routinely enter into contracts, such as fuel and power purchase and sale commitments, to hedge exposure to fuel requirements and other energy-related commodities. We may not, however, hedge the entire exposure of our operations from commodity price volatility. To the extent we do not hedge against commodity price volatility, our results of operations and financial position could be negatively affected. In addition, these risk management related contracts could require the posting of additional collateral in the event market prices or market conditions change.

The Use of Derivative Contracts by Us to Mitigate Risks Could Result in Financial Losses That May Negatively Impact Our Financial Results

We use a variety of non-derivative and derivative instruments, such as swaps, options, futures and forwards, to manage our commodity and financial market risks. In the absence of actively quoted market prices and pricing information from external sources, the valuation of some of these derivative instruments involves management's judgment or use of estimates. As a result, changes in the underlying assumptions or use of alternative valuation methods could affect the reported fair value of some of these contracts. Also, we could recognize financial losses as a result of volatility in the market value of these contracts if a counterparty fails to perform or if there is limited liquidity of these contracts in the market.

Financial Derivatives Reforms Could Increase Our Liquidity Needs and Collateral Costs and Impose Additional Regulatory Burdens

The Dodd-Frank Wall Street Reform and Consumer Protection Act (Dodd-Frank) was enacted into law in July 2010 with the primary objective of increasing oversight of the United States financial system, including the regulation of most financial transactions, swaps and derivatives. Dodd-Frank requires CFTC and SEC rulemaking to implement such provisions. Although the CFTC and the SEC have completed certain of their rulemaking, other rulemaking remains.

We rely on the OTC derivative markets as part of our program to hedge the price risk associated with our power portfolio. As a qualified end-user, we are required to comply with regulatory obligations under Dodd-Frank, which includes record-keeping, reporting requirements and the clearing of some transactions that we would otherwise enter into over-the-counter and the posting of margin. Also, the total burden that the rules could impose on all market participants could cause liquidity in the bilateral OTC swap market to decrease. These rules could impede our ability to meet our hedge targets in a cost-effective manner. FirstEnergy cannot predict the future impact Dodd-Frank rulemaking will have on its results of operations, cash flows or financial position.

Our Risk Management Policies Relating to Energy and Fuel Prices, and Counterparty Credit, Are by Their Very Nature Subject to Uncertainties, and We Could Suffer Economic Losses Despite Our Efforts to Manage and Mitigate Our Risks

We attempt to mitigate the market risk inherent in our energy, fuel and debt positions. Procedures have been implemented to enhance and monitor compliance with our risk management policies, including validation of transaction and market prices, verification of risk and transaction limits, sensitivity analysis and daily portfolio reporting of various risk measurement metrics. Nonetheless, we cannot economically hedge all of our exposure in these areas and our risk management program may not operate as planned. For example, actual electricity and fuel prices may be significantly different or more volatile than the historical trends and assumptions reflected in our analyses. Also, our power plants might not produce the expected amount of power during a given day or time period due to weather conditions, technical problems or other unanticipated events, which could require us to make energy purchases at higher prices than the prices under our energy supply contracts, and also to pay significant penalties under PJM's Capacity Performance market reform. In addition, the amount of fuel required for our power plants during a given day or time period could be more than expected, which could require us to buy additional fuel at prices less favorable than the prices under our fuel contracts. As a result, actual events may lead to greater losses or costs than our risk management positions were intended to hedge.

Our risk management activities, including our power sales agreements with counterparties, rely on projections that depend heavily on judgments and assumptions by management of factors such as the creditworthiness of counterparties, future market prices and demand for power and other energy-related commodities. These factors become more difficult to predict and the calculations become less reliable the further into the future these estimates are made. Even when our policies and procedures are followed and decisions are made based on these estimates, results of operations may be adversely affected if the judgments and assumptions underlying those calculations prove to be inaccurate.

Nuclear Generation Involves Risks that Include Uncertainties Relating to Health and Safety, Additional Capital Costs, the Adequacy of Insurance Coverage and Nuclear Plant Decommissioning, Which Could Have a Material Adverse Effect on Our Business, Results of Operations and Financial Condition

We are subject to the risks of nuclear generation, including but not limited to the following:

- the potential harmful effects on the environment and human health, including loss of life, resulting from unplanned radiological releases associated with the operation of our nuclear facilities and the storage, handling and disposal of radioactive materials;
- limitations on the amounts and types of insurance commercially available to cover losses that might arise in connection with our nuclear operations, including any incidents of unplanned radiological release, or those of others in the United States;
- uncertainties with respect to contingencies and assessments if insurance coverage is inadequate; and
- uncertainties with respect to the technological and financial aspects of spent fuel storage and decommissioning nuclear plants, including but not limited to, waste disposal at the end of their licensed operation and increases in minimum funding requirements or costs of decommissioning.

The NRC has broad authority under federal law to impose licensing security and safety-related requirements for the operation of nuclear generation facilities. In the event of non-compliance, the NRC has the authority to impose fines and/or shut down a unit, depending upon its assessment of the severity of the situation, until compliance is achieved. Revised safety requirements promulgated by the NRC could necessitate substantial capital expenditures at nuclear plants, including ours. Also, a serious nuclear incident at a nuclear facility anywhere in the world could cause the NRC to limit or prohibit the operation or relicensing of any domestic nuclear unit. See "Potential NRC Regulation in Response to the Incident at Japan's Fukushima Daiichi Nuclear Plant Could Adversely Affect Our Business and Financial Condition" below and Note 15, Commitments, Guarantees and Contingencies - Environmental Matters of the Combined Notes to the Consolidated Financial Statements. Any one of these risks relating to our nuclear generation could have a material adverse effect on our business, results of operations and financial condition.

The Outcome of Litigation, Arbitration, Mediation, and Similar Proceedings, Involving Our Business, or That of One or More of Our Operating Subsidiaries, is Unpredictable and an Adverse Decision in Any Material Proceeding Could Have a Material Adverse Effect on Our Financial Position and Results of Operations

We are involved in a number of litigation, arbitration, mediation, and similar proceedings including, but not limited to, such proceedings relating to certain fuel and fuel transportation contracts as described in Note 15, Commitments, Guarantees, and Contingencies, of the Combined Notes to the Consolidated Financial Statements. These and other matters may divert financial and management resources that would otherwise be used to benefit our operations. Further, no assurances can be given that the resolution of these matters will be favorable to us. If certain matters were ultimately resolved unfavorably to us, the results of operations and financial condition of both FirstEnergy and FES could be materially adversely impacted.

In addition, we are sometimes subject to investigations and inquiries by various state and federal regulators due to the heavily regulated nature of our industry. Any material inquiry or investigation could potentially result in an adverse ruling against us, which could have a material adverse impact on our financial position and operating results.

We Have a Significant Percentage of Coal-Fired Generation Capacity Which Exposes Us to Risk from Regulations Relating to Coal and CCRs

Approximately 55% of FirstEnergy's generation fleet capacity is coal-fired. Historically, coal-fired generating plants have greater exposure to the costs of complying with federal, state and local environmental statutes, rules and regulations relating to air emissions, including GHGs, and CCR disposal, than other types of electric generation facilities. In December 2014, the EPA finalized regulations for CCRs (non-hazardous waste), establishing national standards for the safe disposal of CCRs from electric generating plants. In August 2015, the EPA finalized the CPP requiring reductions in GHG emissions from existing electric generating plants. These legal requirements and any future initiatives could impose substantial additional costs and, in the case of GHG requirements, could raise uncertainty about the future viability of fossil fuels, particularly coal, as an energy source for new and existing electric generation facilities. Failure to comply with any such existing or future legal requirements may also result in the assessment of fines and penalties. Significant resources also may be expended to defend against allegations of violations of any such requirements.

Capital Market Performance and Other Changes May Decrease the Value of Pension Fund Assets, Decommissioning and Other Trust Funds, Which Then Could Require Significant Additional Funding

Our financial statements reflect the values of the assets held in trust to satisfy our obligations to decommission our nuclear generation facilities and under pension and other postemployment benefit plans. Certain of the assets held in these trusts do not have readily determinable market values. Changes in the estimates and assumptions inherent in the value of these assets could affect the value of the trusts. If the value of the assets held by the trusts declines by a material amount, our funding obligation to the trusts could materially increase. These assets are subject to market fluctuations and will yield uncertain returns, which may fall below our projected return rates. Forecasting investment earnings and costs to decommission nuclear generating stations, to pay future pension and other obligations, requires significant judgment and actual results may differ significantly from current estimates. Capital market conditions that generate investment losses or that negatively impact the discount rate and increase the present value of liabilities may have significant impacts on the value of the pension, decommissioning and other trust funds, which could negatively impact our results of operations and financial position.

We Could be Subject to Higher Costs and/or Penalties Related to Mandatory Reliability Standards Set by NERC/FERC or Changes in the Rules of Organized Markets

Owners, operators, and users of the bulk electric system are subject to mandatory reliability standards promulgated by NERC and approved by FERC. The standards are based on the functions that need to be performed to ensure that the bulk electric system operates reliably. NERC, RFC and FERC can be expected to continue to refine existing reliability standards as well as develop and adopt new reliability standards. Compliance with modified or new reliability standards may subject us to higher operating costs and/or increased capital expenditures. If we were found not to be in compliance with the mandatory reliability standards, we could be subject to sanctions, including substantial monetary penalties. FERC has authority to impose penalties up to and including $1 million per day for failure to comply with these mandatory electric reliability standards.

In addition to direct regulation by FERC, we are also subject to rules and terms of participation imposed and administered by various RTOs and ISOs. Although these entities are themselves ultimately regulated by FERC, they can impose rules, restrictions and terms of service that are quasi-regulatory in nature and can have a material adverse impact on our business. For example, the independent market monitors of ISOs and RTOs may impose bidding and scheduling rules to curb the perceived potential for exercise of market power and to ensure the markets function appropriately. Such actions may materially affect our ability to sell, and the price we receive for, our energy and capacity. In addition, PJM may direct our transmission-owning affiliates to build new transmission facilities to meet PJM's reliability requirements or to provide new or expanded transmission service under the PJM Tariff.

We Rely on Transmission and Distribution Assets That We Do Not Own or Control to Deliver Our Wholesale Electricity. If Transmission is Disrupted, Including Our Own Transmission, or Not Operated Efficiently, or if Capacity is Inadequate, Our Ability to Sell and Deliver Power May Be Hindered

We depend on transmission and distribution facilities owned and operated by utilities and other energy companies to deliver the electricity we sell. If transmission is disrupted (as a result of weather, natural disasters or other reasons) or not operated efficiently by ISOs and RTOs, in applicable markets, or if capacity is inadequate, our ability to sell and deliver products and satisfy our contractual obligations may be hindered, or we may be unable to sell products on the most favorable terms. In addition, in certain of the markets in which we operate, we may be required to pay for congestion costs if we schedule delivery of power between congestion zones during periods of high demand. If we are unable to hedge or recover such congestion costs in retail rates, our financial results could be adversely affected.

Demand for electricity within our Utilities' service areas could stress available transmission capacity requiring alternative routing or curtailing electricity usage that may increase operating costs or reduce revenues with adverse impacts to our results of operations.

In addition, as with all utilities, potential concerns over transmission capacity could result in PJM or FERC requiring us to upgrade or expand our transmission system, requiring additional capital expenditures that we may be unable to recover fully or at all.

FERC requires wholesale electric transmission services to be offered on an open-access, non-discriminatory basis. Although these regulations are designed to encourage competition in wholesale market transactions for electricity, it is possible that fair and equal access to transmission systems will not be available or that sufficient transmission capacity will not be available to transmit electricity as we desire. We cannot predict the timing of industry changes as a result of these initiatives or the adequacy of transmission facilities in specific markets or whether ISOs or RTOs in applicable markets will operate the transmission networks, and provide related services, efficiently.

Disruptions in Our Fuel Supplies and Changes in Our Fuel Transportation Needs Could Adversely Affect Our Relationships With Suppliers, Our Ability to Operate Our Generation Facilities or Lead to Business Disputes, Any of Which May Adversely Impact Financial Results

We purchase fuel from a number of suppliers. The lack of availability of fuel at expected prices, or a disruption in the delivery of fuel which exceeds the duration of our on-site fuel inventories, including disruptions as a result of weather, increased transportation costs or other difficulties, labor relations or environmental or other regulations affecting our fuel suppliers, could cause an adverse impact on our ability to operate our facilities, possibly resulting in lower sales and/or higher costs and thereby adversely affect our results of operations. Operation of our coal-fired generation facilities is highly dependent on our ability to procure coal. We have long-term contracts in place for a majority of our coal supply and transportation needs, one of which runs through 2028 and certain of which relate to deactivated plants. We have asserted force majeure defenses for delivery shortfalls under certain of these agreements relating to our deactivated plants. One such agreement relates to the transportation by BNSF and CSX of a minimum of 3.5 million tons of coal annually through 2025 to certain deactivated coal-fired power plants owned by FG, and this agreement is now in arbitration. Another such agreement relates to the delivery of 2.5 million tons annually through 2025 to an operating plant as well as a deactivated plant. In addition, in one coal supply agreement, FirstEnergy, through a subsidiary, has also asserted termination rights effective in 2015 and is in litigation with the counterparty.

We can provide no assurance that negotiations with counterparties, or any litigation or arbitration, will be favorably resolved. An adverse resolution of any of these material matters could have a material adverse impact on our financial position and results of operations. In addition, we may from time to time enter into new contracts, or renegotiate certain of these contracts, but can provide no assurance that such contracts will be negotiated or renegotiated, as the case may be, on satisfactory terms, or at all. In addition, if prices for physical delivery are unfavorable, our financial condition, results of operations and cash flows could be materially adversely affected.

Temperature Variations as well as Weather Conditions or other Natural Disasters Could Have a Negative Impact on Our Results of Operations and Demand Significantly Below or Above Our Forecasts Could Adversely Affect Our Energy Margins

Weather conditions directly influence the demand for electric power. Demand for power generally peaks during the summer and winter months, with market prices also typically peaking at that time. Overall operating results may fluctuate based on weather conditions. In addition, we have historically sold less power, and consequently received less revenue, when weather conditions are milder. Severe weather, such as tornadoes, hurricanes, ice or snowstorms, or droughts or other natural disasters, may cause outages and property damage that may require us to incur additional costs that are generally not insured and that may not be recoverable from customers. The effect of the failure of our facilities to operate as planned under these conditions would be particularly burdensome during a peak demand period and could have an adverse effect on our financial condition and results of operations.

Customer demand could change as a result of severe weather conditions or other circumstances over which we have no control. We satisfy our electricity supply obligations through a portfolio approach of providing electricity from our generation assets, contractual relationships and market purchases. A significant increase in demand could adversely affect our energy margins if we are required to provide the energy supply to fulfill this increased demand at fixed rates, which we expect would remain below the wholesale prices at which we would have to purchase the additional supply if needed or, if we had available capacity, the prices at which we could otherwise sell the additional supply. A significant decrease in demand, resulting from factors including but not limited to increased customer shopping, more stringent energy efficiency mandates and increased DR initiatives could cause a decrease in the market price of power. Accordingly, any significant change in demand could have a material adverse effect on our results of operations and financial position.

We Are Subject to Financial Performance Risks Related to Regional and General Economic Cycles and also Related to Heavy Manufacturing Industries such as Automotive and Steel

Our business follows economic cycles. Economic conditions impact the demand for electricity and declines in the demand for electricity will reduce our revenues. The regional economy in which our Utilities operate is influenced by conditions in industries in our business territories, e.g. shale gas, automotive, chemical, steel and other heavy industries, and as these conditions change, our revenues will be impacted. Additionally, the primary market areas of our CES segment overlap, to a large degree, with our Utilities' territories and hence its revenues are substantially impacted by the same economic conditions, such as changes in industrial demand.

The Recognition of Impairments of Goodwill, Long-Lived Assets, Including Certain Investments, Could Have an Adverse Effect on Our Results of Operations

We have approximately $6.4 billion of goodwill on our consolidated balance sheet as of December 31, 2015, of which $800 million is attributable to our CES segment. Goodwill is tested for impairment annually or whenever events or changes in circumstances indicate impairment may have occurred. Key assumptions incorporated in the estimated cash flows used for the impairment analysis requiring significant management judgment include: discount rates, growth rates, future energy and capacity pricing, projected operating income, changes in working capital, projected capital expenditures, projected funding of pension plans, expected results of future rate proceedings, the impact of pending carbon and other environmental legislation and terminal multiples. Although the annual goodwill impairment test in 2015 resulted in a conclusion that goodwill was not impaired, the fair value of the CES reporting unit exceeded its carrying value by only approximately 10%. We are unable to predict whether future impairment charges to goodwill may be necessary.

In addition, we also review our long-lived assets and investments for impairment when circumstances indicate the carrying value of these assets may not be recoverable. For example, in 2015, we recorded a $362 million non-cash, pre-tax impairment charge associated with our investment in Global Holding, primarily as a result of distress in the coal market and industry. We are unable to predict whether impairments of one or more of our long-lived assets or investments may occur in the future. The actual timing and amounts of any impairments to goodwill, or long-lived assets in the future would depend on many factors, including interest rates, sector market performance, our capital structure, natural gas or other commodity prices, market prices for power, results of future rate proceedings, operating and capital expenditure requirements, the value of comparable acquisitions, environmental regulations and other factors. A determination that goodwill, a long-lived asset, or other investments are impaired would result in a non-cash charge that could materially adversely affect our results of operations and capitalization.

We Face Certain Human Resource Risks Associated with Potential Labor Disruptions and/or With the Availability of Trained and Qualified Labor to Meet Our Future Staffing Requirements

We must find ways to balance the retention of our aging skilled workforce while recruiting new talent to mitigate losses in critical knowledge and skills due to retirements. Further, a significant number of our physical workforce are represented by unions and while we believe that our relations with our employees are generally fair, we cannot provide assurances that the company will be completely free of labor disruptions such as work stoppages, work slowdowns, union organizing campaigns, strikes, lockouts or that any labor disruption will be favorably resolved. Mitigating these risks could require additional financial commitments and the failure to retain or attract trained and qualified labor could have an adverse effect on our business.

Significant Increases in Our Operation and Maintenance Expenses, Including Our Health Care and Pension Costs, Could Adversely Affect Our Future Earnings and Liquidity

We continually focus on limiting, and reducing where possible, our operation and maintenance expenses. However, we expect to continue to face increased cost pressures related to operation and maintenance expenses, including in the areas of health care and pension costs. We have experienced health care cost inflation in recent years, and we expect our cash outlay for health care costs, including prescription drug coverage, to continue to increase despite measures that we have taken requiring employees and retirees to bear a higher portion of the costs of their health care benefits. The measurement of our expected future health care and pension obligations and costs is highly dependent on a variety of assumptions, many of which relate to factors beyond our control. These assumptions include investment returns, interest rates, discount rates, health care cost trends, benefit design changes, salary increases, the demographics of plan participants and regulatory requirements. While we anticipate that our operation and maintenance expenses will continue to increase, if actual results differ materially from our assumptions, our costs could be significantly higher than expected which could adversely affect our future earnings and liquidity.

Our Results May be Adversely Affected by the Volatility in Pension and OPEB Expenses

FirstEnergy recognizes in income the change in the fair value of plan assets and net actuarial gains and losses for its defined Pension and OPEB plans. This adjustment is recognized in the fourth quarter of each year and whenever a plan is determined to qualify for a remeasurement, which could result in greater volatility in pension and OPEB expenses and may materially impact our results of operations.

Cyber-Attacks, Data Security Breaches and Other Disruptions to Our Information Technology Systems Could Compromise Our Business Operations, Critical and Proprietary Information and Employee and Customer Data, Which Could Have a Material Adverse Effect on Our Business, Financial Condition and Reputation

In the ordinary course of our business, we use and are dependent upon information technology systems that utilize sophisticated operational systems and network infrastructure to run all facets of our generation, transmission and distribution services. Additionally, we store 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 secure maintenance of information and information technology systems is critical to our operations.

Over the last several years, there has been an increase in the frequency of cyber-attacks by terrorists, hackers, international activist organizations, countries and individuals. These and other unauthorized parties may attempt to gain access to our network systems or facilities, or those of third parties with whom we do business in many ways, including directly through our network infrastructure or through fraud, trickery, or other forms of deceiving our employees, contractors and temporary staff. Additionally, our information and information technology systems may be increasingly vulnerable to data security breaches, damage and/or interruption due to viruses, human error, malfeasance, faulty password management or other malfunctions and disruptions. Further, hardware, software, or applications we develop or procure from third parties may contain defects in design or manufacture or other problems that could unexpectedly compromise information and/or security.

Despite security measures and safeguards we have employed, including certain measures implemented pursuant to mandatory NERC Critical Infrastructure Protection standards, our infrastructure may be increasingly vulnerable to such attacks as a result of the rapidly evolving and increasingly sophisticated means by which attempts to defeat our security measures and gain access to our information technology systems may be made. Also, we may be at an increased risk of a cyber-attack and/or data security breach due to the nature of our business.

Any such cyber-attack, data security breach, damage, interruption and/or defect could: (i) disable our generation, transmission (including our interconnected regional transmission grid) and/or distribution services for a significant period of time; (ii) delay development and construction of new facilities or capital improvement projects; (iii) adversely affect our customer operations; (iv) corrupt data; and/or (v) result in unauthorized access to the information stored in our data centers and on our networks, including, company proprietary information, supplier information, employee data, and personal customer data, causing the information to be publicly disclosed, lost or stolen or result in incidents that could result in economic loss and liability and harmful effects on the environment and human health, including loss of life. Additionally, because our generation, transmission and distribution services are part of an interconnected system, disruption caused by a cybersecurity incident at another utility, electric generator, RTO, or commodity supplier could also adversely affect our operations.

Although we maintain cyber insurance and property and casualty insurance, there can be no assurance that liabilities or losses we may incur will be covered under such policies or that the amount of insurance will be adequate. Further, as cyber threats become more difficult to detect and successfully defend against, there can be no assurance that we can implement adequate preventive measures, accurately assess the likelihood of a cyber-incident or quantify potential liabilities or losses. Also, we may not discover any data security breach and loss of information for a significant period of time after the data security breach occurs. For all of these reasons, any such cyber incident could result in significant lost revenue, the inability to conduct critical business functions and serve customers for a significant period of time, the use of significant management resources, legal claims or proceedings, regulatory penalties, increased regulation, increased capital costs, increased protection costs for enhanced cyber security systems or personnel, damage to our reputation and/or the rendering of our internal controls ineffective, all of which could adversely effect our business and financial condition.

Physical Acts of War, Terrorism or Other Attacks on any of Our Facilities or Other Infrastructure Could Have an Adverse Effect on Our Business, Results of Operations and Financial Condition

As a result of the continued threat of physical acts of war, terrorism, or other attacks in the United States, our electric generation, fuel storage, transmission and distribution facilities and other infrastructure, including nuclear and other power plants, transformer and high voltage lines and substations, or the facilities or other infrastructure of an interconnected company, could be direct targets of, or indirect casualties of, an act of war, terrorism, or other attack, which could result in disruption of our ability to generate, purchase, transmit or distribute electricity for a significant period of time, otherwise disrupt our customer operations and/or result in incidents that could result in harmful effects on the environment and human health, including loss of life. Any such disruption or incident could result in a significant decrease in revenue, significant additional capital and operating costs, including costs to implement additional security systems or personnel to purchase electricity and to replace or repair our assets over and above any available insurance reimbursement, higher insurance deductibles, higher premiums and more restrictive insurance policies, greater regulation with higher attendant costs, generally, and significant damage to our reputation, which could have a material adverse effect on our business, results of operations and financial condition.

Capital Improvements and Construction Projects May Not be Completed Within Forecasted Budget, Schedule or Scope Parameters or Could be Canceled Which Could Adversely Affect Our Business and Results of Operations

Our business plan calls for execution of extensive capital investments in electric generation, transmission and distribution, including but not limited to our *Energizing the Future* transmission expansion program. We may be exposed to the risk of substantial price increases in, or the adequacy or availability of, the costs of labor and materials used in construction, nonperformance of equipment and increased costs due to delays, including delays relating to the procurement of permits or approvals, adverse weather or environmental matters. We engage numerous contractors and enter into a large number of construction agreements to acquire the necessary materials and/or obtain the required construction-related services. As a result, we are also exposed to the risk that these contractors and other counterparties could breach their obligations to us. Such risk could include our contractors' inabilities to procure sufficient skilled labor as well as potential work stoppages by that labor force. Should the counterparties to these arrangements fail to perform, we may be forced to enter into alternative arrangements at then-current market prices that may exceed our contractual prices, with resulting delays in those and other projects. Although our agreements are designed to mitigate the consequences of a potential default by the counterparty, our actual exposure may be greater than these mitigation provisions. Also,

because we enter into construction agreements for the necessary materials and to obtain the required construction related services, any cancellation by FirstEnergy of a construction agreement could result in significant termination payments or penalties. Any delays, increased costs or losses or cancellation of a construction project could adversely affect our business and results of operations, particularly if we are not permitted to recover any such costs in rates.

Changes in Technology and Regulatory Policies May Significantly Make Our Generating Facilities Less Competitive and Adversely Affect Our Results of Operations

We primarily generate electricity at large central station generation facilities. This method results in economies of scale and lower unit costs than newer generation technologies such as fuel cells, microturbines, windmills and photovoltaic solar cells. It is possible that advances in newer generation technologies will make them more cost-effective, or that changes in regulatory policy will create benefits that otherwise make these new technologies more competitive with central station electricity production. Increased competition, whether from such advances in technologies or from changes in regulatory policy, could result in permanent reductions in our historical load, adversely impact scheduling of generation, and decrease sales and revenues from our existing generation assets, which could have a material adverse effect on our results of operations.

Further, to the extent that new generation technologies are connected directly to load, bypassing the transmission and distribution systems, potential impacts could include decreased transmission and distribution revenues, stranded assets and increased uncertainty in load forecasting and integrated resource planning and could adversely affect our business and results of operations.

Certain FirstEnergy Companies May Not be Able to Meet Their Obligations to or on behalf of Other FirstEnergy Companies or Their Affiliates

Certain of the FirstEnergy companies have obligations to other FirstEnergy companies because of transactions involving energy, coal, other commodities, services and hedging transactions. If one FirstEnergy entity failed to perform under any of these arrangements, other FirstEnergy entities could incur losses. Their results of operations, financial position, or liquidity could be adversely affected, resulting in the nondefaulting FirstEnergy entity being unable to meet its obligations to unrelated third parties. Our hedging activities are generally undertaken with a view to overall FirstEnergy exposures. Some FirstEnergy companies may therefore be more or less hedged than if they were to engage in such transactions alone. Certain FirstEnergy companies also provide guarantees to third party creditors on behalf of other FirstEnergy affiliate companies under transactions of the type described above or under financing transactions. Any failure to perform under such a guarantee by such FirstEnergy guarantor company or under the underlying transaction by the FirstEnergy company on whose behalf the guarantee was issued could have similar adverse impacts on one or both FirstEnergy companies or their affiliates.

Certain FirstEnergy Companies Have Guaranteed the Performance of Third Parties, Which May Result in Substantial Costs or the Incurrence of Additional Debt

Certain FirstEnergy companies have issued guarantees of the performance of others, which obligates such FirstEnergy companies to perform in the event that the third parties do not perform. For instance, FE is a guarantor under a syndicated senior secured term loan facility, under which Global Holding borrowed $300 million. In the event of non-performance by the third parties, FirstEnergy could incur substantial cost to fulfill this obligation and other obligations under such guarantees. Such performance guarantees could have a material adverse impact on our financial position and operating results.

Additionally, with respect to FEV's investment in Global Holding, due to distress in the coal market and industry, Global Holding could require additional capital from its owners, including FEV, to fund operations and meet its obligations under its term loan facility. These capital requirements could be significant and if other partners do not fund the additional capital, resulting in FEV increasing its equity ownership and obtaining the ability to direct the significant activities of Global Holding, FEV may be required to consolidate Global Holding, increasing FirstEnergy's long term debt by $300 million.

Energy Companies are Subject to Adverse Publicity Which Make Them Vulnerable to Negative Regulatory and Legislative Outcomes

Energy companies, including FirstEnergy's utility subsidiaries, have been the subject of criticism on matters including the reliability of their distribution services and the speed with which they are able to respond to power outages, such as those caused by storm damage. Adverse publicity of this nature, as well as negative publicity associated with the operation of nuclear and/or coal-fired facilities or proceedings seeking regulatory recoveries may cause less favorable legislative and regulatory outcomes and damage our reputation, which could have an adverse impact on our business.

Risks Associated With Regulation

To the Extent Our Policies to Control Costs Designed to Mitigate Low Energy, Capacity and Market Prices are Unsuccessful, We Could Experience a Negative Impact on Our Results of Operations and Financial Condition

Since 2012, as part of our ongoing comprehensive review of competitive operations related to, among other things, plant economics, we have deactivated more than 5,000 MW of competitive generation. To the extent our policies designed to control our costs, or other facets of our financial plan, are unsuccessful, we could experience a negative impact on our results of operations and financial condition. To address problems in the capacity market, PJM in December 2014 proposed significant market reforms, including its

Capacity Performance proposal. On June 9, 2015, FERC issued an order conditionally approving the bulk of the proposed Capacity Performance reforms with an effective date of April 1, 2015, and the August 2015 PJM RPM auction incorporated the Capacity Performance reforms. To the extent PJM's Capacity Performance market reforms do not work as intended, energy and capacity market prices may remain volatile and low.

Any Denial of, or Delay in, Cost Recovery Resulting from OE's, CEI's and TE's Pending ESP IV Before the PUCO May Impose Risks on Our Operations and May Negatively Impact Our Credit Ratings, Results of Operations and Financial Condition

ESPs may be filed in Ohio as a means to establish the mechanism by which generation rates are set and may also include other provisions related to distribution and transmission service, all of which is subject to the approval of the PUCO. As a result, OE, CEI, and TE may not be authorized to implement all of the rates, riders, and mechanisms for which they are seeking approval, or there may be a delay in such authorization. OE, CEI, and TE filed their proposed ESP IV entitled *Powering Ohio's Progress* that, including the impact of stipulations filed in the case, contemplates continuing a base distribution rate freeze and includes proposals to continue their Rider DCR mechanism and competitive bidding process for non-shopping load and to undertake and implement an Economic Stability Program provision, which includes an eight-year FERC-jurisdictional PPA with FES for the output of Sammis, Davis-Besse and FES' share of OVEC, designed to provide customers retail rate stability against market prices over a longer term.

OE, CEI, and TE expect to receive a decision on their ESP IV in March 2016. On January 27, 2016, certain parties filed a complaint at FERC against FES, OE, CEI, and TE that requests FERC review of the ESP IV PPA under section 205 of the FPA. In addition to such proceeding, parties have expressed an intention to challenge in the courts and/or before FERC, the PPA or PUCO approval of the ESP IV, if approved. Management intends vigorously to defend against such challenges. The failure to obtain approval of the ESP IV PPA or a successful challenge could negatively and materially impact the future results of operations and financial condition of FE and FES.

Complex and Changing Government Regulations, Including Those Associated With Rates and Rate Cases Could Have a Negative Impact on Our Results of Operations

We are subject to comprehensive regulation by various federal, state and local regulatory agencies that significantly influence our operating environment. Changes in, or reinterpretations of, existing laws or regulations, or the imposition of new laws or regulations, could require us to incur additional costs or change the way we conduct our business, and therefore could have an adverse impact on our results of operations.

Our transmission and operating utility subsidiaries currently provide service at rates approved by one or more regulatory commissions. Thus, the rates a utility is allowed to charge may be decreased as a result of actions taken by FERC or by one or more of the state regulatory commissions in which our utility subsidiaries operate. Also, these rates may not be set to recover such utility's expenses at any given time. Additionally, there may also be a delay between the timing of when costs are incurred and when costs are recovered. For example, we may be unable to timely recover the costs for our energy efficiency investments or expenses and additional capital or lost revenues resulting from the implementation of aggressive energy efficiency programs. While rate regulation is premised on providing an opportunity to earn a reasonable return on invested capital and recovery of operating expenses, there can be no assurance that the applicable regulatory commission will determine that all of our costs have been prudently incurred or that the regulatory process in which rates are determined will always result in rates that will produce full recovery of our costs in a timely manner. Further, there can be no assurance that we will retain the expected recovery in future rate cases.

In addition, as a U.S. corporation, we are subject to U.S. laws, Executive Orders, and regulations administered and enforced by the U.S. Department of Treasury and the Department of Justice restricting or prohibiting business dealings in or with certain nations and with certain specially designated nationals (individuals and legal entities). If any of our existing or future operations or investments, including our joint venture investment in Signal Peak or our continued procurement of uranium from existing suppliers, are subsequently determined to involve such prohibited parties we could be in violation of certain covenants in our financing documents and unless we cease or modify such dealings, we could also be in violation of such U.S. laws, Executive Orders and sanctions regulations, each of which could have a material adverse effect on our business, financial condition, results of operations and cash flows.

State Rate Regulation May Delay or Deny Full Recovery of Costs and Impose Risks on Our Operations. Any Denial of or Delay in, Cost Recovery Could Have an Adverse Effect on Our Business, Results of Operations, Cash Flows and Financial Condition

Each of the Utilities' retail rates are set by its respective regulatory agency for utilities in the state in which it operates - in Maryland by the MDPSC, in Ohio by the PUCO, in New Jersey by the NJBPU, in Pennsylvania by the PPUC, in West Virginia by the WVPSC and in New York by the NYPSC through traditional, cost-based regulated utility ratemaking. As a result, any of the Utilities may not be permitted to recover its costs and, even if it is able to do so, there may be a significant delay between the time it incurs such costs and the time it is allowed to recover them. Factors that may affect outcomes in the distribution rate cases include: (i) the value of plant in service; (ii) authorized rate of return; (iii) capital structure (including hypothetical capital structures); (iv) depreciation rates; (v) the allocation of shared costs, including consolidated deferred income taxes and income taxes payable across the FirstEnergy utilities; (vi) regulatory approval of rate recovery mechanisms for capital spending programs (including for example accelerated deployment of smart meters); and (vii) the accuracy of forecasts used for ratemaking purposes in "future test year"

cases. FirstEnergy can provide no assurance that any base rate request filed by any of the Utilities, including the pending ESP IV in Ohio will be granted in whole or in part. Any denial of, or delay in, any base rate request could restrict the applicable Utility from fully recovering its costs of service, may impose risks on its operations, and may negatively impact its results of operations and financial condition. In addition, to the extent that any of the Utilities seeks rate increases after an extended period of frozen or capped rates, pressure may be exerted on the applicable legislators and regulators to take steps to control rate increases, including through some form of rate increase moderation, reduction or freeze. Any related public discourse and debate can increase uncertainty associated with the regulatory process, the level of rates and revenues that are ultimately obtained, and the ability of the Utility to recover costs. Such uncertainty may restrict operational flexibility and resources, and reduce liquidity and increase financing costs.

Federal Rate Regulation May Delay or Deny Full Recovery of Costs and Impose Risks on Our Operations. Any Denial of or Delay in Cost Recovery Could Have an Adverse Effect on Our Business, Results of Operations, Cash Flows and Financial Condition.

FERC policy currently permits recovery of prudently-incurred costs associated with wholesale power rates and the expansion and updating of transmission infrastructure within its jurisdiction. If FERC were to adopt a different policy regarding recovery of transmission costs or if transmission needs do not continue or develop as projected, our strategy of investing in transmission could be affected. If FERC were to lower the rate of return it has authorized for FirstEnergy's cost-based wholesale power rates or transmission investments and facilities, it could reduce future earnings and cash flows, and impact our financial condition.

Regulatory Changes in the Electric Industry Could Affect Our Competitive Position and Result in Unrecoverable Costs Adversely Affecting Our Business and Results of Operations

As a result of regulatory initiatives, changes in the electric utility business have occurred, and are continuing to take place throughout the United States, including the states in which we do business. These changes have resulted, and are expected to continue to result, in fundamental alterations in the way utilities and competitive energy providers conduct their business. FERC and the U.S. Congress propose changes from time to time in the structure and conduct of the electric utility industry.

If any regulatory efforts result in decreased margins or unrecoverable costs, our business and results of operations would be adversely affected. We cannot predict the extent or timing of further regulatory efforts to modify our business or the industry.

The Business Operations of Our Subsidiaries That Sell Wholesale Power Are Subject to Regulation by FERC and Could be Adversely Affected by Such Regulation

FERC granted certain FirstEnergy generating subsidiaries authority to sell electric energy, capacity and ancillary services at market-based rates. These orders also granted waivers of certain FERC accounting, record-keeping and reporting requirements, as well as, for certain of these subsidiaries, waivers of the requirements to obtain FERC approval for issuances of securities. FERC's orders that grant this market-based rate authority reserve with FERC the right to revoke or revise that authority if FERC subsequently determines that these companies can exercise market power in transmission or generation, or create barriers to entry, or have engaged in prohibited affiliate transactions. In the event that one or more of FirstEnergy's market-based rate authorizations were to be revoked or adversely revised, the affected FirstEnergy subsidiary(ies) may be subject to sanctions and penalties, and would be required to file with FERC for authorization of individual wholesale sales transactions, which could involve costly and possibly lengthy regulatory proceedings and the loss of flexibility afforded by the waivers associated with the current market-based rate authorizations.

There Are Uncertainties Relating to Our Participation in RTOs

RTO rules could affect our ability to sell energy and capacity produced by our generating facilities to users in certain markets. The rules governing the various regional power markets may change from time to time, which could affect our costs or revenues. In some cases these changes are contrary to our interests and adverse to our financial returns. The prices in day-ahead and real-time energy markets and RTO capacity markets have been volatile and RTO rules may contribute to this volatility.

All of our generating assets currently participate in PJM, which conducts RPM auctions for capacity on an annual planning year basis. The prices our generating companies can charge for their capacity are determined by the results of the PJM auctions, which are impacted by the supply and demand of capacity resources and load within PJM and also may be impacted by transmission system constraints and PJM rules relating to bidding for DR, energy efficiency resources, and imports, among others. Auction prices could fluctuate substantially over relatively short periods of time. To the extent PJM's Capacity Performance market reforms do not work as intended, energy and capacity market prices may remain volatile and low. We cannot predict the outcome of future auctions, but if the auction prices are sustained at low levels, our results of operations, financial condition and cash flows could be adversely impacted.

We incur fees and costs to participate in RTOs. Administrative costs imposed by RTOs, including the cost of administering energy markets, may increase. To the degree we incur significant additional fees and increased costs to participate in an RTO, and are limited with respect to recovery of such costs from retail customers, our results of operations and cash flows could be significantly impacted.

We may be allocated a portion of the cost of transmission facilities built by others due to changes in RTO transmission rate design. We may be required to expand our transmission system according to decisions made by an RTO rather than our own internal planning processes. Various proposals and proceedings before FERC may cause transmission rates to change from time to time. In addition, RTOs have been developing rules associated with the allocation and methodology of assigning costs associated with improved transmission reliability, reduced transmission congestion and firm transmission rights that may have a financial impact on us.

As a member of an RTO, we are subject to certain additional risks, including those associated with the allocation among members of losses caused by unreimbursed defaults of other participants in that RTO's market and those associated with complaint cases filed against the RTO that may seek refunds of revenues previously earned by its members.

Energy Efficiency and Peak Demand Reduction Mandates and Energy Price Increases Could Negatively Impact Our Financial Results

A number of regulatory and legislative bodies have introduced requirements and/or incentives to reduce energy consumption. Such conservation programs could result in load reduction and adversely impact our financial results in different ways. To the extent conservation results in reduced energy demand or significantly slows the growth in demand, the value of our competitive generation and other unregulated business activities could be adversely impacted. We currently have energy efficiency riders in place to recover the cost of these programs either at or near a current recovery time frame in the states where we operate. Currently, only our Ohio Companies recover lost distribution revenues that result between distribution rate cases. In our regulated operations, conservation could negatively impact us depending on the regulatory treatment of the associated impacts. Should we be required to invest in conservation measures that result in reduced sales from effective conservation, regulatory lag in adjusting rates for the impact of these measures could have a negative financial impact. We have already been adversely impacted by reduced electric usage due in part to energy conservation efforts such as the use of efficient lighting products such as CFLs, halogens and LEDs. We could also be adversely impacted if any future energy price increases result in a decrease in customer usage. We are unable to determine what impact, if any, conservation and increases in energy prices will have on our financial condition or results of operations.

Additionally failure to meet regulatory or legislative requirements to reduce energy consumption or otherwise increase energy efficiency could result in penalties that could adversely affect our results.

Mandatory Renewable Portfolio Requirements Could Negatively Affect Our Costs

Where federal or state legislation mandates the use of renewable and alternative fuel sources, such as wind, solar, biomass and geothermal and such legislation does not also provide for adequate cost recovery, it could result in significant changes in our business, including REC purchase costs, purchased power and capital expenditures. Such mandatory renewable portfolio requirements may have an adverse effect on our financial condition or results of operations.

The EPA is Conducting NSR Investigations at a Number of Generating Plants that We Currently or Formerly Owned, the Results of Which Could Negatively Impact Our Results of Operations and Financial Condition

We may be subject to risks in connection with changing or conflicting interpretations of existing laws and regulations, including, for example, the applicability of EPA's NSR programs. Under the CAA, modification of our generation facilities in a manner that results in increased emissions could subject our existing generation facilities to the far more stringent new source standards applicable to new generation facilities.

The EPA has taken the view that many companies, including many energy producers, have been modifying emissions sources in violation of NSR standards in connection with work considered by the companies to be routine maintenance. EPA has investigated alleged violations of the NSR standards at certain of our existing and former generating facilities. We intend to vigorously pursue and defend our position but we are unable to predict their outcomes. If NSR and similar requirements are imposed on our generation facilities, in addition to the possible imposition of fines, compliance could entail significant capital investments in pollution control technology, which could have an adverse impact on our business, results of operations, cash flows and financial condition.

Costs of Compliance with Environmental Laws are Significant, and the Cost of Compliance with New Environmental Laws, Including Limitations on GHG Emissions, Could Adversely Affect Cash Flow and Profitability

Our operations are subject to extensive federal, state and local environmental statutes, rules and regulations. Compliance with these legal requirements requires us to incur costs for, among other things, installation and operation of pollution control equipment, emissions monitoring and fees, remediation and permitting at our facilities. These expenditures have been significant in the past and may increase in the future. We may be forced to shut down other facilities or change their operating status, either temporarily or permanently, if we are unable to comply with these or other existing or new environmental requirements, or if we make a determination that the expenditures required to comply with such requirements are unreasonable.

In December 2011, the EPA finalized MATS to establish emission standards for, among other things, mercury, PM and HCl, for electric generating units. The costs associated with MATS compliance, and other environmental laws, is substantial. As a result of

a comprehensive review of FirstEnergy's coal-fired generating facilities in light of MATS and other expanded requirements, we deactivated twenty-six (26) older coal-fired generating units in 2012, 2013, and 2015.

Moreover, new environmental laws or regulations including, but not limited to EPA's CPP requiring reductions of GHG emissions and CWA effluent limitations imposing more stringent water discharge regulations, or changes to existing environmental laws or regulations may materially increase our costs of compliance or accelerate the timing of capital expenditures. Because of the deregulation of certain of our generation facilities, we will not directly recover through rates additional costs incurred for such compliance. Our compliance strategy, including but not limited to, our assumptions regarding estimated compliance costs, although reasonably based on available information, may not successfully address future relevant standards and interpretations. If we fail to comply with environmental laws and regulations or new interpretations of longstanding requirements, even if caused by factors beyond our control, that failure could result in the assessment of civil or criminal liability and fines. In addition, any alleged violation of environmental laws and regulations may require us to expend significant resources to defend against any such alleged violations.

At the international level, the Obama Administration submitted in March 2015, a formal pledge for the U.S. to reduce its economy-wide greenhouse gas emissions by 26 to 28 percent below 2005 levels by 2025 and joined in adopting the agreement reached on December 12, 2015 at the United Nations Framework Convention on Climate Change meetings in Paris. The Paris Agreement must be ratified by at least 55 countries representing at least 55% of global GHG emissions before its non-binding obligations to limit global warming to well below two degrees Celsius become effective. Further, due to the uncertainty of control technologies available to reduce GHG emissions, any other legal obligation that requires substantial reductions of GHG emissions could result in substantial additional costs, adversely affecting cash flow and profitability, and raise uncertainty about the future viability of fossil fuels, particularly coal, as an energy source for new and existing electric generation facilities.

We Could be Exposed to Private Rights of Action Relating to Environmental Matters Seeking Damages Under Various State and Federal Law Theories

Private individuals may seek to enforce environmental laws and regulations against us and could allege personal injury, property damages or other relief. For example, claims have been made against certain energy companies alleging that CO_2 emissions from power generating facilities constitute a public nuisance under federal and/or state common law. While FirstEnergy is not a party to this litigation, it, and/or one of its subsidiaries, could be named in other actions making similar allegations. An unfavorable ruling in any such case could result in the need to make modifications to our coal-fired plants or reduce emissions, suspend operations or pay money damages or penalties. Adverse rulings in these or other types of actions could have an adverse impact on our results of operations and financial condition and could significantly impact our operations.

Various Federal and State Water and Solid, Non-Hazardous and Hazardous Waste Regulations May Require Us to Make Material Capital Expenditures

In September 2015, the EPA finalized new, more stringent effluent limits for arsenic, mercury, selenium and nitrogen for wastewater from wet scrubber systems and zero discharge of pollutants in ash transport water under the CWA. The EPA has also established performance standards under the CWA for reducing impacts on fish and shellfish from cooling water intake structures at certain existing electric generating plants, specifically, reducing impingement mortality (when aquatic organisms are pinned against screens or other parts of a cooling water intake system) to a 12% annual average and entrainment (which occurs when aquatic life is drawn into a facility's cooling water system) using site-specific controls based on studies to be submitted to permitting authorities. FirstEnergy is studying the cost and effectiveness of various control options to divert fish away from its plants' cooling water intake systems. Depending on the results of such studies and implementation of impingement and entrainment performance standards by permitting authorities, the future costs of compliance with these standards may require material capital expenditures.

We Are or May be Subject to Costs of Remediation of Environmental Contamination at Current or Formerly Owned Facilities

We may be subject to liability under environmental laws for the costs of remediating environmental contamination of property now or formerly owned by us and of property contaminated by hazardous substances that we may have generated regardless of whether the liabilities arose before, during or after the time we owned or operated the facilities. We are currently involved in a number of proceedings relating to sites where hazardous substances have been released and we may be subject to additional proceedings in the future. We also have current or previous ownership interests in sites associated with the production of gas and the production and delivery of electricity for which we may be liable for additional costs related to investigation, remediation and monitoring of these sites. Remediation activities associated with our former MGP operations are one source of such costs. Citizen groups or others may bring litigation over environmental issues including claims of various types, such as property damage, personal injury, and citizen challenges to compliance decisions on the enforcement of environmental requirements, such as opacity and other air quality standards, which could subject us to penalties, injunctive relief and the cost of litigation. We cannot predict the amount and timing of all future expenditures (including the potential or magnitude of fines or penalties) related to such environmental matters, although we expect that they could be material.

In some cases, a third party who has acquired assets from us has assumed the liability we may otherwise have for environmental matters related to the transferred property. If the transferee fails to discharge the assumed liability or disputes its responsibility, a regulatory authority or injured person could attempt to hold us responsible, and our remedies against the transferee may be limited by the financial resources of the transferee.

We Are and May Become Subject to Legal Claims Arising from the Presence of Asbestos or Other Regulated Substances at Some of Our Facilities

We have been named as a defendant in pending asbestos litigation involving multiple plaintiffs and multiple defendants. In addition, asbestos and other regulated substances are, and may continue to be, present at our facilities where suitable alternative materials are not available. We believe that any remaining asbestos at our facilities is contained. The continued presence of asbestos and other regulated substances at these facilities, however, could result in additional actions being brought against us.

The Continuing Availability and Operation of Generating Units is Dependent on Retaining or Renewing the Necessary Licenses, Permits, and Operating Authority from Governmental Entities, Including the NRC

We are required to have numerous permits, approvals and certificates from the agencies that regulate our business. We believe the necessary permits, approvals and certificates have been obtained for our existing operations and that our business is conducted in accordance with applicable laws; however, we are unable to predict the impact on our operating results from future regulatory activities of any of these agencies and we are not assured that any such permits, approvals or certifications will be renewed.

Potential NRC Regulation in Response to the Incident at Japan's Fukushima Daiichi Nuclear Plant Could Adversely Affect Our Business and Financial Condition

As a result of the NRC's investigation of the incident at the Fukushima Daiichi nuclear plant, the NRC has begun to promulgate new or revised requirements with respect to nuclear plants located in the United States, which could necessitate additional expenditures at our nuclear plants. For example, as a follow up to the NRC near-term Task Force's review and analysis of the Fukushima Daiichi accident, in January 2012, the NRC released an updated seismic risk model that plant operators must use in performing the seismic reevaluations recommended by the task force. The NRC has also issued orders and guidance that increases procedural and testing requirements, requires physical modifications to our plants and is expected to increase future compliance and operating costs. These reevaluations could result in the required implementation of additional mitigation strategies or modifications. It is also possible that the NRC could suspend or otherwise delay nuclear relicensing proceedings. The impact of any such regulatory actions could adversely affect FirstEnergy's financial condition or results of operations.

The Risks Associated with Climate Change May Impact Our Results of Operations and Cash Flows

Physical risks of climate change, such as more frequent or more extreme weather events, changes in temperature and precipitation patterns, changes to ground and surface water availability, and other related phenomena, could affect some, or all, of our operations. Severe weather or other natural disasters could be destructive, which could result in increased costs, including supply chain costs. An extreme weather event within the Utilities' service areas can also directly affect their capital assets, causing disruption in service to customers due to downed wires and poles or damage to other operating equipment. Climate change could also affect the availability of a secure and economical supply of water in some locations, which is essential for continued operation of generating plants. Further, as extreme weather conditions increase system stress, we may incur costs relating to additional system backup or service interruptions, and in some instances we may be unable to recover such costs. For all of these reasons, these physical risks could have an adverse financial impact on our operations and operating results. Climate change poses other financial risks as well. To the extent weather conditions are affected by climate change, customers' energy use could increase or decrease depending on the duration and magnitude of the changes. Increased energy use due to weather changes may require us to invest in additional system assets and purchase additional power. Additionally, decreased energy use due to weather changes may affect our financial condition through decreased rates, revenues, margins or earnings.

Future Changes in Accounting Standards May Affect Our Reported Financial Results

The SEC, FASB or other authoritative bodies or governmental entities may issue new pronouncements or new interpretations of existing accounting standards that may require us to change our accounting policies. These changes are beyond our control, can be difficult to predict and could materially impact how we report our financial condition and results of operations. We could be required to apply a new or revised standard retroactively, which could adversely affect our financial position.

Changes in Local, State or Federal Tax Laws Applicable To Us or Adverse Audit Results or Tax Rulings, and Any Resulting Increases in Taxes and Fees, May Adversely Affect Our Results of Operations, Financial Condition and Cash Flows

FirstEnergy is subject to various local, state and federal taxes, including income, franchise, real estate, sales and use and employment-related taxes. We exercise significant judgment in calculating such tax obligations, booking reserves as necessary to reflect potential adverse outcomes regarding tax positions we have taken and utilizing tax benefits, such as carryforwards and credits. Additionally, various tax rate and fee increases may be proposed or considered in connection with such changes in local, state or federal tax law. We cannot predict whether legislation or regulation will be introduced, the form of any legislation or regulation, or whether any such legislation or regulation will be passed by legislatures or regulatory bodies. Any such changes, or any adverse tax audit results or adverse tax rulings on positions taken by FirstEnergy or its subsidiaries could have a negative impact on its results of operations, financial condition and cash flows.

Risks Associated With Financing and Capital Structure

Volatility or Unfavorable Conditions in the Capital and Credit Markets May Adversely Affect Our Business, Including the Immediate Availability and Cost of Short-Term Funds for Liquidity Requirements, Our Ability to Meet Long-Term Commitments, Our Ability to Hedge Effectively Our Generation Portfolio, and the Competitiveness and Liquidity of Energy Markets; Each Could Adversely Affect Our Results of Operations, Cash Flows and Financial Condition

We rely on the capital markets to meet our financial commitments and short-term liquidity needs if internal funds are not available from our operations. We also use letters of credit provided by various financial institutions to support our hedging operations. We also deposit cash in short-term investments. Volatility in the capital and credit markets could adversely affect our ability to draw on our credit facilities and cash. Our access to funds under those credit facilities is dependent on the ability of the financial institutions that are parties to the facilities to meet their funding commitments. Those institutions may not be able to meet their funding commitments if they experience shortages of capital and liquidity or if they experience excessive volumes of borrowing requests within a short period of time. Any delay in our ability to access those funds, even for a short period of time, could have a material adverse effect on our results of operations and financial condition.

Fluctuations in the capital and credit markets as a result of uncertainty, changing or increased regulation, reduced alternatives or failures of significant foreign or domestic financial institutions or foreign governments could adversely affect our access to liquidity needed for our business. Unfavorable conditions could require us to take measures to conserve cash until the markets stabilize or until alternative credit arrangements or other funding for our business needs can be arranged. Such measures could include deferring capital expenditures, changing hedging strategies to reduce collateral-posting requirements, and reducing or eliminating future dividend payments or other discretionary uses of cash.

Energy markets depend heavily on active participation by multiple counterparties, which could be adversely affected by disruptions in the capital and credit markets. Reduced capital and liquidity and failures of significant institutions that participate in the energy markets could diminish the liquidity and competitiveness of energy markets that are important to our business. Perceived weaknesses in the competitive strength of the energy markets could lead to pressures for greater regulation of those markets or attempts to replace those market structures with other mechanisms for the sale of power, including the requirement of long-term contracts, which could have a material adverse effect on our results of operations and cash flows.

Interest Rates and/or a Credit Rating Downgrade Could Negatively Affect Our or Our Subsidiaries' Financing Costs, Ability to Access Capital and Requirement to Post Collateral and the Ability to Continue Successfully Implementing Our Retail Sales Strategy

We have near-term exposure to interest rates from outstanding indebtedness indexed to variable interest rates, and we have exposure to future interest rates to the extent we seek to raise debt in the capital markets to meet maturing debt obligations and fund construction or other investment opportunities. Past disruptions in capital and credit markets have resulted in higher interest rates on new publicly issued debt securities, increased costs for certain of our variable interest rate debt securities and failed remarketings of variable interest rate tax-exempt debt issued to finance certain of our facilities. Similar future disruptions could increase our financing costs and adversely affect our results of operations. Also, interest rates could change as a result of economic or other events that are beyond our risk management processes. As a result, we cannot always predict the impact that our risk management decisions may have on us if actual events lead to greater losses or costs that our risk management positions were intended to hedge. Although we employ risk management techniques to hedge against interest rate volatility, significant and sustained increases in market interest rates could materially increase our financing costs and negatively impact our reported results of operations.

We rely on access to bank and capital markets as sources of liquidity for cash requirements not satisfied by cash from operations. A downgrade in our or our subsidiaries' credit ratings from the nationally recognized credit rating agencies, particularly to a level below investment grade, could negatively affect our ability to access the bank and capital markets, especially in a time of uncertainty in either of those markets, and may require us to post cash collateral to support outstanding commodity positions in the wholesale market, as well as available letters of credit and other guarantees. A downgrade in our credit rating, or that of our subsidiaries, could also preclude certain retail customers from executing supply contracts with us and therefore impact our ability to successfully implement our retail sales strategy. Furthermore, a downgrade could increase the cost of such capital by causing us to incur higher interest rates and fees associated with such capital. A rating downgrade would increase our interest expense on certain of FirstEnergy's long-term debt obligations and would also increase the fees we pay on our various existing credit facilities, thus increasing the cost of our working capital. A rating downgrade could also impact our ability to grow our businesses by substantially increasing the cost of, or limiting access to, capital.

The Stability of Counterparties Could Adversely Affect Us

We are exposed to the risk that counterparties that owe us money, power, fuel or other commodities could breach their obligations. Should the counterparties to these arrangements fail to perform, we may be forced to enter into alternative arrangements at then-current market prices that may exceed our contractual prices, which would cause our financial results to be diminished and we might incur losses. Some of our agreements contain provisions that require the counterparties to provide credit support to secure all or part of their obligations to FirstEnergy or its subsidiaries. If the counterparties to these arrangements fail to perform, we may have a right to receive the proceeds from the credit support provided, however the credit support may not always be adequate to

cover the related obligations. In such event, we may incur losses in addition to amounts, if any, already paid to the counterparties, including by being forced to enter into alternative arrangements at then-current market prices that may exceed our contractual prices. Although our estimates take into account the expected probability of default by a counterparty, our actual exposure to a default by customers or other counterparties may be greater than the estimates predict, which could have a material adverse effect on our results of operations and financial condition.

We Must Rely on Cash from Our Subsidiaries and Any Restrictions on Our Utility Subsidiaries' Ability to Pay Dividends or Make Cash Payments to Us May Adversely Affect Our Financial Condition

We are a holding company and our investments in our subsidiaries are our primary assets. Substantially all of our business is conducted by our subsidiaries. Consequently, our cash flow, including our ability to pay dividends and service debt, is dependent on the operating cash flows of our subsidiaries and their ability to upstream cash to the holding company. Our utility and transmission subsidiaries are regulated by various state utility and federal commissions that generally possess broad powers to ensure that the needs of utility customers are being met. Those state and federal commissions could attempt to impose restrictions on the ability of our utility and transmission subsidiaries to pay dividends or otherwise restrict cash payments to us.

We Cannot Assure Common Shareholders that Future Dividend Payments Will be Made, or if Made, in What Amounts They May be Paid

Our Board of Directors will continue to regularly evaluate our common stock dividend and determine an appropriate dividend each quarter taking into account such factors as, among other things, our earnings, financial condition and cash flows from subsidiaries, as well as general economic and competitive conditions. We cannot assure common shareholders that dividends will be paid in the future, or that, if paid, dividends will be at the same amount or with the same frequency as in the past.

ITEM 1B. UNRESOLVED STAFF COMMENTS

None.

ITEM 2. PROPERTIES

The first mortgage indentures for the Ohio Companies, Penn, MP, PE, WP, FG and NG constitute direct first liens on substantially all of the respective physical property, subject only to excepted encumbrances, as defined in the first mortgage indentures. See Note 6, Leases, and Note 11, Capitalization, of the Combined Notes to Consolidated Financial Statements for information concerning leases and financing encumbrances affecting certain of the Utilities', FG's and NG's properties.

FirstEnergy controls the following generation sources as of February 16, 2016, shown in the table below. Except for the leasehold interests, OVEC participation and wind and solar power arrangements referenced in the footnotes to the table, substantially all of FES' competitive generating units are owned by NG (nuclear) and FG (non-nuclear); the regulated generating units are owned by JCP&L and MP.

Plant (Location)	Unit	Total	Competitive FES	Competitive AE Supply	Regulated
			Net Demonstrated Capacity (MW)		
Super-critical Coal-fired:					
Bruce Mansfield (Shippingport, PA)	1	830 (1)	830	—	—
Bruce Mansfield (Shippingport, PA)	2	830	830	—	—
Bruce Mansfield (Shippingport, PA)	3	830	830	—	—
Harrison (Haywood, WV)	1-3	1,984	—	—	1,984
Pleasants (Willow Island, WV)	1-2	1,300	—	1,300	—
W. H. Sammis (Stratton, OH)	6-7	1,200	1,200	—	—
Fort Martin (Maidsville, WV)	1-2	1,098	—	—	1,098
		8,072	3,690	1,300	3,082
Sub-critical and Other Coal-fired:					
W. H. Sammis (Stratton, OH)	1-5	1,010	1,010	—	—
Bay Shore (Toledo, OH)	1	136	136	—	—
OVEC (Cheshire, OH) (Madison, IN)	1-11	188 (2)	110	67	11
		1,334	1,256	67	11
Nuclear:					
Beaver Valley (Shippingport, PA)	1	939	939	—	—
Beaver Valley (Shippingport, PA)	2	933 (3)	933	—	—
Davis-Besse (Oak Harbor, OH)	1	908	908	—	—
Perry (N. Perry Village, OH)	1	1,268 (4)	1,268	—	—
		4,048	4,048	—	—
Gas/Oil-fired:					
AE Nos. 1, 2, 3, 4 & 5 (Springdale, PA)	1-5	638	—	638	—
West Lorain (Lorain, OH)	1-6	545	545	—	—
AE Nos. 12 & 13 (Chambersburg, PA)	12-13	88	—	88	—
AE Nos. 8 & 9 (Gans, PA)	8-9	88	—	88	—
Forked River (Ocean County, NJ)	2	86	86	—	—
Hunlock CT (Hunlock Creek, PA)	1	45	—	45	—
Buchanan (Oakwood, VA)	1-2	43 (5)	—	43	—
Other		59	59	—	—
		1,592	690	902	—
Pumped-storage Hydro:					
Bath County (Warm Springs, VA)	1-6	1,200 (6)	—	713	487
Yard's Creek (Blairstown Twp., NJ)	1-3	210 (7)	—	—	210
		1,410	—	713	697
Wind and Solar Power		496 (8)	496	—	—
Total		16,952	10,180	2,982	3,790

(1) Includes FE's leasehold interest of 93.83% (779 MW) from non-affiliates.
(2) Represents FG's 4.85%, AE Supply's 3.01% and MP's 0.49% entitlement based on their participation in OVEC.
(3) Includes OE's leasehold interest of 2.60% (24 MW) from non-affiliates of which FES purchases all the output pursuant to full output cost-of-service PSAs.
(4) Includes OE's leasehold interest of 3.75% (48 MW) from non-affiliates of which FES purchases all the output pursuant to full output cost-of-service PSAs.
(5) Represents Buchanan Energy's 50% interest. Buchanan Energy is a subsidiary of AE Supply. CNX Gas Corporation and Buchanan Energy have equal ownership interests in Buchanan Generation, LLC. AE Supply operates and dispatches 100% of Buchanan Generation, LLC's 86 MWs.
(6) Represents AGC's 40% interest in Bath County, a pumped-storage hydroelectric station. The station is operated by 60% owner Virginia Electric and Power Company. AGC is 59% owned by AE Supply and 41% owned by MP.
(7) Represents JCP&L's 50% ownership interest.
(8) Includes 167 MW from leased facilities and 329 MW under power purchase agreements.

The above generating plants and load centers are connected by a transmission system consisting of elements having various voltage ratings ranging from 23 kV to 500 kV. FirstEnergy's overhead and underground transmission lines aggregate 24,211 pole miles.

The Utilities' electric distribution systems include 268,682 miles of overhead pole line and underground conduit carrying primary, secondary and street lighting circuits. They own substations with a total installed transformer capacity of approximately 154,612,802 kV-amperes.

All of FirstEnergy's generation, transmission and distribution assets operate in PJM.

FirstEnergy's distribution and transmission systems as of December 31, 2015, consist of the following:

	Distribution Lines[1]	Transmission Lines[1]	Substation Transformer Capacity[2]
			kV Amperes
OE	61,181	377	7,651,995
Penn	13,537	—	1,090,120
CEI	33,368	—	10,388,929
TE	18,999	73	3,025,373
JCP&L	23,277	2,573	22,367,086
ME	18,859	1,497	11,230,635
PN	27,459	2,755	16,694,883
ATSI[3]	—	7,773	32,328,674
WP	24,365	4,290	18,489,266
MP	22,062	2,559	15,098,632
PE	25,575	2,098	15,672,209
TrAIL	—	216	575,000
Total	268,682	24,211	154,612,802

(1) Circuit Miles
(2) Top rating of in-service power transformers only. Excludes grounding banks, station power transformers, and generator and customer-owned transformers.
(3) Represents transmission line assets of 69 kV and greater located in the service territories of OE, Penn, CEI and TE.

ITEM 3. LEGAL PROCEEDINGS

Reference is made to Note 14, Regulatory Matters, and Note 15, Commitments, Guarantees and Contingencies of the Combined Notes to Consolidated Financial Statements for a description of certain legal proceedings involving FirstEnergy and FES.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

PART II

ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES

The information required by Item 5 regarding FirstEnergy's market information, including stock exchange listings and quarterly stock market prices, dividends and holders of common stock is included in Item 6.

Information for FES is not disclosed because it is a wholly owned subsidiary of FirstEnergy and there is no market for its common stock.

Information regarding compensation plans for which shares of FirstEnergy common stock may be issued is incorporated herein by reference to FirstEnergy's 2016 proxy statement to be filed with the SEC pursuant to Regulation 14A under the Securities Exchange Act.

FirstEnergy had no transactions regarding purchases of FE common stock during the fourth quarter of 2015.

FirstEnergy does not currently have any publicly announced plan or program for share purchases.

ITEM 6. SELECTED FINANCIAL DATA

For the Years Ended December 31,	2015	2014	2013	2012	2011
	(In millions, except per share amounts)				
Revenues	$ 15,026	$ 15,049	$ 14,892	$ 15,255	$ 16,087
Income From Continuing Operations	$ 578	$ 213	$ 375	$ 755	$ 856
Earnings Available to FirstEnergy Corp.	$ 578	$ 299	$ 392	$ 770	$ 885
Earnings per Share of Common Stock:					
Basic - Continuing Operations	$ 1.37	$ 0.51	$ 0.90	$ 1.81	$ 2.19
Basic - Discontinued Operations (Note 19)	—	0.20	0.04	0.04	0.03
Basic - Earnings Available to FirstEnergy Corp.	$ 1.37	$ 0.71	$ 0.94	$ 1.85	$ 2.22
Diluted - Continuing Operations	$ 1.37	$ 0.51	$ 0.90	$ 1.80	$ 2.18
Diluted - Discontinued Operations (Note 19)	—	0.20	0.04	0.04	0.03
Diluted - Earnings Available to FirstEnergy Corp.	$ 1.37	$ 0.71	$ 0.94	$ 1.84	$ 2.21
Weighted Average Shares Outstanding:					
Basic	422	420	418	418	399
Diluted	424	421	419	419	401
Dividends Declared per Share of Common Stock	$ 1.44	$ 1.44	$ 1.65	$ 2.20	$ 2.20
Total Assets(1)	$ 52,187	$ 51,648	$ 50,058	$ 50,175	$ 47,410
Capitalization as of December 31:					
Total Equity	$ 12,422	$ 12,422	$ 12,695	$ 13,093	$ 13,299
Long-Term Debt and Other Long-Term Obligations	19,192	19,176	15,831	15,179	15,716
Total Capitalization	$ 31,614	$ 31,598	$ 28,526	$ 28,272	$ 29,015

(1) Reflects the application of ASU 2015-17, Balance Sheet Classification of Deferred Taxes, which requires all accumulated deferred income taxes to be classified as non-current. The retrospective change decreased Total Assets as of December 31 as follows: 2014 - $518 million, 2013 -$366 million, 2012 - $319 million as these amounts were reclassified from current assets to non-current liabilities.

PRICE RANGE OF COMMON STOCK

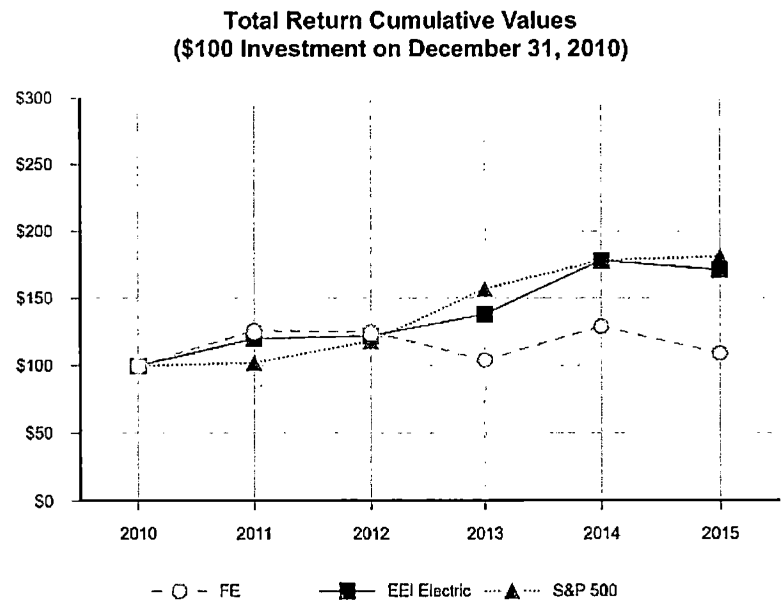
The common stock of FirstEnergy Corp. is listed on the New York Stock Exchange under the symbol "FE" and is traded on other registered exchanges.

	2015		2014	
	High	Low	High	Low
First Quarter	$ 41.68	$ 33.82	$ 34.28	$ 30.10
Second Quarter	$ 37.05	$ 32.46	$ 35.59	$ 31.17
Third Quarter	$ 35.09	$ 30.31	$ 34.95	$ 29.98
Fourth Quarter	$ 33.00	$ 28.89	$ 40.84	$ 33.04
Yearly	$ 41.68	$ 28.89	$ 40.84	$ 29.98

Closing prices are from http://finance.yahoo.com.

SHAREHOLDER RETURN

The following graph shows the total cumulative return from a $100 investment on December 31, 2010 in FirstEnergy's common stock compared with the total cumulative returns of EEI's Index of Investor-Owned Electric Utility Companies and the S&P 500.



HOLDERS OF COMMON STOCK

There were 90,633 and 90,346 holders of 423,560,397 and 423,650,645 shares of FirstEnergy's common stock as of December 31, 2015 and January 31, 2016, respectively. Information regarding retained earnings available for payment of cash dividends is given in Note 11, Capitalization of the Combined Notes to Consolidated Financial Statements.

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF REGISTRANT AND SUBSIDIARIES

Forward-Looking Statements: This Form 10-K 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 speed and nature of increased competition in the electric utility industry, in general, and the retail sales market in particular.
- The ability to experience growth in the Regulated Distribution and Regulated Transmission segments and to successfully implement our sales strategy for the CES segment.
- The accomplishment of our regulatory and operational goals in connection with our transmission investment plan, including but not limited to, the proposed transmission asset transfer to MAIT, 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 impact of the regulatory process on the pending matters at the federal level and in the various states in which we do business including, but not limited to, matters related to rates and the ESP IV in Ohio.
- The impact of the federal regulatory process on FERC-regulated entities and transactions, in particular FERC regulation of wholesale energy and capacity markets, including PJM markets and FERC-jurisdictional wholesale transactions; FERC regulation of cost-of-service rates, including FERC Opinion No. 531's revised ROE methodology for FERC-jurisdictional wholesale generation and transmission utility service; and FERC's compliance and enforcement activity, including compliance and enforcement activity related to NERC's mandatory reliability standards.
- The uncertainties of various cost recovery and cost allocation issues resulting from ATSI's realignment into PJM.
- Economic or weather conditions affecting future sales and margins such as a polar vortex or other significant weather events, and all associated regulatory events or actions.
- Changing energy, capacity and commodity market prices including, but not limited to, coal, natural gas and oil prices, and their availability and impact on margins and asset valuations.
- The continued ability of our regulated utilities to recover their costs.
- Costs being higher than anticipated and the success of our policies to control costs and to mitigate low energy, capacity and market prices.
- Other legislative and regulatory changes, and revised environmental requirements, including, but not limited to, the effects of the EPA's CPP, CCR, CSAPR and MATS programs, including our estimated costs of compliance, CWA waste water effluent limitations for power plants, and CWA 316(b) water intake regulation.
- The uncertainty of the timing and amounts of the capital expenditures that may arise in connection with any litigation, including NSR litigation, or potential regulatory initiatives or rulemakings (including that such initiatives or rulemakings could result in our decision to deactivate or idle certain generating units).
- The uncertainties associated with the deactivation of certain older regulated and competitive fossil units, including the impact on vendor commitments and 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.
- 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 NRC or as a result of the incident at Japan's Fukushima Daiichi Nuclear Plant).
- Issues arising from the indications of cracking in the shield building at Davis-Besse.
- The risks and uncertainties associated with litigation, arbitration, mediation and like proceedings, including, but not limited to, any such proceedings related to vendor commitments.
- The impact of labor disruptions by our unionized workforce.
- Replacement power costs being higher than anticipated or not fully hedged.
- The ability to comply with applicable state and federal reliability standards and energy efficiency and peak demand reduction mandates.
- Changes in customers' demand for power, including, but not limited to, changes resulting from the implementation of state and federal energy efficiency and peak demand reduction mandates.
- The ability to accomplish or realize anticipated benefits from strategic and financial goals, including, but not limited to, the ability to continue to reduce costs and to successfully execute our financial plans designed to improve our credit metrics and strengthen our balance sheet through, among other actions, our cash flow improvement plan and other proposed capital raising initiatives.
- Our ability to improve electric commodity margins and the impact of, among other factors, the increased cost of fuel and fuel transportation on such margins.

- Changing market conditions that could affect the measurement of certain liabilities and the value of assets held in our NDTs, pension trusts and other trust funds, and cause us and/or our subsidiaries to make additional contributions sooner, or in amounts that are larger than currently anticipated.
- The impact of changes to material accounting policies.
- The ability to access the public securities and other capital and credit markets in accordance with our financial plans, the cost of such capital and overall condition of the capital and credit markets affecting us and our subsidiaries.
- Actions that may be taken by credit rating agencies that could negatively affect us and/or our subsidiaries' access to financing, increase the costs thereof, and increase requirements to post additional collateral to support outstanding commodity positions, LOCs and other financial guarantees.
- Changes in national and regional economic conditions affecting us, our subsidiaries and/or our major industrial and commercial customers, and other counterparties with which we do business, including fuel suppliers.
- The impact of any changes in tax laws or regulations or adverse tax audit results or rulings.
- Issues concerning the stability of domestic and foreign financial institutions and counterparties with which we do business.
- The risks associated with cyber-attacks 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 risks and other factors discussed from time to time in our SEC filings, and other similar factors.

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

These forward looking statements are also qualified by, and should be read together with, the risk factors included in (a) Item 1A. Risk Factors, (b) this Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations, and (c) other factors discussed herein and in other filings with the SEC by the registrants. 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. 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.

FIRSTENERGY'S BUSINESS

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

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

The service areas of, and customers served by, FirstEnergy's regulated distribution utilities are summarized below (in thousands):

Company	Area Served	Customers Served [1]
OE	Central and Northeastern Ohio	1,038
Penn	Western Pennsylvania	164
CEI	Northeastern Ohio	746
TE	Northwestern Ohio	308
JCP&L	Northern, Western and East Central New Jersey	1,109
ME	Eastern Pennsylvania	561
PN	Western Pennsylvania	588
WP	Southwest, South Central and Northern Pennsylvania	723
MP	Northern, Central and Southeastern West Virginia	390
PE	Western Maryland and Eastern West Virginia	401
		6,028

[1] As of December 31, 2015

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

The **CES** segment, through FES and AE Supply, primarily supplies electricity to end-use customers through retail and wholesale arrangements, including competitive retail sales to customers primarily in Ohio, Pennsylvania, Illinois, Michigan, New Jersey and Maryland, and the provision of partial POLR and default service for some utilities in Ohio, Pennsylvania and Maryland, including the Utilities. This business segment currently controls 13,162 MWs of capacity. The CES segment's net income is primarily derived from electric generation sales less the related costs of electricity generation, including fuel, purchased power and net transmission (including congestion) and ancillary costs and capacity costs charged by PJM to deliver energy to the segment's customers.

The CES segment expects to sell its annual generation output of approximately 75 to 80 million MWHs, with up to an additional 5 million MWHs available from PPAs for wind, solar and its entitlement from OVEC, through a target portfolio mix of approximately 10 to 15 million MWHs in Governmental Aggregation sales, 0 to 10 million MWHs of POLR sales, 0 to 20 million MWHs in large commercial and industrial sales (Direct), 10 to 20 million MWHs in block wholesale sales, including Structured Sales, and 10 to 20 million MWHs of spot wholesale sales.

Corporate support and other businesses that do not constitute an operating segment, interest expense on stand-alone holding company debt and corporate income taxes are categorized as Corporate/Other for reportable business segment purposes. Additionally, reconciling adjustments for the elimination of inter-segment transactions are included in Corporate/Other. As of December 31, 2015, Corporate/Other had $4.2 billion of stand-alone holding company long-term debt, of which 28% was subject to variable-interest rates, and $1.7 billion was borrowed by FE under its revolving credit facility.

EXECUTIVE SUMMARY

FirstEnergy continues to capitalize on investment opportunities available in its Regulated Transmission and Regulated Distribution businesses while implementing a conservative hedging strategy at its Competitive business. FirstEnergy is focused on improving its balance sheet and maintaining investment grade credit metrics at each business unit, while improving metrics at FirstEnergy over time.

FirstEnergy's regulated investment strategy focuses on delivering enhanced customer service and reliability, strengthening grid and cyber-security, and adding resiliency and operating flexibility to its transmission and distribution infrastructure. Focusing on reinvestment in its regulated operations will also provide stability and growth for FirstEnergy as this plan is implemented over the coming years.

Regulated Transmission

The centerpiece of FirstEnergy's regulated investment strategy is the *Energizing the Future* transmission expansion plan. The initial phase of this plan includes $4.2 billion in investments from 2014 through 2017 to modernize FirstEnergy's transmission system.

In conjunction with its transmission expansion plan, in 2015 ATSI received FERC-approval of its "forward looking" rate, implemented on January 1, 2015, where transmission rates are based on estimated costs for the current year with an annual true up, and an ROE of: (i) 12.38% from January 1, 2015 through June 30, 2015; (ii) 11.06% from July 1, 2015 through December 31, 2015; and 10.38% effective January 1, 2016, unless changed pursuant to Section 205 or 206 of the FPA, provided the effective date for any change cannot be earlier than January 1, 2018.

Additionally, in June 2015, JCP&L, PN, ME, FET, and MAIT made filings with FERC, the NJBPU, and the PPUC requesting authorization for JCP&L, PN and ME to contribute their transmission assets to MAIT. If approved, MAIT will operate similar to FET's two existing stand-alone transmission subsidiaries ATSI and TrAIL. FERC approval is expected in March 2016 with final decisions expected from the NJBPU and PPUC by mid-2016. Following FERC approval of the transfer, MAIT expects to file a Section 204 application with FERC, and other necessary filings with the PPUC and the NJBPU, seeking authorization to issue equity to FET, JCP&L, PN and ME for their respective contributions, and to issue debt. MAIT will also make a Section 205 formula rate application with FERC to establish its transmission rate.

Regulated Distribution

During 2015, FirstEnergy continued to pursue key regulatory initiatives across its utility footprint, focusing on providing significant benefits to customers while ensuring the timely and appropriate recovery of investments. These initiatives included:

- The Ohio Companies' ESP IV, *Powering Ohio's Progress:* The ESP IV, including the impact of filed stipulations in the case, contemplates continuing a distribution rate freeze through May 2024 while helping ensure continued availability of more than 3,200 MWs of FirstEnergy's critical baseload generating assets primarily located in the state and serving the long-term energy needs of Ohio customers. Evidentiary hearings commenced in August 2015. On December 1, 2015, FirstEnergy's Ohio Companies filed an additional settlement at the PUCO, which included the PUCO Staff as a signatory party, that sets forth ambitious steps to help safeguard customers against retail generation price increases in future years, deploy new energy efficiency programs, and provide a clear path to a cleaner energy future by establishing a goal to substantially reduce carbon emissions. The settlement includes an eight-year rate provision (Rider RRS) designed to help protect customers against rising retail price increases and market volatility, while helping preserve vital baseload power plants that serve Ohio customers and provide thousands of family-sustaining jobs in the state. The plants involved include the Davis-Besse Nuclear Power Station, the W.H. Sammis Plant, and a portion of the output of OVEC units in Gallipolis, Ohio, and Madison, Indiana. A decision is anticipated in March 2016. On January 27, 2016, certain parties filed a complaint at FERC against FES, OE, CEI, and TE that requests FERC review of the ESP IV PPA under Section 205 of the FPA. In addition to such proceeding, parties have expressed an intention to challenge, in the courts and/or before FERC, the PPA or PUCO approval of the ESP IV, if approved. Management intends to vigorously defend against such challenges.
- Implementation of New Rates in Pennsylvania for ME, PN, Penn and WP: The new rates were approved in April 2015 and went into effect in May 2015, providing for an increase in annual revenues of approximately $293 million and approximately $88 million of additional annual operating expenses. Furthermore, in October 2015, the Pennsylvania companies filed LTIIPs with the PPUC for infrastructure improvements over the 2016 to 2020 period totaling nearly $245 million, which were approved on February 11, 2016. The Pennsylvania Companies filed DSIC riders on February 16, 2016, for quarterly cost recovery associated with the projects approved in the LTIIPs.
- Implementation of New Rates in West Virginia for MP and PE: The new rates were approved and went into effect in February 2015, resulting in recovery of $63 million annually for reliability investments and expenses, storm damage expenses, and investments in operating improvements and environmental compliance at MP's and PE's regulated coal-fired power plants in West Virginia. MP and PE also received orders in December 2015 in their ENEC case and their biennial vegetation management program surcharge reconciliation, resulting in revenue increases, effective January 1, 2016, totaling $96.9 million and $36.7 million, respectively, to recover deferred costs.

Additionally, during 2015, the NJBPU issued orders on JCP&L's base rate proceedings and its generic storm proceedings resulting in a reduction of approximately $34 million in annual revenues, inclusive of recovery of 2011 and 2012 storm costs, as well as the NJBPU's recently modified CTA policy. As part of the base rate order, JCP&L is required to file another base rate case no later than April 1, 2017.

Competitive Energy Services

FirstEnergy continues its strategy for its competitive business to more effectively hedge its generation by reducing exposure to weather-sensitive load in certain sales channels and pursuing high-margin sales, while leaving a portion of its generation available to capture future market opportunities or to mitigate risk. This strategy is designed to position CES to benefit from opportunities as markets improve while limiting risk from continued challenging market conditions. At the same time, FirstEnergy continues to advocate for reforms that can ensure competitive wholesale markets adequately value baseload generation, which is essential to maintaining grid reliability.

The CES segment economically hedges exposure to price risk on a ratable basis, which is intended to reduce the near-term financial impact of market price volatility. On average, the CES segment expects to produce approximately 75 - 80 million MWHs of electricity annually, with up to an additional 5 million MWHs available from purchased power agreements for wind, solar and its entitlement from OVEC. In 2015, CES sold approximately 75 million MWHs of which 68 million MWHs were through contract sales with another 7 million MWHs of wholesale sales. As of December 31, 2015, committed sales for 2016 and 2017 were approximately 61 million MWHs and 38 million MWHs, respectively.

From a generation perspective, FirstEnergy continues to focus on ensuring its competitive fleet is cost-effective, efficient and environmentally sound. FirstEnergy is on track to exceed benchmarks established by MATS and other environmental regulations. FirstEnergy's total cost for MATS compliance is expected to be approximately $345 million ($168 million at CES and $177 million at Regulated Distribution), of which $202 million has been spent through December 31, 2015 ($80 million at CES and $122 million at Regulated Distribution).

During 2015, FirstEnergy completed scheduled shutdowns for three of its nuclear units - Beaver Valley Unit 1 and Unit 2 and the Perry Nuclear Power plant - for refueling and maintenance. During the outages, fuel assemblies were exchanged and numerous inspections and preventative maintenance and improvement projects were completed to ensure continued safe and reliable operations. Additionally, in December 2015, the NRC approved a 20-year license extension for the Davis-Besse Nuclear Power Station allowing the unit to operate until 2037.

Also, in 2015, PJM conducted the 2015 BRA for the 2018/2019 delivery year and Capacity Performance transition auctions for the 2016/2017 and 2017/2018 delivery years. FirstEnergy's net competitive capacity position as a result of the BRA and Capacity Performance transition auctions is as follows:

	2016 - 2017				**2017 - 2018**				**2018 - 2019***			
	Legacy Obligation		**Capacity Performance**		**Legacy Obligation**		**Capacity Performance**		**Base Generation**		**Capacity Performance**	
	(MW)	*($/MWD)*	*(MW)*	*($/MWD)*	*(MW)*	*($/MWD)*	*(MW)*	*($/MWD)*	*(MW)*	*($/MWD)*	*(MW)*	*($/MWD)*
ATSI	2,765	$114.23	4,210	$134.00	375	$120.00	6,245	$151.50	—	$149.98	6,245	$164.77
RTO	875	$59.37	3,675	$134.00	985	$120.00	3,565	$151.50	240	$149.98	3,930	$164.77
All Other Zones	135	$119.13	—	$134.00	150	$120.00	—	$151.50	35	**	20	**
	3,775		7,885		1,510		9,810		275		10,195	

*Approximately 885 MWs remain uncommitted for the 2018/2019 delivery year.

**Base Generation: 10 MWs cleared at $200.21/MWD and 25 MWs cleared at $149.98/MWD. Capacity Performance: 5 MWs cleared at $215.00/MWD and 15 MWs cleared at $164.77/MWD.

Projected CES Capacity Revenue* ($ Millions)

	2016	**2017**	**2018**	**2019 (through 5/31)**
Capacity Revenue	$815	$590	$620	$260

*Includes revenues from the results of incremental/transitional capacity auctions, bilateral transactions and capacity transfer rights.

STRATEGY AND OUTLOOK

FirstEnergy owns a large and diverse mix of assets managed in an integrated model, featuring an electric distribution service area and transmission footprint that are among the largest in the nation, as well as a competitive operations segment that owns or controls over 13,000 MWs of generation with a diverse mix of non-emitting nuclear, scrubbed coal, natural gas, hydroelectric and other renewables. FirstEnergy continues to focus on developing its transmission business, strengthening its regulated utilities, and managing overall risk and conservatively operating its competitive business.

FirstEnergy continues to focus on investment opportunities in its Regulated Transmission and Regulated Distribution segments. This investment strategy is focused on delivering enhanced customer service and reliability, strengthening grid and cyber-security, and adding resiliency and operating flexibility to its transmission and distribution infrastructure. FirstEnergy expects to fund these investments through a combination of cash from operations, debt, and, depending on the regulated operating company, capital contributions from its parent. In the future, FirstEnergy may consider additional equity to fund capital requirements in its regulated operations.

FirstEnergy's longer term strategic outlook for its regulated and competitive businesses will be determined following resolution of the Ohio Companies' ESP IV, including the proposed PPA between FES and the Ohio Companies. Once the ESP IV is finalized, FirstEnergy expects to be in a position to more fully understand the longer-term outlook of its competitive businesses and the longer term growth rate of its regulated businesses, including planned capital investments and any additional equity to fund growth in its regulated businesses.

FirstEnergy is focused on improving its balance sheet and maintaining investment grade credit metrics at each business unit, while improving metrics at FirstEnergy Corp. over time. As part of an ongoing effort to manage costs, FirstEnergy identified both immediate and long-term savings opportunities through its cash flow improvement plan. The cash flow improvement plan identified targeted cash savings of approximately $58 million in 2015, $155 million in 2016 and $240 million annually by 2017, with reductions in operating expenses representing approximately 65% of the savings over the three-year period.

Regulated Transmission

As noted above, the centerpiece of FirstEnergy's growth strategy is a $4.2 billion investment in the *Energizing the Future* program from 2014 through 2017. Through 2015, FirstEnergy's capital expenditures under this plan were $2.4 billion and in 2016 capital expenditures under this plan are currently projected to be approximately $1 billion. This program is focused on a large number of small projects within the company's 24,000 mile service territory that improve service to customers. The projects within the program are either regulatory required or support reliability enhancement. Regulatory required projects include those requested by PJM to support grid reliability, generator deactivations, or shale gas expansion activities. The second category of projects, those that support reliability enhancement, focus on replacing aging equipment; increasing automation, communication, and security within the system; and increasing load serving capability. In the initial years of the program, the majority of the projects are located within the ATSI system, with expectations to move east across FirstEnergy's service territory over time. An additional $15 billion in transmission investment opportunities have been identified across the system beyond the 2014-2017 period, making this a continuing and sustainable platform for investment.

In 2016, FirstEnergy expects to receive approval to transfer transmission assets of JCP&L, Met-Ed and Penelec to MAIT, a new stand-alone transmission subsidiary.

Regulated Distribution

The five-state service territory served by FirstEnergy's Regulated Distribution segment also offers substantial opportunities for future investments to improve service to more than 6 million customers. In 2015, FirstEnergy completed major rate cases in West Virginia, Pennsylvania and New Jersey. In Pennsylvania, a filing for an infrastructure improvement plan that includes an investment of $245 million through 2020 was approved by the PPUC on February 11, 2016, and in Ohio, a comprehensive settlement in the ESP IV is pending PUCO approval. The ESP IV settlement contains additional opportunities for investment in the Ohio Companies, including grid modernization and energy efficiency as well as continuation of Rider DCR with revenue caps increasing $180 million over the term of the ESP IV. The settlement also includes a FERC-jurisdictional PPA where the Ohio Companies would purchase the output from FES' Davis-Besse nuclear plant, Sammis coal plant and entitlement to OVEC generation output, a total of 3,244 MW, for an eight-year term beginning June 1, 2016.

FirstEnergy also continues to closely monitor sales trends across its utility footprint. Within its Regulated Distribution segment, FirstEnergy continues to be impacted by lower customer usage as a result of energy efficiency mandates and products. During 2015, electric distribution deliveries on a weather-adjusted basis declined 1.6% in the residential customer class and 0.6% in the commercial customer class as compared to 2014. Furthermore, in the industrial sector, increases in the shale gas sector were more than offset with lower usage in the steel and mining sectors, resulting in an overall decrease in the industrial sector of 2.0%.

CES

FirstEnergy continues to focus on maintaining the value of its competitive business and continues to advocate for reforms that ensure the competitive wholesale markets adequately value baseload generation, which is essential for maintaining grid reliability. While it cannot predict if or when a power price recovery may occur, FirstEnergy believes it has taken appropriate action over the last several years to reposition this business for such a recovery. CES uses a conservative hedging strategy, and expects to sell its annual generation resources of approximately 75-80 million MWHs through a combination of retail and wholesale sales, maintaining 10-20 million MWHs to mitigate risk in the event of unplanned outages or extreme weather or to take advantage of market upside opportunities through the wholesale spot market.

FINANCIAL OVERVIEW

	For the Years Ended December 31,			Increase (Decrease)			
(In millions, except per share amounts)	2015	2014	2013	2015 vs 2014		2014 vs 2013	
REVENUES:	$ 15,026	$ 15,049	$ 14,892	$ (23)	— %	$ 157	1 %
OPERATING EXPENSES:							
Fuel	1,855	2,280	2,496	(425)	(19)%	(216)	(9)%
Purchased power	4,318	4,716	3,963	(398)	(8)%	753	19 %
Other operating expenses	3,749	3,962	3,593	(213)	(5)%	369	10 %
Pension and OPEB mark-to-market adjustment	242	835	(256)	(593)	(71)%	1,091	(426)%
Provision for depreciation	1,282	1,220	1,202	62	5 %	18	1 %
Amortization of regulatory assets, net	268	12	539	256	2,133 %	(527)	(98)%
General taxes	978	962	978	16	2 %	(16)	(2)%
Impairment of long-lived assets	42	—	795	42	— %	(795)	(100)%
Total operating expenses	12,734	13,987	13,310	(1,253)	(9)%	677	5 %
OPERATING INCOME	2,292	1,062	1,582	1,230	116 %	(520)	(33)%
OTHER INCOME (EXPENSE):							
Loss on debt redemptions	—	(8)	(132)	8	(100)%	124	(94)%
Investment income (loss)	(22)	72	33	(94)	(131)%	39	118 %
Impairment of equity method investment	(362)	—	—	(362)	— %	—	— %
Interest expense	(1,132)	(1,073)	(1,016)	(59)	5 %	(57)	6 %
Capitalized financing costs	117	118	103	(1)	(1)%	15	15 %
Total other expense	(1,399)	(891)	(1,012)	(508)	57 %	121	(12)%
INCOME FROM CONTINUING OPERATIONS BEFORE INCOME TAXES (BENEFITS)	893	171	570	722	422 %	(399)	(70)%
INCOME TAXES (BENEFITS)	315	(42)	195	357	(850)%	(237)	(122)%
INCOME FROM CONTINUING OPERATIONS	578	213	375	365	171 %	(162)	(43)%
Discontinued operations (net of income taxes of $0, $69 and $9, respectively) (Note 19)	—	86	17	(86)	(100)%	69	406 %
NET INCOME	$ 578	$ 299	$ 392	$ 279	93 %	$ (93)	(24)%
EARNINGS PER SHARE OF COMMON STOCK:							
Basic - Continuing Operations	$ 1.37	$ 0.51	$ 0.90	$ 0.86	169 %	$ (0.39)	(43)%
Basic - Discontinued Operations (Note 19)	—	0.20	0.04	(0.20)	(100)%	0.16	400 %
Basic - Net Income	$ 1.37	$ 0.71	$ 0.94	$ 0.66	93 %	$ (0.23)	(24)%
Diluted - Continuing Operations	$ 1.37	$ 0.51	$ 0.90	$ 0.86	169 %	$ (0.39)	(43)%
Diluted - Discontinued Operations (Note 19)	—	0.20	0.04	(0.20)	(100)%	0.16	400 %
Diluted - Net Income	$ 1.37	$ 0.71	$ 0.94	$ 0.66	93 %	$ (0.23)	(24)%

FirstEnergy's net income in 2015 was $578 million, or basic and diluted earnings of $1.37 per share of common stock, compared with $299 million, or basic and diluted earnings of $0.71 per share of common stock in 2014, and $392 million, or basic and diluted earnings of $0.94 per share of common stock in 2013. Highlights of the key changes in year-over-year financial results are included below:

2015 compared with 2014

As further discussed below, FirstEnergy's 2015 income from continuing operations increased $365 million as compared to 2014, resulting from a year-over-year improvement of $506 million at CES, $153 million at Regulated Distribution and $75 million at Regulated Transmission, partially offset by a $369 million decrease at Corporate/Other.

In 2015, FirstEnergy's revenues decreased $23 million as compared to 2014, primarily resulting from a $905 million decrease at CES partially offset by a $523 million increase at Regulated Distribution and a $242 million increase at Regulated Transmission.

- The decrease in revenue at CES resulted from a 31 million MWHs decline in contract sales, in line with CES' strategy discussed above, partially offset by higher wholesale sales, including increased capacity revenue associated with higher capacity auction prices.
- The increase in revenue at Regulated Distribution resulted from the implementation of new rates at certain operating companies as well as a year-over-year increase in retail generation revenue, resulting from a lower number of customers shopping with an alternative generation supplier and higher retail transmission revenue, which is recovering higher transmission related expenses. Distribution deliveries decreased 0.8%, or 1.1 million MWHs, as weather adjusted sales declined as a result of energy efficiency mandates and products and decreases in certain industrial sectors, partially offset by an increase in weather-related sales.

- The increase at Regulated Transmission primarily reflected a higher rate base and recovery of incremental operating expenses as well as ATSI's transition to a forward-looking rate, effective January 1, 2015. These increases were partially offset by a lower ROE at ATSI in the last six months of 2015 as part of the FERC-approved settlement discussed above.

Operating expenses decreased $1,253 million in 2015 as compared to 2014, including a $593 million decrease in the Company's pension and OPEB mark-to-market adjustment, reflecting a decrease at CES of $1,747 million, partially offset by increases at Regulated Distribution and Regulated Transmission of $255 million and $73 million, respectively.

Changes in certain operating expenses include the following:

- Fuel expense declined $425 million, primarily at CES, resulting from lower fossil generation associated with low energy prices, lower unit costs, and lower settlement and termination charges on fuel and transportation contracts.
- Purchased power decreased $398 million, primarily reflecting lower volumes at CES, resulting from lower contract sales, partially offset by higher volumes at Regulated Distribution due to lower customer shopping as discussed above, and higher capacity expense associated with higher capacity rates.
- Other operating expenses decreased $213 million, primarily reflecting a decrease at CES associated with lower PJM transmission, mark-to-market and retail-related costs partially offset by higher nuclear planned outage costs, partially offset by an increase at Regulated Distribution, resulting from higher network transmission expenses, which are recovered through transmission rates as discussed above, and higher operating and maintenance expenses associated with reliability improvements.
- Amortization of regulatory assets, net increased $256 million primarily reflecting the recovery of deferred costs, including storm costs, associated with the implementation of new rates discussed above.

FirstEnergy's other expenses increased $508 million, or 57%, year-over-year, primarily resulting from a $362 million pre-tax, non-cash impairment charge associated with FEV's investment in Global Holding, lower investment income, including a $65 million increase in OTTI, and higher interest expense associated with higher average debt levels.

FirstEnergy's effective tax rate on income from continuing operations was 35.3% in 2015 compared to (24.6)% in 2014. The increase in the effective tax rate was attributable to tax planning initiatives executed during 2014, including tax benefits associated with a change in accounting method with the IRS for costs associated with the refurbishment of meters and transformers and the expiration of the statute of limitations on uncertain state tax positions. Additionally, during 2014, FirstEnergy recognized a reduction in income tax expense of $25 million that related to prior periods resulting from adjustments to its tax basis balance sheet.

2014 compared with 2013

FirstEnergy's 2014 income from continuing operations decreased $162 million as compared to 2013 resulting from a year-over-year decline of $182 million at CES and $36 million at Regulated Distribution, partially offset by a year-over-year improvement at Regulated Transmission of $9 million and $47 million at Corporate/Other.

In 2014, FirstEnergy's revenue increased $157 million compared to 2013. The increase resulted from a $382 million increase at Regulated Distribution and a $38 million increase at Regulated Transmission, partially offset by a decrease in CES revenues of $209 million.

- The increase in revenue at Regulated Distribution resulted from higher wholesale generation sales associated with the Harrison/Pleasants asset transfer whereby MP acquired 1,476 MWs of generation from AE Supply.
- The increase at Regulated Transmission primarily reflected a higher rate base and recovery of incremental operating expenses.
- The decrease at CES resulted from lower contract sales as in 2014, CES began to reduce its exposure to weather sensitive load to more effectively hedge its generation, targeting annual contract sales of 65 to 75 million MWHs as compared to the 109 million MWHs sold in 2013. This change in strategy resulted in a 9% decrease in MWH sales in 2014 as compared to 2013.

Operating expenses increased $677 million in 2014 compared to 2013, including a $1,091 million increase in FirstEnergy's Pension and OPEB mark-to-market adjustment, primarily reflecting an increase at Regulated Distribution of $428 million, CES of $265 million and Regulated Transmission of $40 million.

Changes in certain operating expenses include the following:

- Lower fuel expense of $216 million, primarily reflected the deactivation of power plants in 2013 and increased outages. Fuel expense at CES and Regulated Distribution was further impacted by the October 2013 Harrison/Pleasants asset transfer.
- Purchased power increased $753 million, primarily reflecting higher CES purchases resulting from plant deactivations, increased outages and the asset transfer discussed above as well as higher unit pricing and capacity expense. The increase in unit pricing primarily resulted from market conditions associated with the extreme weather events in the first quarter of 2014, which included the polar vortex.

- Other operating expenses increased $369 million primarily resulting from higher costs at Regulated Distribution associated with network transmission expenses, increased vegetation management expenses in West Virginia, as well as higher operating and maintenance associated with reliability improvements, storm restoration costs and the Harrison/Pleasants asset transfer. CES' increase in other operating expenses was primarily attributable to higher transmission costs, which resulted from the market conditions associated with the extreme weather events in the first quarter of 2014, and higher mark-to-market expenses on derivative contracts, partially offset by lower generation operating and maintenance costs primarily resulting from the deactivation of generating plants and the Harrison/Pleasants asset transfer.

FirstEnergy's other expenses decreased $121 million year-over-year, primarily resulting from the absence of a loss on debt redemptions of $124 million recognized in 2013. Higher interest expense was offset by higher investment income and capitalized financing costs, primarily attributable to Regulated Transmission's *Energizing the Future* investment plan.

FirstEnergy's effective tax rate on income from continuing operations was (24.6)% compared to 34.2% in 2013. The decrease in the effective tax rate was attributable to tax benefits recognized in 2014 associated with an IRS-approved change in accounting method for costs associated with the refurbishment of meters and transformers and the expiration of the statute of limitations on uncertain tax positions. Additionally, during 2014, FirstEnergy recognized a reduction in income tax expense of $25 million that related to prior periods resulting from adjustments to its tax basis balance sheet.

RESULTS OF OPERATIONS

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 18, Segment Information, of the Combined Notes to Consolidated Financial Statements. Certain prior year amounts have been reclassified to conform to the current year presentation.

During the fourth quarter of 2015, management concluded that FEV's 33-1/3% equity investment in Global Holding was no longer a strategic asset to CES. Because of this decision, the segment reporting was modified to reflect how management now views and makes investment decisions regarding CES and Global Holding. The external segment reporting is consistent with the internal financial reports used by FirstEnergy's Chief Executive Officer (its chief operating decision maker) to regularly assess performance of the business and allocate resources. Disclosures for FirstEnergy's reportable operating segments for 2014 and 2013 have been reclassified to conform to the current presentation reflecting the activity of FEV's investment in Global Holding in Corporate/Other.

Net income by business segment was as follows:

				Increase (Decrease)	
	2015	2014	2013	2015 vs 2014	2014 vs 2013
	(In millions, except per share amounts)				
Net Income (Loss) By Business Segment:					
Regulated Distribution	$ 618	$ 465	$ 501	$ 153	$ (36)
Regulated Transmission	298	223	214	75	9
Competitive Energy Services	89	(331)	(218)	420	(113)
Corporate/Other [1]	(427)	(58)	(105)	(369)	47
Net Income	$ 578	$ 299	$ 392	$ 279	$ (93)
Basic Earnings Per Share:					
Continuing operations	$ 1.37	$ 0.51	$ 0.90	$ 0.86	$ (0.39)
Discontinued operations (Note 19)	—	0.20	0.04	(0.20)	0.16
Earnings per basic share	$ 1.37	$ 0.71	$ 0.94	$ 0.66	$ (0.23)
Diluted Earnings Per Share:					
Continuing operations	$ 1.37	$ 0.51	$ 0.90	$ 0.86	$ (0.39)
Discontinued operations (Note 19)	—	0.20	0.04	(0.20)	0.16
Earnings per diluted share	$ 1.37	$ 0.71	$ 0.94	$ 0.66	$ (0.23)

[1] Consists primarily of interest on stand-alone holding company debt, none-core business related activity and corporate income taxes.

Summary of Results of Operations — 2015 Compared with 2014

Financial results for FirstEnergy's business segments in 2015 and 2014 were as follows:

2015 Financial Results	Regulated Distribution	Regulated Transmission	Competitive Energy Services	Corporate/Other and Reconciling Adjustments	FirstEnergy Consolidated
			(In millions)		
Revenues:					
External					
Electric	$ 9,429	$ 1,011	$ 4,493	$ (173)	$ 14,760
Other	196	—	205	(135)	266
Internal	—	—	686	(686)	—
Total Revenues	9,625	1,011	5,384	(994)	15,026
Operating Expenses:					
Fuel	533	—	1,322	—	1,855
Purchased power	3,548	—	1,456	(686)	4,318
Other operating expenses	2,242	154	1,670	(317)	3,749
Pension and OPEB mark-to-market	179	3	60	—	242
Provision for depreciation	672	156	394	60	1,282
Amortization of regulatory assets, net	261	7	—	—	268
General taxes	703	102	140	33	978
Impairment of long-lived assets	8	—	34	—	42
Total Operating Expenses	8,146	422	5,076	(910)	12,734
Operating Income	1,479	589	308	(84)	2,292
Other Income (Expense):					
Loss on debt redemptions	—	—	—	—	—
Investment income (loss)	42	—	(16)	(48)	(22)
Impairment of equity method investment	—	—	—	(362)	(362)
Interest expense	(586)	(161)	(192)	(193)	(1,132)
Capitalized financing costs	25	44	39	9	117
Total Other Expense	(519)	(117)	(169)	(594)	(1,399)
Income From Continuing Operations Before Income Taxes	960	472	139	(678)	893
Income taxes	342	174	50	(251)	315
Income From Continuing Operations	618	298	89	(427)	578
Discontinued Operations, net of tax	—	—	—	—	—
Net Income	$ 618	$ 298	$ 89	$ (427)	$ 578

2014 Financial Results	Regulated Distribution	Regulated Transmission	Competitive Energy Services	Corporate/Other and Reconciling Adjustments	FirstEnergy Consolidated
			(In millions)		
Revenues:					
External					
Electric	$ 8,898	$ 769	$ 5,281	$ (193)	$ 14,755
Other	204	—	189	(99)	294
Internal	—	—	819	(819)	—
Total Revenues	9,102	769	6,289	(1,111)	15,049
Operating Expenses:					
Fuel	567	—	1,713	—	2,280
Purchased power	3,385	—	2,150	(819)	4,716
Other operating expenses	2,081	139	2,075	(333)	3,962
Pension and OPEB mark-to-market	506	2	327	—	835
Provision for depreciation	658	127	387	48	1,220
Amortization of regulatory assets, net	1	11	—	—	12
General taxes	693	70	171	28	962
Impairment of long-lived assets	—	—	—	—	—
Total Operating Expenses	7,891	349	6,823	(1,076)	13,987
Operating Income (Loss)	1,211	420	(534)	(35)	1,062
Other Income (Expense):					
Loss on debt redemptions	—	—	(8)	—	(8)
Investment income	56	—	54	(38)	72
Impairment of equity method investment	—	—	—	—	—
Interest expense	(589)	(131)	(189)	(164)	(1,073)
Capitalized financing costs	14	55	37	12	118
Total Other Expense	(519)	(76)	(106)	(190)	(891)
Income (Loss) From Continuing Operations Before Income Taxes (Benefits)	692	344	(640)	(225)	171
Income taxes (benefits)	227	121	(223)	(167)	(42)
Income (Loss) From Continuing Operations	465	223	(417)	(58)	213
Discontinued Operations, net of tax	—	—	86	—	86
Net Income (Loss)	$ 465	$ 223	$ (331)	$ (58)	$ 299

Changes Between 2015 and 2014 Financial Results Increase (Decrease)	Regulated Distribution	Regulated Transmission	Competitive Energy Services	Corporate/Other and Reconciling Adjustments	FirstEnergy Consolidated
			(In millions)		
Revenues:					
External					
Electric	$ 531	$ 242	$ (788)	$ 20	$ 5
Other	(8)	—	16	(36)	(28)
Internal	—	—	(133)	133	—
Total Revenues	523	242	(905)	117	(23)
Operating Expenses:					
Fuel	(34)	—	(391)	—	(425)
Purchased power	163	—	(694)	133	(398)
Other operating expenses	161	15	(405)	16	(213)
Pension and OPEB mark-to-market	(327)	1	(267)	—	(593)
Provision for depreciation	14	29	7	12	62
Amortization of regulatory assets, net	260	(4)	—	—	256
General taxes	10	32	(31)	5	16
Impairment of long-lived assets	8	—	34	—	42
Total Operating Expenses	255	73	(1,747)	166	(1,253)
Operating Income (Loss)	268	169	842	(49)	1,230
Other Income (Expense):					
Loss on debt redemptions	—	—	8	—	8
Investment income	(14)	—	(70)	(10)	(94)
Impairment of equity method investment	—	—	—	(362)	(362)
Interest expense	3	(30)	(3)	(29)	(59)
Capitalized financing costs	11	(11)	2	(3)	(1)
Total Other Expense	—	(41)	(63)	(404)	(508)
Income (Loss) From Continuing Operations Before Income Taxes (Benefits)	268	128	779	(453)	722
Income taxes (benefits)	115	53	273	(84)	357
Income (Loss) From Continuing Operations	153	75	506	(369)	365
Discontinued Operations, net of tax	—	—	(86)	—	(86)
Net Income (Loss)	$ 153	$ 75	$ 420	$ (369)	$ 279

Regulated Distribution — 2015 Compared with 2014

Regulated Distribution's net income increased $153 million in 2015 compared to 2014, including a $327 million decrease in its Pension and OPEB mark-to-market adjustment. Excluding the impact of this adjustment, year-over-year earnings were impacted by increased operating expenses, including higher reliability maintenance expenses, higher benefit costs, and higher depreciation associated with increased capital investments, and a higher effective tax rate, partially offset by a net increase in new rates implemented in 2015 at certain operating companies.

Revenues —

The $523 million increase in total revenues resulted from the following sources:

Revenues by Type of Service	For the Years Ended December 31, 2015	2014	Increase (Decrease)
	(In millions)		
Distribution services	$ 3,993	$ 3,694	$ 299
Generation sales:			
Retail	4,303	4,043	260
Wholesale	508	661	(153)
Total generation sales	4,811	4,704	107
Transmission sales:			
Retail	513	352	161
Wholesale	112	148	(36)
Total transmission sales	625	500	125
Other	196	204	(8)
Total Revenues	$ 9,625	$ 9,102	$ 523

Distribution services revenues increased $299 million primarily resulting from approved base distribution rate increases in Pennsylvania, effective May 3, 2015, and for MP and PE in West Virginia, effective February 25, 2015, partially offset by a distribution rate decrease at JCP&L, including the recovery of 2011 and 2012 storm costs, effective April 1, 2015. Additionally, distribution services revenues increased resulting from the Ohio Companies' Rider DCR and higher cost recovery for above market NUG costs and certain energy efficiency programs for the Pennsylvania Companies, which was impacted by a rate increase in 2015. Partially offsetting these items were the impacts of lower residential and industrial customer usage as described below. Distribution deliveries by customer class are summarized in the following table:

Electric Distribution MWH Deliveries	For the Years Ended December 31, 2015	2014	Increase (Decrease)
	(In thousands)		
Residential	54,466	54,766	(0.5)%
Commercial	43,091	42,925	0.4 %
Industrial	50,269	51,276	(2.0)%
Other	585	586	(0.2)%
Total Electric Distribution MWH Deliveries	148,411	149,553	(0.8)%

Lower deliveries to residential customers, reflect declining weather-adjusted average customer usage due, in part, to increasing energy efficiency mandates as well as heating degree days that were 10.8% below the same period in 2014 and 2.8% below normal, partially offset by cooling degree days that were 32% above 2014 and 17% above normal. Commercial sales increased year-over -year from the increase in cooling degree days, partially offset by the lower heating degree days as well as decreased weather-adjusted usage due, in part, to increasing energy efficiency mandates. Deliveries to industrial customers decreased 2%, as the increase from shale and petroleum customer usage was more than offset by a decrease from steel and mining customer usage.

The following table summarizes the price and volume factors contributing to the $107 million increase in generation revenues in 2015 compared to 2014:

Source of Change in Generation Revenues	Increase (Decrease)
	(In millions)
Retail:	
Effect of increase in sales volumes	$ 146
Change in prices	114
	260
Wholesale:	
Effect of decrease in sales volumes	(133)
Change in prices	(75)
Capacity revenue	55
	(153)
Increase in Generation Revenues	$ 107

The increase in retail generation sales volume was primarily due to lower customer shopping in Ohio, Pennsylvania, and New Jersey and an increase in weather-related usage, partially offset by the impacts of energy efficiency as described above. Total generation provided by alternative suppliers as a percentage of total MWH deliveries decreased to 80% from 81% for the Ohio Companies, 65% from 67% for the Pennsylvania Companies and 50% from 52% for JCP&L. The increase in prices primarily resulted from higher default service auction results.

Wholesale generation revenues decreased $153 million in 2015 compared to 2014, primarily reflecting decreased volume associated with the termination of certain NUG contracts at JCP&L and PN and lower economic dispatch of fossil generating units associated with low spot market energy prices. Partially offsetting the decrease was an increase in capacity revenue resulting from higher capacity prices. The difference between current wholesale generation revenues and certain energy costs incurred are deferred for future recovery, with no material impact on earnings.

The increase in retail transmission revenues of $161 million was primarily due to an increase in the Ohio Companies' NMB transmission rider revenues. The NMB rider recovers network transmission integration service costs from all distribution customers at the Ohio Companies, with no material impact to earnings. The decrease in wholesale transmission revenues of $36 million primarily relates to lower congestion revenue resulting from the impact of market conditions associated with the extreme weather and market conditions in 2014.

Operating Expenses —

Total operating expenses increased $255 million primarily due to the following:

- Fuel expense decreased $34 million in 2015 primarily related to lower economic dispatch resulting from low spot market energy prices.
- Purchased power costs were $163 million higher in 2015 primarily due to increased volumes reflecting lower customer shopping as described above, higher unit costs related to higher default service auction results, and higher capacity expense at MP, partially offset by lower purchases resulting from the termination of certain NUG contracts at JCP&L and PN.

Source of Change in Purchased Power	Increase(Decrease)	
	(In millions)	
Purchases from non-affiliates:		
Change due to increased unit costs	$	66
Change due to increased volumes		185
		251
Purchases from affiliates:		
Change due to decreased unit costs		(21)
Change due to decreased volumes		(113)
		(134)
Capacity expense		36
Amortization of deferred costs		10
Increase in Purchased Power Costs	$	163

- Other operating expenses increased $161 million primarily due to:
  - Higher transmission expenses of $73 million primarily due to an increase in network transmission expenses at the Ohio Companies, partially offset by lower congestion expenses at MP. The differences between current retail transmission revenues and transmission costs incurred are deferred for future recovery, resulting in no material impact on current period earnings.
  - Increased regulated generation operating and maintenance expenses of $7 million, reflecting higher planned outage expenses in 2015 compared to 2014.
  - Higher retirement benefit costs of $22 million, reflecting higher net benefit costs before the pension and OPEB mark-to-market adjustment described below.
  - Higher distribution operating and maintenance expenses of $54 million, reflecting increased reliability maintenance in New Jersey and the Pennsylvania companies and other employee benefit costs, partially offset by lower storm restoration costs.
- Pension and OPEB mark-to-market adjustment decreased $327 million to $179 million, which was impacted by lower than expected asset returns, partially offset by an increase in the discount rate used to measure benefit obligations.
- Depreciation expense increased $14 million due to a higher asset base, partially offset by lower depreciation rates at JCP&L effective with the implementation of new rates from its distribution base rate case as well as lower depreciation rates in Pennsylvania based on updated asset life studies approved by the PPUC.
- Net regulatory asset amortization increased $260 million primarily due to:
  - Recovery of storm costs in New Jersey, Pennsylvania, and West Virginia effective with the implementation of new rates as discussed above ($66 million),
  - Higher energy efficiency program cost recovery ($66 million),
  - Lower deferral of TTS costs in West Virginia ($37 million),
  - Higher amortizations of above-market NUG costs in Pennsylvania and New Jersey ($36 million),
  - Lower deferral of West Virginia vegetation management expenses ($31 million),
  - Higher default generation service cost amortization ($28 million), and
  - Recovery of Pennsylvania legacy meter costs ($22 million); partially offset by
  - Higher cost deferral of Ohio network transmission expenses ($33 million).
- General taxes increased $10 million primarily due to higher revenue-related taxes in Pennsylvania, partially offset by lower property taxes in Ohio.

Other Expense —

Other expense was flat in 2015 as compared to 2014, as lower investment income was offset by lower interest expense and higher capitalized financing costs.

Income Taxes —

Regulated Distribution's effective tax rate was 35.6% and 32.8% for 2015 and 2014, respectively. The increase in the effective tax rate resulted from changes in state apportionment factors and realized tax benefits recognized in 2014.

Regulated Transmission — 2015 Compared with 2014

Net income increased $75 million in 2015 compared to 2014. Higher Transmission revenues associated with ATSI's "forward looking" rate and higher rate base were partially offset by higher interest expense and lower capitalized financing costs.

Revenues —

Total revenues increased $242 million principally at ATSI and TrAIL, reflecting recovery of incremental operating expenses and a higher rate base. Effective January 1, 2015, ATSI's formula rate calculation transitioned to a "forward looking" approach, where transmission revenues are based on actual costs.

Revenues by transmission asset owner are shown in the following table:

Revenues by Transmission Asset Owner	For the Years Ended December 31, 2015	2014	Increase
		(In millions)	
ATSI	$ 446	$ 242	$ 204
TrAIL	252	214	38
PATH	13	13	—
Utilities	300	300	—
Total Revenues	$ 1,011	$ 769	$ 242

Operating Expenses —

Total operating expenses increased $73 million principally due to higher operating and maintenance expenses, depreciation, and property taxes at ATSI, which are recovered through ATSI's "forward looking" rate.

Other Expenses —

Other expenses increased $41 million due to increased interest expense resulting from debt issuances of $1.0 billion at FET and $400 million at ATSI, the proceeds of which, in part, paid off short term borrowings as well as lower capitalized financing costs.

Income Taxes —

Regulated Transmission's effective tax rate was 36.9% and 35.2% for 2015 and 2014, respectively. The increase in the effective tax rate resulted from changes in state apportionment factors and realized tax benefits recognized in 2014.

CES — 2015 Compared with 2014

Operating results increased $420 million in 2015 compared to 2014, primarily from higher capacity revenues and the absence of the impact of the high market prices associated with extreme weather events and unplanned outages in 2014 that resulted in higher purchased power and transmission costs, partially offset by lower contract sales volumes. Additionally, changes in year-over-year operating results were impacted by lower Pension and OPEB mark-to-market adjustments, lower settlement and termination costs related to coal and transportation contracts, and the absence of a $78 million after-tax gain on the sale of certain hydroelectric facilities recognized in February 2014.

Revenues —

Total revenues decreased $905 million in 2015, compared to 2014, primarily due to decreased sales volumes in line with CES' strategy to more effectively hedge its generation. Revenues were also impacted by higher unit prices compared to 2014 as a result of increased channel pricing as well as higher capacity revenues, as further described below.

The decrease in total revenues resulted from the following sources:

Revenues by Type of Service	For the Years Ended December 31, 2015	2014	Increase (Decrease)
		(In millions)	
Contract Sales:			
Direct	$ 1,269	$ 2,359	$ (1,090)
Governmental Aggregation	1,012	1,184	(172)
Mass Market	265	452	(187)
POLR	712	902	(190)
Structured Sales	558	522	36
Total Contract Sales	3,816	5,419	(1,603)
Wholesale	1,225	461	764
Transmission	138	220	(82)
Other	205	189	16
Total Revenues	$ 5,384	$ 6,289	$ (905)

MWH Sales by Channel	For the Years Ended December 31, 2015	2014	Increase (Decrease)
	(In thousands)		
Contract Sales:			
Direct	23,585	44,012	(46.4)%
Governmental Aggregation	15,443	19,569	(21.1)%
Mass Market	3,878	6,773	(42.7)%

POLR	11,950	15,708	(23.9)%
Structured Sales	12,902	12,814	0.7 %
Total Contract Sales	67,758	98,876	(31.5)%
Wholesale	7,326	680	977.4 %
Total MWH Sales	75,084	99,556	(24.6)%

The following tables summarize the price and volume factors contributing to changes in revenues:

	Source of Change in Revenues Increase (Decrease)				
MWH Sales Channel:	**Sales Volumes**	**Prices**	**Gain on Settled Contracts**	**Capacity Revenue**	**Total**
			(In millions)		
Direct	$ (1,095)	$ 5	$ —	$ —	$ (1,090)
Governmental Aggregation	(249)	77	—	—	(172)
Mass Market	(193)	6	—	—	(187)
POLR	(216)	26	—	—	(190)
Structured Sales	3	33	—	—	36
Wholesale	197	(8)	107	468	764

Lower sales volumes in the Direct, Governmental Aggregation and Mass Market sales channels primarily reflect CES' efforts to more effectively hedge its generation by reducing exposure to weather-sensitive load. Although unit pricing was higher year-over-year in the Direct, Governmental Aggregation, and Mass Market channels, the increase was primarily attributable to higher capacity expense as discussed below, which is a component of the retail price, partially offset by a lower energy component of the retail

price resulting from lower year-over-year market prices. The Direct, Governmental Aggregation and Mass Market customer base was 1.6 million as of December 31, 2015, compared to 2.1 million as of December 31, 2014.

The decrease in POLR sales of $190 million was due to lower volumes, partially offset by higher rates associated with recent POLR auctions. Structured Sales increased $36 million due to low market prices that increased the gains on various structured financial sales contracts and higher structured transaction volumes.

Wholesale revenues increased $764 million primarily due to an increase in capacity revenue from higher capacity prices, increase in short-term (net hourly position) transactions, and higher net gains on financially settled contracts, partially offset by lower spot market energy prices which limited additional wholesale sales.

Transmission revenue decreased $82 million primarily due to lower congestion revenue resulting from the market conditions associated with the extreme weather events in 2014.

Other revenue increased $16 million primarily due to higher lease revenues from additional equity interests in affiliated sale and leasebacks repurchased in November 2014. CES earns lease revenue associated with the equity interests it purchased.

Operating Expenses —

Total operating expenses decreased $1,747 million in 2015 due to the following:

- Fuel costs decreased $391 million primarily due to lower economic dispatch of fossil units resulting from low spot market energy prices and lower nuclear unit prices, resulting from the suspension of the DOE nuclear disposal fee, effective May 16, 2014. Additionally, fuel costs were impacted by a decrease in settlement and termination costs related to coal and transportation contracts. The impact of terminations and settlements of coal and transportation contracts resulted in a pre-tax loss of $67 million and $166 million in 2015 and 2014, respectively.

- Purchased power costs decreased $694 million due to lower volumes ($888 million), partially offset by higher unit prices ($39 million) and higher capacity expenses ($155 million). Lower volumes were primarily due to decreased load requirements resulting from lower sales as discussed above, partially offset by lower fossil generation as discussed above. The higher unit prices are primarily due to higher losses on financially settled contracts, partially offset by lower market prices in 2015 as compared to 2014. The increase in capacity expense, which is a component of CES' retail price, was primarily the result of higher capacity rates associated with CES' retail sales obligations.

- Nuclear operating costs increased $84 million as a result of higher planned outage costs and higher employee benefit expenses. There were three planned refueling outages in 2015 as compared to two planned outages in 2014.

- Transmission expenses decreased $273 million primarily due to lower operating reserve and market-based ancillary costs associated with market conditions resulting from the extreme weather events in 2014.

- General taxes decreased $31 million primarily due to lower gross receipts taxes associated with decreased retail sales volumes.

- Pension and OPEB mark-to-market adjustment decreased $267 million to $60 million, which was impacted by lower than expected asset returns, partially offset by an increase in the discount rate used to measure benefit obligations.

- Other operating expenses decreased $212 million primarily due to a $141 million decrease in mark-to-market expenses on commodity contract positions reflecting lower market prices and a $71 million decrease in retail-related costs.

- Impairments of long-lived assets increased $34 million due to impairment charges associated with non-core assets.

Other Expense —

Total other expense increased $63 million in 2015 compared to 2014 primarily due to higher OTTI on NDT investments, partially offset by the absence of an $8 million loss on debt redemptions incurred in 2014.

Discontinued Operations —

There were no discontinued operations in 2015. In 2014, discontinued operations primarily included a pre-tax gain of approximately $142 million ($78 million after-tax) associated with the sale of certain hydroelectric assets on February 12, 2014.

Income Taxes (Benefits) —

CES' effective tax rate was 36.0% and 34.8% for 2015 and 2014, respectively. The increase in the effective tax rate resulted from changes in state apportionment factors and realized tax benefits recognized in 2014.

Corporate/Other — 2015 Compared with 2014

Financial results from Corporate/Other resulted in a $369 million decrease in net income in 2015 compared to 2014 primarily due to a $362 million pre-tax impairment of FirstEnergy's equity method investment in Global Holding, higher costs associated with environmental remediation at legacy plants, higher interest expense and a higher effective tax rate. During 2015, based on the significant decline in coal pricing and the current outlook for the coal market, FirstEnergy assessed the carrying value of its investment in Global Holding and determined there was an other than temporary decline in the fair value below its carrying value, which resulted in the impairment charge. The increased interest expense primarily relates to a $1 billion term loan entered into in March 2014 and a gain on the termination of interest rate swap arrangements recognized in 2014. The higher effective tax rate primarily resulted from the absence of tax benefits recognized in 2014 associated with an IRS-approved change in accounting method that increased the tax basis in certain assets resulting in higher future tax deductions, a reduction in state deferred tax liabilities resulting from changes in state apportionment factors, the elimination of certain tax liabilities associated with basis differences as well as certain tax benefits recorded in 2014 that related to prior periods.

Summary of Results of Operations — 2014 Compared with 2013

Financial results for FirstEnergy's business segments in 2014 and 2013 were as follows:

2014 Financial Results	Regulated Distribution	Regulated Transmission	Competitive Energy Services	Corporate/Other and Reconciling Adjustments	FirstEnergy Consolidated
			(In millions)		
Revenues:					
External					
Electric	$ 8,898	$ 769	$ 5,281	$ (193)	$ 14,755
Other	204	—	189	(99)	294
Internal	—	—	819	(819)	—
Total Revenues	9,102	769	6,289	(1,111)	15,049
Operating Expenses:					
Fuel	567	—	1,713	—	2,280
Purchased power	3,385	—	2,150	(819)	4,716
Other operating expenses	2,081	139	2,075	(333)	3,962
Pension and OPEB mark-to-market	506	2	327	—	835
Provision for depreciation	658	127	387	48	1,220
Amortization of regulatory assets, net	1	11	—	—	12
General taxes	693	70	171	28	962
Impairment of long-lived assets	—	—	—	—	—
Total Operating Expenses	7,891	349	6,823	(1,076)	13,987
Operating Income (loss)	1,211	420	(534)	(35)	1,062
Other Income (Expense):					
Loss on debt redemptions	—	—	(8)	—	(8)
Investment income	56	—	54	(38)	72
Interest expense	(589)	(131)	(189)	(164)	(1,073)
Capitalized interest	14	55	37	12	118
Total Other Expense	(519)	(76)	(106)	(190)	(891)
Income (Loss) From Continuing Operations Before Income Taxes (Benefits)	692	344	(640)	(225)	171
Income taxes (benefits)	227	121	(223)	(167)	(42)
Income (Loss) From Continuing Operations	465	223	(417)	(58)	213
Discontinued Operations, net of tax	—	—	86	—	86
Net Income (Loss)	$ 465	$ 223	$ (331)	$ (58)	$ 299

2013 Financial Results	Regulated Distribution	Regulated Transmission	Competitive Energy Services	Corporate/Other and Reconciling Adjustments	FirstEnergy Consolidated
			(In millions)		
Revenues:					
External					
Electric	$ 8,499	$ 731	$ 5,542	$ (161)	$ 14,611
Other	221	—	186	(126)	281
Internal	—	—	770	(770)	—
Total Revenues	8,720	731	6,498	(1,057)	14,892
Operating Expenses:					
Fuel	377	—	2,119	—	2,496
Purchased power	3,308	—	1,425	(770)	3,963
Other operating expenses	1,773	131	2,007	(318)	3,593
Pension and OPEB mark-to-market	(149)	—	(107)	—	(256)
Provision for depreciation	606	114	439	43	1,202
Amortization of regulatory assets, net	529	10	—	—	539
General taxes	697	54	202	25	978
Impairment of long-lived assets	322	—	473	—	795
Total Operating Expenses	7,463	309	6,558	(1,020)	13,310
Operating Income (Loss)	1,257	422	(60)	(37)	1,582
Other Income (Expense):					
Gain (loss) on debt redemptions	—	—	(149)	17	(132)
Investment income	57	—	14	(38)	33
Interest expense	(543)	(93)	(222)	(158)	(1,016)
Capitalized interest	31	14	42	16	103
Total Other Expense	(455)	(79)	(315)	(163)	(1,012)
Income (Loss) From Continuing Operations Before Income Taxes (Benefits)	802	343	(375)	(200)	570
Income taxes (benefits)	301	129	(140)	(95)	195
Income From Continuing Operations	501	214	(235)	(105)	375
Discontinued Operations, net of tax	—	—	17	—	17
Net Income (Loss)	$ 501	$ 214	$ (218)	$ (105)	$ 392

Changes Between 2014 and 2013 Financial Results Increase (Decrease)	Regulated Distribution	Regulated Transmission	Competitive Energy Services	Corporate/Other and Reconciling Adjustments	FirstEnergy Consolidated
			(In millions)		
Revenues:					
External					
Electric	$ 399	$ 38	$ (261)	$ (32)	$ 144
Other	(17)	—	3	27	13
Internal	—	—	49	(49)	—
Total Revenues	382	38	(209)	(54)	157
Operating Expenses:					
Fuel	190	—	(406)	—	(216)
Purchased power	77	—	725	(49)	753
Other operating expenses	308	8	68	(15)	369
Pension and OPEB mark-to-market	655	2	434	—	1,091
Provision for depreciation	52	13	(52)	5	18
Amortization of regulatory assets, net	(528)	1	—	—	(527)
General taxes	(4)	16	(31)	3	(16)
Impairment of long-lived assets	(322)	—	(473)	—	(795)
Total Operating Expenses	428	40	265	(56)	677
Operating Income (Loss)	(46)	(2)	(474)	2	(520)
Other Income (Expense):					
Loss on debt redemptions	—	—	141	(17)	124
Investment income	(1)	—	40	—	39
Interest expense	(46)	(38)	33	(6)	(57)
Capitalized interest	(17)	41	(5)	(4)	15
Total Other Expense	(64)	3	209	(27)	121
Income (Loss) From Continuing Operations Before Income Taxes (Benefits)	(110)	1	(265)	(25)	(399)
Income taxes (benefits)	(74)	(8)	(83)	(72)	(237)
Income (Loss) From Continuing Operations	(36)	9	(182)	47	(162)
Discontinued Operations, net of tax	—	—	69	—	69
Net Income (Loss)	$ (36)	$ 9	$ (113)	$ 47	$ (93)

Regulated Distribution — 2014 Compared with 2013

Regulated Distribution's net income decreased $36 million in 2014 compared to 2013. Regulated Distribution's Pension and OPEB mark-to-market adjustment increased $655 million which was partially offset by a reduction in regulatory asset impairment charges of $305 million and an impairment of long-lived assets of $322 million incurred in 2013. Excluding the impact of these charges, year-over-year earnings were impacted by higher distribution operating and maintenance costs, including the impact of higher benefit costs, higher depreciation and property taxes, and higher interest expense from debt issuances. These items were partially offset by slightly higher distribution deliveries, higher earnings associated with the October 2013 Harrison/Pleasants asset transfer, and a lower effective tax rate.

Revenues —

The $382 million increase in total revenues resulted from the following sources:

Revenues by Type of Service	For the Years Ended December 31, 2014	2013	Increase (Decrease)
		(In millions)	
Distribution services	$ 3,694	$ 3,762	$ (68)
Generation sales:			
Retail	4,043	3,959	84
Wholesale	661	330	331
Total generation sales	4,704	4,289	415
Transmission sales:			
Retail	352	347	5
Wholesale	148	101	47
Total transmission sales	500	448	52
Other	204	221	(17)
Total Revenues	$ 9,102	$ 8,720	$ 382

The decrease in distribution services revenue is primarily related to a decrease in revenues from ME and PN NUG riders as a result of the expiration of certain NUG contracts in 2013 and a rider rate decrease associated with the recovery of energy efficiency and other customer program costs for the Pennsylvania Companies. This was partially offset by higher electric distribution MWH deliveries of 1.1% as described below, rate increases for the Ohio Companies associated with energy efficiency performance shared savings and the Rider DCR, and higher revenues for the Pennsylvania Companies associated with the recovery of Smart Meter program costs. Certain Ohio energy efficiency programs permit the Ohio Companies to bill and collect shared savings revenues if energy efficiency programs meet or exceed the state mandates. Additionally, the Rider DCR provides for recovery of incremental operating expenses and a return on rate base associated with incremental distribution plant investments in Ohio. Distribution deliveries by customer class are summarized in the following table:

Electric Distribution MWH Deliveries	For the Years Ended December 31, 2014	2013	Increase
	(In thousands)		
Residential	54,766	54,479	0.5%
Commercial	42,925	42,582	0.8%
Industrial	51,276	50,243	2.1%
Other	586	584	0.3%
Total Electric Distribution MWH Deliveries	149,553	147,888	1.1%

Higher deliveries to residential customers primarily reflect increased weather-related usage resulting from heating degree days that were 7% above 2013, and 9% above normal, partially offset by cooling degree days that were 15% below 2013, and 12% below normal. Increased deliveries to commercial customers reflect improving economic conditions across FirstEnergy's service territories. In the industrial sector, increased sales to steel, automotive and shale gas customers were partially offset by lower sales to chemical and paper customers.

The following table summarizes the price and volume factors contributing to the $415 million increase in generation revenues in 2014 compared to 2013:

Source of Change in Generation Revenues	Increase
	(In millions)
Retail:	
Effect of increase in sales volumes	$ 14
Change in prices	70
	84
Wholesale:	
Effect of increase in sales volumes	166
Change in prices	79
Capacity revenue	86
	331
Increase in Generation Revenues	$ 415

The increase in retail generation sales volume was primarily due to weather-related usage, as described above, and improving economic conditions, partially offset by increased customer shopping in Pennsylvania. The increase in retail generation prices reflects higher Pennsylvania PTC prices, the completion of marginal transmission loss refunds to ME and PN customers in the second quarter of 2013 and a higher generation rate at WP, which includes the recovery of transmission costs effective June 2013. Additionally, the impact on retail generation prices of MP's Temporary Transaction Surcharge (TTS) associated with the October 2013 Harrison/Pleasants asset transfer was offset by a rate reduction associated with the recovery of deferred energy costs. As part of the TTS, MP earns a return on and of the Harrison plant costs.

The increase in wholesale generation revenues of $331 million in 2014 resulted from increased volume and energy prices associated with market conditions related to extreme weather events in January 2014 and increased capacity revenue related to the October 2013 Harrison/Pleasants asset transfer whereby MP acquired from AE Supply 1,476 MWs of net capacity. During January 2014, unprecedented customer demand associated with prolonged periods of bitterly cold temperatures and unit unavailability across the PJM footprint resulted in severe market price volatility for electricity and natural gas throughout PJM. Eight of the ten highest winter demands for electricity on the PJM system occurred in January 2014. The difference between wholesale generation revenues, primarily associated with MP's regulated generation, and certain energy costs are deferred for future recovery, with no material impact to earnings.

The increase in transmission revenues of $52 million reflects higher PJM revenues at MP associated with market conditions related to extreme weather events described above and an increase in the Ohio Companies' NMB transmission rider revenues, partially offset by the termination of WP's network transmission rider effective June 2013 as discussed above. Network transmission costs are now recovered through WP's generation rate.

Other revenues decreased $17 million primarily due to less customer requested work in 2014 compared to 2013.

Operating Expenses —

Total operating expenses increased by $428 million primarily due to the following:

- Fuel expense was $190 million higher in 2014 primarily related to increased generation as a result of the October 2013 Harrison/Pleasants asset transfer.
- Purchased power costs were $77 million higher in 2014 primarily due to increased unit prices and capacity expense reflecting higher auction clearing prices, partially offset by a decrease in purchased volumes required.

Source of Change in Purchased Power		Increase(Decrease)
		(In millions)
Purchases from non-affiliates:		
Change due to increased unit costs	$	127
Change due to decreased volumes		(134)
		(7)
Purchases from affiliates:		
Change due to increased unit costs		39
Change due to increased volumes		2
		41
Capacity expense		58
Increase in costs deferred		(15)
Increase in Purchased Power Costs	$	77

Other operating expenses increased $308 million primarily due to:

- Higher transmission expenses of $130 million primarily due to PJM transmission costs associated with higher congestion rates at MP as a result of market conditions related to extreme weather events in January 2014 and higher PJM transmission costs resulting from the October 2013 Harrison/Pleasants asset transfer. The differences between current transmission revenues and transmission costs incurred are deferred for future recovery, resulting in no material impact on current period earnings.

- Higher distribution operating and maintenance expenses of $75 million resulting from higher maintenance activities and storm related restoration expenses, including $26 million of storm expenses deferred for future recovery.

- Higher vegetation management expenses in West Virginia of $33 million, which were deferred for future recovery per authorization of the WVPSC.

- Higher retirement benefit costs of $33 million primarily reflecting higher net periodic benefit costs before the pension and OPEB mark-to-market adjustments discussed below.

- Increased regulated generation operating and maintenance expenses of $23 million, reflecting increased costs associated with the October 2013 Harrison/Pleasants asset transfer and a planned outage at Fort Martin.

- Pension and OPEB mark-to-market adjustments increased $655 million to $506 million, primarily reflecting a lower discount rate and revisions to mortality assumptions extending the expected life in key demographics used to measure related obligations in 2014.

- Depreciation expense increased $52 million due to a higher asset base, including $22 million at MP associated with the October 2013 Harrison/Pleasants asset transfer.

- Net regulatory asset amortization decreased $528 million primarily due to:
  - Impairment charges on regulatory assets of $305 million associated with the recovery of marginal transmission losses at ME and PN ($254 million) and the recovery of RECs for the Ohio Companies ($51 million) that occurred in 2013,
  - Decreased energy efficiency amortization reflecting a rate decrease associated with certain programs for the Pennsylvania Companies ($67 million),
  - Lower default generation service and NUG costs recovery in Pennsylvania ($48 million),
  - Increased deferral of West Virginia vegetation management expenses ($33 million) and customer refunds associated with the gain on the Pleasants plant resulting from the October 2013 Harrison/Pleasants asset transfer ($36 million), and
  - Higher storm cost deferrals ($26 million).

- General taxes decreased $4 million primarily due to lower revenue-related taxes, partially offset by higher property taxes and an increase in the West Virginia business and occupation tax as a result of the October 2013 Harrison/Pleasants asset transfer.

- The 2013 impairment of long-lived assets of $322 million reflects MP's charge to reduce the net book value of the Harrison plant to the amount permitted to be included in rate base as part of the October 2013 Harrison/Pleasants asset transfer.

Other Expense —

Other expense increased $64 million in 2014 primarily due to higher interest expense at MP resulting from new debt issuances of $580 million associated with the financing of the October 2013 Harrison/Pleasants asset transfer, a new debt issuance of $500 million in August 2013 at JCP&L and lower capitalized financing costs related primarily to a decrease in the rate used for borrowed funds.

Income Taxes —

Regulated Distribution's effective tax rate was 32.8% and 37.5% for 2014 and 2013, respectively. The decrease in the effective tax rate primarily resulted from changes in state apportionment factors, an increase in state flow through income tax benefits and other realized tax benefits.

Regulated Transmission — 2014 Compared with 2013

Net income increased $9 million in 2014 compared to 2013. Higher Transmission revenues associated with increased capital investments and higher capitalized financing costs were partially offset by higher operating expenses and interest expense.

Revenues —

Total revenues increased $38 million principally due to higher revenue at ATSI and TrAIL, reflecting recovery of incremental operating expenses and a higher rate base as included in their annual rate filings effective June 2013 and June 2014.

Revenues by transmission asset owner are shown in the following table:

	For the Years Ended December 31,		
Revenues by Transmission Asset Owner	**2014**	**2013**	**Increase (Decrease)**
		(In millions)	
ATSI	$ 242	$ 209	$ 33
TrAIL	214	207	7
PATH	13	20	(7)
Utilities	300	295	5
Total Revenues	$ 769	$ 731	$ 38

Operating Expenses —

Total operating expenses increased $40 million principally due to higher property taxes, depreciation and other operating expenses.

Other Expenses —

Total other expenses decreased $3 million principally due to higher capitalized financing costs of $41 million related to increased construction work in progress balances associated with the *Energizing the Future* investment plan, partially offset by increased interest expense resulting from new debt issuances of $1.0 billion at FET and $400 million at ATSI, the proceeds of which, in part, paid off short term borrowings.

Income Taxes —

Regulated Transmission's effective tax rate was 35.2% and 37.6% for 2014 and 2013, respectively. The decrease in the effective tax rate primarily resulted from an increase in AFUDC equity flow through.

CES — 2014 Compared with 2013

Operating results decreased $113 million in 2014, compared to 2013. Lower impairment charges of $473 million associated with the deactivation of the Hatfield and Mitchell generating units and a lower loss on debt redemptions of $141 million were partially offset with higher Pension and OPEB mark-to-market adjustments of $434 million. Excluding the impact of these charges, year-over-year earnings were impacted by lower sales volumes, reflecting CES' selling efforts discussed below and an increase in purchased power and transmission costs incurred to serve contract sales due to market conditions associated with the extreme

weather events in January 2014. Partially offsetting these items were lower operating expenses due to lower retail-related costs, lower generation costs resulting from plant deactivations and asset transfers, and higher capacity revenues from higher auction prices. Additionally, operating results were impacted by a $78 million after-tax gain on the sale of certain hydro facilities in February 2014.

Revenues —

Total revenues decreased $209 million in 2014, compared to 2013, primarily due to decreased sales volumes in the Direct and Governmental Aggregation sales channels, partially offset by higher volume in the Structured Sales channel. Revenues were also impacted by higher unit prices as a result of increased channel pricing and higher capacity revenues, as described below.

The decrease in total revenues resulted from the following sources:

Revenues by Type of Service	For the Years Ended December 31, 2014	2013	Increase (Decrease)
	(In millions)		
Contract Sales:			
Direct	$ 2,359	$ 2,913	$ (554)
Governmental Aggregation	1,184	1,185	(1)
Mass Market	452	448	4
POLR	902	858	44
Structured Sales	522	421	101
Total Contract Sales	5,419	5,825	(406)
Wholesale	461	343	118
Transmission	220	144	76
Other	189	186	3
Total Revenues	$ 6,289	$ 6,498	$ (209)

MWH Sales by Channel	For the Years Ended December 31, 2014	2013	Increase (Decrease)
	(In thousands)		
Contract Sales:			
Direct	44,012	56,145	(21.6)%
Governmental Aggregation	19,569	20,859	(6.2)%
Mass Market	6,773	6,761	0.2 %
POLR	15,708	15,758	(0.3)%
Structured Sales	12,814	9,047	41.6 %
Total Contract Sales	98,876	108,570	(8.9)%
Wholesale	680	1,250	(45.6)%
Total MWH Sales	99,556	109,820	(9.3)%

The following tables summarize the price and volume factors contributing to changes in revenues:

	Source of Change in Revenues Increase (Decrease)				
MWH Sales Channel:	Sales Volumes	Prices	Gain on Settled Contracts	Capacity Revenue	Total
	(In millions)				
Direct	$ (629)	$ 75	$ —	$ —	$ (554)
Governmental Aggregation	(73)	72	—	—	(1)
Mass Market	1	3	—	—	4
POLR	(3)	47	—	—	44
Structured Sales	176	(75)	—	—	101
Wholesale	(17)	—	(21)	156	118

Lower sales volumes in the Direct, Governmental Aggregation and Mass Market sales channels primarily reflects CES' efforts to more effectively hedge its generation by reducing exposure to weather sensitive load. Additionally, although unit pricing was higher year-over-year in the Direct, Governmental Aggregation and Mass Market channels noted above, the increase was primarily attributable to higher capacity expense as discussed below, which is a component of the retail price. The increase in prices associated with capacity was partially offset by lower energy pricing built into the retail product at the time customers were acquired for 2014 sales. Beginning in the fourth quarter of 2011, when there was a significant decline in energy prices, CES' 2014 retail sales position was approximately 30% committed, whereas its 2013 retail sales position was approximately 60% committed, resulting in a greater proportion of 2014 sales and unit prices being impacted by the decline in the energy prices.

The increase in POLR revenues of $44 million was due to higher rates associated with the capacity expense component of the rate discussed above, partially offset by lower sales volumes. The increase in Structured Sales revenues of $101 million was due to higher sales volumes, partially offset by lower unit prices primarily due to market conditions related to extreme weather events in 2014 that reduced the gains on various structured financial sales contracts.

Wholesale revenues increased $118 million primarily due to an increase in capacity revenue from higher capacity prices, partially offset by a decrease in short-term (net hourly positions) transactions. The decrease in Wholesale sales volumes was due to lower generation available to sell primarily as a result of the Harrison/Pleasants asset transfer and the deactivation of certain power plants in 2013.

Transmission revenue increased $76 million due to higher congestion revenue driven by market conditions related to extreme weather events in 2014, as discussed above.

Other revenue increased $3 million in 2014 as compared to 2013 as higher lease revenues from additional repurchased equity interests in affiliated sale and leasebacks since 2013, partially offset by a $17 million pre-tax gain recognized in 2013 on the sale of property to a regulated affiliate. CES earns lease revenue associated with the equity interests it has purchased.

Operating Expenses —

Total operating expenses increased $265 million in 2014 due to the following:

- Fuel costs decreased $406 million primarily due to lower generation volumes resulting from the October 2013 Harrison/Pleasants asset transfer, the deactivation of certain power plants in 2013 and increased outages as compared to the same period of 2013. Higher unit prices, primarily driven by increased peaking generation, was partially offset by the suspension of the DOE nuclear disposal fee, which was effective May 2014. Additionally, fuel costs were impacted by an increase in settlement and termination costs related to coal and transportation contracts. Terminations and settlements associated with damages on coal and transportation contracts were approximately $166 million and $128 million in 2014 and 2013, respectively.

- Purchased power costs increased $725 million due to higher volumes ($252 million), increased unit prices ($565 million) and higher capacity expenses ($311 million), partially offset by lower losses on financially settled contracts ($403 million). Higher purchased volumes were primarily due to lower available generation due to outages, the October 2013 Harrison/Pleasants asset transfer and the deactivation of certain power plants in 2013, partially offset by lower contract sales as described above. The increase in unit prices was primarily a result of market conditions related to extreme weather events in January 2014, partially offset by lower losses on financially settled contracts. The increase in capacity expense, which is a component of the segment's retail price, was primarily the result of higher capacity rates associated with the segment's retail sales obligations.

- Fossil operating costs decreased $73 million primarily due to lower contractor, labor and materials and equipment costs resulting from previously deactivated units and the October 2013 Harrison/Pleasants asset transfer.
- Nuclear operating costs increased $6 million as a result of higher labor, contractor, materials and equipment costs. There were two refueling outages in each of 2014 and 2013, however, the duration of the outages in 2014 exceeded the prior year.
- Transmission expenses increased $80 million primarily due to higher operating reserve and market-based ancillary costs associated with market conditions related to extreme weather events in 2014. Additionally, effective June 1, 2013, network expenses associated with POLR sales in Pennsylvania became the responsibility of suppliers.
- General taxes decreased $31 million primarily due to lower gross receipts taxes resulting from reduced retail sales volumes, lower payroll taxes as a result of lower labor costs noted above, lower property taxes due to the October 2013 Harrison/Pleasants asset transfer, and reduced Ohio personal property taxes.
- Impairments of long-lived assets decreased $473 million due to the impairment of two unregulated, coal-fired generating plants recognized in 2013.
- Depreciation expense decreased $52 million primarily due to a reduction in the asset base as a result of the plant deactivations and the October 2013 Harrison/Pleasants asset transfer noted above.
- Pension and OPEB mark-to-market adjustments increased $434 million to $327 million, primarily reflecting a lower discount rate and revisions to mortality assumptions extending the expected life in key demographics used to measure related obligations in 2014.
- Other operating expenses increased $55 million primarily due to an increase in mark-to-market expenses on commodity contract positions, and an impairment of deferred advertising costs of $23 million associated with the elimination of future selling efforts in the Mass Market and certain Direct sales channels, partially offset by lower retail and marketing related costs.

Other Expense —

Total other expense in 2014 decreased $209 million compared to 2013 due to the absence of a $141 million loss on debt redemptions in connection with senior notes that were repurchased in 2013, higher investment income primarily on the NDT investments, lower OTTI and lower net interest expense of $28 million due to debt redemptions.

Income Tax Benefits —

CES' effective tax rate was 34.8% and 37.3% for 2014 and 2013, respectively. The decrease in the effective tax rate, which resulted in a lower tax benefit on pre-tax losses, primarily resulted from changes in state apportionment factors and higher valuation allowances on certain NOL carryforwards.

Discontinued Operations —

Discontinued operations increased $69 million in 2014 compared to the same period of last year primarily due to a pre-tax gain of approximately $142 million ($78 million after-tax) associated with the sale of hydro assets in February 2014.

Corporate/Other — 2014 Compared with 2013

Financial results from Corporate/Other resulted in a $47 million increase in net income in 2014 compared to 2013 primarily due to higher tax benefits, partially offset by $17 million of gains on debt redemptions in 2013. The higher tax benefits primarily resulted from an IRS-approved change in accounting method that increased the tax basis of certain assets resulting in higher future tax deductions, and the resolution of state tax benefits resulting from the expiration of the statute of limitation on certain state tax positions. Additional income tax benefits of $25 million were recognized in 2014 that relate to prior periods. The out-of-period adjustment primarily related to the correction of amounts included on FirstEnergy's tax basis balance sheet. Management has determined that these adjustments are not material to the current or any prior period. The 2013 effective tax rate benefited from reductions to valuation allowances against state NOL carryforwards, as well as changes in state apportionment factors, which reduced deferred tax liabilities.

Regulatory Assets

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 and the Utilities net their regulatory assets and liabilities based on federal and state jurisdictions. The following table provides information about the composition of net regulatory assets as of December 31, 2015 and December 31, 2014, and the changes during the year ended December 31, 2015:

Regulatory Assets (Liabilities) by Source	December 31, 2015	December 31, 2014	Increase (Decrease)
		(In millions)	
Regulatory transition costs	$ 185	$ 240	$ (55)
Customer receivables for future income taxes	355	370	(15)
Nuclear decommissioning and spent fuel disposal costs	(272)	(305)	33
Asset removal costs	(372)	(254)	(118)
Deferred transmission costs	115	90	25
Deferred generation costs	243	281	(38)
Deferred distribution costs	335	182	153
Contract valuations	186	153	33
Storm-related costs	403	465	(62)
Other	170	189	(19)
Net Regulatory Assets included on the Consolidated Balance Sheets	$ 1,348	$ 1,411	$ (63)

Regulatory assets that do not earn a current return totaled approximately $148 million and $488 million as of December 31, 2015 and 2014, respectively, primarily related to storm damage costs. JCP&L's regulatory asset related to 2011 and 2012 storm damage costs began earning a return on April 1, 2015. Effective with the approved settlement on April 9, 2015, associated with their general base rate case, the Pennsylvania Companies transferred the net book value of legacy meters from plant-in-service to regulatory assets, which is being recovered over five years.

As of December 31, 2015 and December 31, 2014, FirstEnergy had approximately $116 million and $243 million of net regulatory liabilities that are primarily related to asset removal costs. Net regulatory liabilities are classified within other noncurrent liabilities on the Consolidated Balance Sheets.

CAPITAL RESOURCES AND LIQUIDITY

FirstEnergy expects its existing sources of liquidity to remain sufficient to meet its anticipated obligations and those of its subsidiaries. FirstEnergy's business is capital intensive, requiring significant resources to fund operating expenses, construction expenditures, scheduled debt maturities and interest payments, dividend payments, and contributions to its pension plan. During 2015, FirstEnergy received $630 million of cash dividends and capital returned from its subsidiaries and paid $607 million in cash dividends to common shareholders. In addition to internal sources to fund liquidity and capital requirements for 2016 and beyond, FirstEnergy expects 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 and/or equity. FirstEnergy expects that borrowing capacity under credit facilities will continue to be available to manage working capital requirements along with continued access to long-term capital markets. Additionally, FirstEnergy also expects to issue long-term debt at certain Utilities and certain other subsidiaries to, among other things, refinance short-term and maturing debt in the ordinary course, subject to market and other conditions.

Additionally in 2016, FirstEnergy has minimum required funding obligations of $381 million to its qualified pension plan, of which $160 million has been contributed to date. FirstEnergy expects to make future contributions to the qualified pension plan in 2016 with cash, equity or a combination thereof, depending on, among other things, market conditions.

FirstEnergy's longer term strategic outlook for its regulated and competitive businesses will be determined following resolution of the Ohio Companies' ESP IV, including the proposed PPA between FES and the Ohio Companies. Once the ESP IV is finalized, FirstEnergy expects to be in a position to more fully understand the longer-term outlook of its competitive businesses and the longer term growth rate of its regulated businesses, including planned capital investments and any additional equity to fund growth in its regulated businesses. With the exception of Regulated Transmission's 2016 projected capital expenditures discussed below, planned capital expenditures for 2016 for Regulated Distribution, CES, and Corporate/Other will depend on the outcome of the Ohio Companies' ESP IV and remain subject to Board approval.

FirstEnergy's strategy is to focus on investments in its regulated operations. The centerpiece of this strategy is a $4.2 billion *Energizing the Future* investment plan that began in 2014 and will continue through 2017 to upgrade and expand FirstEnergy's transmission system. This program is focused on projects that enhance system performance, physical security and add operating flexibility and capacity starting with the ATSI system and moving east across FirstEnergy's service territory over time. Through 2015, FirstEnergy's capital expenditures under this plan were $2.4 billion and in 2016 capital expenditures under this plan are currently projected to be approximately $1 billion. In total, FirstEnergy has identified at least $15 billion in transmission investment opportunities across the 24,000 mile transmission system, making this a continuing platform for investment in the years beyond 2017.

In alignment with FirstEnergy's strategy to invest in its Regulated Transmission and Regulated Distribution segments and the repositioning of the CES segment, FirstEnergy is also focused on improving the balance sheet over time consistent with its business profile, maintaining investment grade metrics at each business unit, and maintaining strong liquidity for an overall stable financial position. Specifically, at the regulated businesses, authority has been obtained for various regulated distribution and transmission subsidiaries to issue and/or refinance debt.

As part of an ongoing effort to manage costs, FirstEnergy identified both immediate and long-term savings opportunities through its cash flow improvement plan. The cash flow improvement plan identified targeted cash savings of approximately $58 million in 2015, $155 million in 2016 and $240 million annually by 2017, with reductions in operating expenses representing approximately 65% of the savings over the three-year period.

Any financing plans by FirstEnergy, including the issuance of equity, refinancing of maturing debt and reductions in short-term borrowings, are subject to market conditions and other factors. No assurance can be given that any such issuances, financings, refinancings, or reductions in short-term debt, as the case may be, will be completed as anticipated. In addition, FirstEnergy expects to continually evaluate any planned financings, which may result in changes from time to time.

As of December 31, 2015, FirstEnergy's net deficit in working capital (current assets less current liabilities) was due in large part to currently payable long-term debt and short-term borrowings. Currently payable long-term debt as of December 31, 2015, included the following:

Currently Payable Long-Term Debt		(In millions)
PCRBs supported by bank LOCs [1]	$	92
FMBs		245
Unsecured notes		300
Unsecured PCRBs [1]		391
Collateralized lease obligation bonds		23
Sinking fund requirements		87
Other notes		28
	$	1,166

(1) These PCRBs are classified as currently payable long-term debt because the applicable interest rate mode permits individual debt holders to put the respective debt back to the issuer prior to maturity.

Short-Term Borrowings / Revolving Credit Facilities

FE and certain of its subsidiaries participate in three five-year syndicated revolving credit facilities with aggregate commitments of $6.0 billion (Facilities), which are available until March 31, 2019. FirstEnergy had $1,708 million and $1,799 million of short-term borrowings as of December 31, 2015 and 2014, respectively. FirstEnergy's available liquidity under the Facilities as of January 31, 2016 was as follows:

Borrower(s)	Type	Maturity		Commitment		Available Liquidity
				(In millions)		
FirstEnergy[1]	Revolving	March 2019	$	3,500	$	1,595
FES / AE Supply	Revolving	March 2019		1,500		1,442
FET[2]	Revolving	March 2019		1,000		1,000
		Subtotal	$	6,000	$	4,037
		Cash		—		63
		Total	$	6,000	$	4,100

(1) FE and the Utilities.
(2) Includes FET, ATSI and TrAIL.

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

The following table summarizes the borrowing sub-limits for each borrower under the Facilities, the limitations on short-term indebtedness applicable to each borrower under current regulatory approvals and applicable statutory and/or charter limitations, as of December 31, 2015:

Borrower	FirstEnergy Revolving Credit Facility Sub-Limit	FES/AE Supply Revolving Credit Facility Sub-Limit	FET Revolving Credit Facility Sub-Limit	Regulatory and Other Short-Term Debt Limitations
	(In millions)			
FE	$ 3,500	$ —	$ —	$ — (1)
FES	—	1,500	—	— (2)
AE Supply	—	1,000	—	— (2)
FET	—	—	1,000	— (1)
OE	500	—	—	500 (3)
CEI	500	—	—	500 (3)
TE	500	—	—	500 (3)
JCP&L	600	—	—	500 (3)
ME	300	—	—	500 (3)
PN	300	—	—	300 (3)
WP	200	—	—	200 (3)
MP	500	—	—	500 (3)
PE	150	—	—	150 (3)
ATSI	—	—	500	500 (3)
Penn	50	—	—	100 (3)
TrAIL	—	—	400	400 (3)

(1) No limitations.
(2) No limitation based upon blanket financing authorization from the FERC under existing market-based rate tariffs.
(3) Includes amounts which may be borrowed under the regulated companies' money pool.

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

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

As of December 31, 2015, the borrowers were in compliance with the applicable debt to total capitalization ratio covenants under the respective Facilities.

Term Loans

FE has a $1 billion variable rate term loan credit agreement with a maturity date of March 31, 2019. The initial borrowing under the term loan, which took the form of a Eurodollar rate advance, may be converted from time to time, in whole or in part, to alternate base rate advances or other Eurodollar rate advances. The proceeds from this term loan reduced borrowings under the FE Facility. Additionally, FE has a $200 million variable rate term loan with a maturity date of May 29, 2020. Each of the term loans contains covenants and other terms and conditions substantially similar to those of the FE Facility described above, including the same consolidated debt to total capitalization ratio requirement.

As of December 31, 2015, FE was in compliance with the applicable consolidated debt to total capitalization ratio covenants under each of these term loans.

FirstEnergy Money Pools

FirstEnergy's utility operating subsidiary companies also have the ability to borrow from each other and the holding company to meet their short-term working capital requirements. A similar but separate arrangement exists among FirstEnergy's unregulated companies. FESC administers these two money pools and tracks surplus funds of FirstEnergy and the respective regulated and unregulated subsidiaries, as well as proceeds available from bank borrowings. Companies receiving a loan under the money pool agreements must repay the principal amount of the loan, together with accrued interest, within 364 days of borrowing the funds. The rate of interest is the same for each company receiving a loan from their respective pool and is based on the average cost of funds available through the pool. The average interest rate for borrowings in 2015 was 0.84% per annum for the regulated companies' money pool and 1.64% per annum for the unregulated companies' money pool.

Pollution Control Revenue Bonds

As of December 31, 2015, FirstEnergy's currently payable long-term debt included approximately $92 million of FES variable interest rate PCRBs, the bondholders of which are entitled to the benefit of irrevocable direct pay bank LOCs. The interest rates on the PCRBs are reset daily or weekly. Bondholders can tender their PCRBs for mandatory purchase prior to maturity with the purchase price payable from remarketing proceeds or, if the PCRBs are not successfully remarketed, by drawings on the irrevocable direct pay LOCs. The subsidiary obligor is required to reimburse the applicable LOC bank for any such drawings or, if the LOC bank fails to honor its LOC for any reason, must itself pay the purchase price. The LOCs for FirstEnergy's variable interest rate PCRBs outstanding as of December 31, 2015 were issued by the following bank:

Bank	Aggregate Amount(1)	Termination Date	Reimbursements of Draws Due
	(In millions)		
The Bank of Nova Scotia	$ 92	March 2017	March 2017

(1) Excludes approximately $1 million of applicable interest coverage.

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 December 31, 2015:

	Senior Secured		Senior Unsecured		
Issuer	**S&P**	**Moody's**	**S&P**	**Moody's**	**Fitch**
FE	—	—	BB+	Baa3	BB+
FES	BBB-	—	BBB-	Baa3	—
AE Supply	BBB-	—	BBB-	Baa3	—
AGC	—	—	BBB-	Baa3	—
ATSI	—	—	BBB-	Baa2	—
CEI	BBB+	Baa1	BBB-	Baa3	—
FET	—	—	BB+	Baa3	
JCP&L	—	—	BBB-	Baa2	—
ME	—	—	BBB-	Baa1	—
MP	BBB+	A3	—	—	—
OE	BBB+	A2	BBB-	Baa1	—
PN	—	—	BBB-	Baa2	—
Penn	—	A2	—	—	—
PE	BBB+	A3	—	—	—
TE	BBB	Baa1	—	—	—
TrAIL	—	—	BBB-	A3	—
WP	BBB+	A2	—	—	—

Debt capacity is subject to the consolidated debt to total capitalization limits in the Facilities previously discussed. As of December 31, 2015, FE and its subsidiaries could issue additional debt of approximately $5.1 billion and remain within the limitations of the financial covenants required by the Facilities. As of December 31, 2015, FES' incremental debt capacity under its consolidated debt to total capitalization financial covenant is also $5.1 billion given FE's consolidated debt to total capitalization ratio under the FE Facility.

Changes in Cash Position

As of December 31, 2015, FirstEnergy had $131 million of cash and cash equivalents compared to $85 million of cash and cash equivalents as of December 31, 2014. As of December 31, 2015 and 2014, FirstEnergy had approximately $82 million and $79 million, respectively, of restricted cash included in Other Current Assets on the Consolidated Balance Sheets.

Cash Flows From Operating Activities

FirstEnergy's most significant sources of cash are derived from electric services provided by its utility operating subsidiaries and the sale of energy and related products and services by its unregulated competitive subsidiaries. The most significant use of cash from operating activities is to buy electricity in the wholesale market and pay fuel suppliers, interest, employees, tax authorities, lenders and others for a wide range of materials and services.

Net cash provided from operating activities was $3,447 million during 2015, $2,713 million during 2014 and $2,662 million during 2013. Cash flows from operations increased $734 million in 2015 compared with 2014 due to the following:

- Distribution rate increases associated with the implementation of new rates, partially offset by a year-over-year decline in distribution deliveries;
- Higher transmission revenue and earnings, reflecting recovery of incremental operating expenses, a higher rate base and forward-looking rates at ATSI;
- Higher capacity revenues at CES, partially offset by a decline in sales volume;
- Lower disbursements for fuel and purchased power resulting from the lower sales volumes; and
- Lower posted collateral; partially offset by,
- A $143 million contribution to the qualified pension plan in 2015.

Cash Flows From Financing Activities

In 2015, cash used for financing activities was $279 million compared to $513 million and $477 million of net cash provided from financing activities during 2014 and 2013, respectively. The following table summarizes new debt financing (net of any discounts), redemptions and common stock dividend payments:

	For the Years Ended December 31,		
Securities Issued or Redeemed / Repaid	**2015**	**2014**	**2013**
		(In millions)	
New Issues			
Unsecured notes	$ 475	$ 2,400	$ 2,300
PCRBs	339	878	—
FMBs	295	200	1,000
Term loan	200	1,050	—
Senior secured notes	2	—	445
	$ 1,311	$ 4,528	$ 3,745
Redemptions / Repayments			
Unsecured notes	$ —	$ (600)	$ (2,284)
PCRBs	(313)	(793)	(470)
FMBs	(215)	(175)	(420)
Term loan	(200)	—	—
Senior secured notes	(151)	(191)	(376)
Long-term revolving credit	—	—	(50)
	$ (879)	$ (1,759)	$ (3,600)
Tender premiums paid on debt redemptions	$ —	$ —	$ (110)
Short-term borrowings, net	$ (91)	$ (1,605)	$ 1,435
Common stock dividend payments	$ (607)	$ (604)	$ (920)

During the second quarter of 2015, FE refinanced a $200 million variable interest term loan, maturing on December 31, 2016 with a new $200 million variable interest term loan maturing on May 29, 2020.

On July 1, 2015, FG and NG remarketed approximately $43 million and $296 million, respectively, of PCRBs. The PCRBs were remarketed with fixed interest rates ranging from 3.125% to 4.00% and mandatory put dates ranging from July 2, 2018 to July 1, 2021.

In August 2015, JCP&L issued $250 million of 4.30% senior notes due January 2026. The proceeds received from the issuance of the senior notes were used to repay a portion of JCP&L's short-term borrowings under the FirstEnergy regulated companies' money pool and an external revolving credit facility.

Also, in the second quarter of 2015, WP agreed to sell $150 million of new 4.45% FMBs due September 2045 and PE agreed to sell $145 million of new 4.47% FMBs due August 2045. The transactions closed on September 17, 2015 and August 17, 2015, respectively. The proceeds resulting from the issuance of the WP FMBs were used to repay WP's borrowings under the FirstEnergy regulated companies' money pool and for other general corporate purposes. The proceeds resulting from the issuance of the PE FMBs were used to repay PE's $145 million 5.125% FMBs that matured on August 15, 2015.

In October 2015, TrAIL issued $75 million of 3.76% senior notes due May 2025. The proceeds resulting from the issuance of the senior notes were used: (i) to fund capital expenditures, including with respect to TrAIL's transmission expansion plans; and (ii) for working capital needs and other general business purposes.

Additionally, in October 2015, ATSI issued in total $150 million of senior notes: $75 million of 4.00% senior notes due April 2026 and $75 million of 5.23% senior notes due October 2045. The proceeds resulting from the issuance of the senior notes were used:

(i) to fund capital expenditures, including with respect to ATSI's transmission expansion plans; (ii) for working capital needs and other general business purposes; and (iii) to repay borrowings under the FirstEnergy regulated companies' money pool.

Cash Flows From Investing Activities

Cash used for investing activities in 2015 principally represented cash used for property additions. The following table summarizes investing activities for 2015, 2014 and 2013:

Cash Used for Investing Activities	For the Years Ended December 31, 2015	2014	2013
		(In millions)	
Property Additions:			
Regulated distribution	$ 1,108	$ 972	$ 1,272
Regulated transmission	952	1,329	461
Competitive energy services	588	939	827
Other and reconciling adjustments	56	72	78
Nuclear fuel	190	233	250
Proceeds from asset sales	(20)	(394)	(4)
Investments	107	68	72
Asset removal costs	142	153	146
Other	(1)	(13)	(9)
	$ 3,122	$ 3,359	$ 3,093

Cash used for investing activity in 2015 as compared to 2014 were impacted by lower property additions of $608 million, partially offset by a $374 million reduction in proceeds received from asset sales, as 2014 included proceeds from the sale of certain hydroelectric assets. The decline in property additions were due to the following:

- a decrease of $351 million at CES, resulting from the absence of capital investments associated with the Davis-Besse steam generators that were placed into service in May 2014,
- a decrease of $377 million at Regulated Transmission primarily relating to the timing of capital investments associated with its *Energizing the Future* investment program, partially offset by
- an increase of $136 million at Regulated Distribution relating to utility specific project investments and costs associated with the Pennsylvania smart meter program.

CONTRACTUAL OBLIGATIONS

As of December 31, 2015, our estimated cash payments under existing contractual obligations that we consider firm obligations are as follows:

Contractual Obligations	Total	2016	2017-2018	2019-2020	Thereafter
			(In millions)		
Long-term debt[1]	$ 20,238	$ 1,039	$ 3,435	$ 3,499	$ 12,265
Short-term borrowings	1,708	1,708	—	—	—
Interest on long-term debt[2]	12,523	1,015	1,839	1,500	8,169
Operating leases[3]	2,083	184	254	207	1,438
Capital leases[3]	150	36	55	32	27
Fuel and purchased power[4]	13,578	1,812	2,539	2,117	7,110
Capital expenditures [5]	2,213	877	938	398	—
Pension funding	3,564	381	1,122	787	1,274
Total	$ 56,057	$ 7,052	$ 10,182	$ 8,540	$ 30,283

(1) Excludes unamortized discounts and premiums, fair value accounting adjustments and capital leases.
(2) Interest on variable-rate debt based on rates as of December 31, 2015.
(3) See Note 6, Leases, of the Combined Notes to Consolidated Financial Statements.
(4) Amounts under contract with fixed or minimum quantities based on estimated annual requirements.
(5) Amounts represent committed capital expenditures as of December 31, 2015.

Excluded from the table above are estimates for the cash outlays from power purchase contracts entered into by most of the Utilities and under which they procure the power supply necessary to provide generation service to their customers who do not choose an alternative supplier. Although actual amounts will be determined by future customer behavior and consumption levels, management currently estimates these cash outlays will be approximately $3.5 billion in 2016, $0.5 billion of which are expected to relate to the Utilities' contracts with FES.

The table above also excludes regulatory liabilities (see Note 14, Regulatory Matters), AROs (see Note 13, Asset Retirement Obligations), reserves for litigation, injuries and damages, environmental remediation, and annual insurance premiums, including nuclear insurance (see Note 15, Commitments, Guarantees and Contingencies) since the amount and timing of the cash payments are uncertain. The table also excludes accumulated deferred income taxes and investment tax credits since cash payments for income taxes are determined based primarily on taxable income for each applicable fiscal year.

NUCLEAR INSURANCE

The Price-Anderson Act limits the public liability which can be assessed with respect to a nuclear power plant to $13.5 billion (assuming 103 units licensed to operate) for a single nuclear incident, which amount is covered by: (i) private insurance amounting to $375 million; and (ii) $13.1 billion provided by an industry retrospective rating plan required by the NRC pursuant thereto. Under such retrospective rating plan, in the event of a nuclear incident at any unit in the United States resulting in losses in excess of private insurance, up to $127 million (but not more than $19 million per unit per year in the event of more than one incident) must be contributed for each nuclear unit licensed to operate in the country by the licensees thereof to cover liabilities arising out of the incident. Based on their present nuclear ownership and leasehold interests, FirstEnergy's maximum potential assessment under these provisions would be $509 million (NG-$501 million) per incident but not more than $76 million (NG-$75 million) in any one year for each incident.

In addition to the public liability insurance provided pursuant to the Price-Anderson Act, FirstEnergy has also obtained insurance coverage in limited amounts for economic loss and property damage arising out of nuclear incidents. FirstEnergy is a member of NEIL, which provides coverage (NEIL I) for the extra expense of replacement power incurred due to prolonged accidental outages of nuclear units. Under NEIL I, FirstEnergy's subsidiaries have policies, renewable annually, corresponding to their respective nuclear interests, which provide an aggregate indemnity of up to approximately $1.96 billion (NG-$1.93 billion) for replacement power costs incurred during an outage after an initial 20-week waiting period. Members of NEIL I pay annual premiums and are subject to assessments if losses exceed the accumulated funds available to the insurer. FirstEnergy's present maximum aggregate assessment for incidents at any covered nuclear facility occurring during a policy year would be approximately $15 million (NG-$15.1 million).

FirstEnergy is insured as to its respective nuclear interests under property damage insurance provided by NEIL to the operating company for each plant. Under these arrangements, up to $2.75 billion of coverage for decontamination costs, decommissioning costs, debris removal and repair and/or replacement of property is provided. FirstEnergy pays annual premiums for this coverage and is liable for retrospective assessments of up to approximately $83 million (NG-$81 million).

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

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

GUARANTEES AND OTHER ASSURANCES

FirstEnergy has various financial and performance guarantees and indemnifications which are issued in the normal course of business. These contracts include performance guarantees, stand-by letters of credit, debt guarantees, surety bonds and indemnifications. FirstEnergy enters into these arrangements to facilitate commercial transactions with third parties by enhancing the value of the transaction to the third party. The maximum potential amount of future payments FirstEnergy could be required to make under these guarantees as of December 31, 2015, was approximately $3.7 billion, as summarized below:

Guarantees and Other Assurances	Maximum Exposure
	(In millions)
FE's Guarantees on Behalf of its Subsidiaries	
Energy and Energy-Related Contracts[1]	$ 33
Deferred compensation arrangements	533
Other[2]	17
	583
Subsidiaries' Guarantees	
Energy and Energy-Related Contracts[3]	251
FES' guarantee of NG's nuclear property insurance	98
FES' guarantee of nuclear decommissioning costs	21
FES' guarantee of FG's sale and leaseback obligations	1,767
	2,137
FE's Guarantees on Behalf of Business Ventures	
Global Holding Facility	300
Other Assurances	
Surety Bonds - Wholly Owned Subsidiaries	398
Surety Bonds	22
FES' LOC (long-term tax-exempt debt)[4]	93
LOCs[5]	154
	667
Total Guarantees and Other Assurances	$ 3,687

(1) Issued for open-ended terms, with a 10-day termination right by FirstEnergy.
(2) Includes guarantees of $4 million for nuclear decommissioning funding assurances, $7 million for railcar leases, and $6 million for various leases.
(3) Includes energy and energy-related contracts associated with FES of approximately $248 million.
(4) Reflects the $1 million of interest coverage portion of LOCs issued in support of floating rate PCRBs with various maturities and the principal amount of floating-rate PCRBs of $92 million, all of which is reflected in currently payable long-term debt on FirstEnergy's consolidated balance sheets.
(5) Includes $54 million issued for various terms pursuant to LOC capacity available under FirstEnergy's revolving credit facilities, $88 million issued in connection with energy and energy related contracts, $2 million issued in connection with railcar leases, $7 million pledged in connection with the sale and leaseback of the Beaver Valley Unit 2 by OE and $3 million pledged in connection with the sale and leaseback of Perry by OE.

FES' debt obligations are generally guaranteed by its subsidiaries, FG and NG, and FES guarantees the debt obligations of each of FG and NG. Accordingly, present and future holders of indebtedness of FES, FG, and NG would have claims against each of FES, FG, and NG, regardless of whether their primary obligor is FES, FG, or NG.

Collateral and Contingent-Related Features

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

Bilateral agreements and derivative instruments entered into by FE and its subsidiaries have margining provisions that require posting of collateral. Based on FES' power portfolio exposure as of December 31, 2015, FES has posted collateral of $188 million and AE Supply has posted no collateral. The Regulated Distribution segment has posted collateral of $1 million.

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

Subsequent to the occurrence of a senior unsecured credit rating downgrade to below S&P's BBB- and Moody's Baa3, or a "material adverse event," the immediate posting of collateral or accelerated payments may be required of FE or its subsidiaries. The following table discloses the additional credit contingent contractual obligations that may be required under certain events as of December 31, 2015:

Collateral Provisions	FES	AE Supply	Utilities	Total
		(In millions)		
Split Rating (One rating agency's rating below investment grade)	$ 198	$ 6	$ 41	$ 245
BB+/Ba1 Credit Ratings	$ 231	$ 6	$ 41	$ 278
Full impact of credit contingent contractual obligations	$ 363	$ 16	$ 41	$ 420

Excluded from the preceding chart are the potential collateral obligations due to affiliate transactions between the Regulated Distribution segment and CES segment. As of December 31, 2015, neither FES nor AE Supply had any collateral posted with their affiliates. In the event of a senior unsecured credit rating downgrade to below S&P's BB- or Moody's Ba3, FES would be required to post $8 million with affiliated parties.

Other Commitments and Contingencies

FirstEnergy is a guarantor under a syndicated senior secured term loan facility due March 3, 2020, under which Global Holding borrowed $300 million. In addition to FirstEnergy, Signal Peak, Global Rail, Global Mining Group, LLC and Global Coal Sales Group, LLC, each being a direct or indirect subsidiary of Global Holding, have also provided their joint and several guaranties of the obligations of Global Holding under the facility.

In connection with Global Holding's term loan facility, a portion of Global Holding's direct and indirect membership interests in Signal Peak, Global Rail and their affiliates along with each of FEV's and WMB Marketing Ventures,LLC's 33-1/3% membership interests in Global Holding, are pledged to the lenders under Global Holding's facility as collateral. Failure by Global Holding to meet the terms and conditions under its term loan facility could require FirstEnergy to be obligated under the provisions of its guarantee, resulting in consolidation of Global Holding by FE.

During the first quarter of 2015, a subsidiary of Global Holding eliminated its right to put 2 million tons annually through 2024 from the Signal Peak mine to FG in exchange for FirstEnergy extending its guarantee under Global Holding's $300 million senior secured term loan facility through 2020, resulting in a pre-tax charge of $24 million. See Note 8, Variable Interest Entities, and Note 1, Organization, Basis of Presentation and Significant Accounting Policies - Investments, for additional information regarding FEV's investment in Global Holding.

OFF-BALANCE SHEET ARRANGEMENTS

FES and certain of the Ohio Companies have obligations that are not included on their Consolidated Balance Sheets related to the Perry Unit 1, Beaver Valley Unit 2, and 2007 Bruce Mansfield Unit 1 sale and leaseback arrangements, which are satisfied through operating lease payments. The total present value of these sale and leaseback operating lease commitments, net of trust investments, was $950 million as of December 31, 2015 and primarily relates to the 2007 Bruce Mansfield Unit 1 sale and leaseback arrangement expiring in 2040. From time to time FirstEnergy and these companies enter into discussions with certain parties to the arrangements regarding acquisition of owner participant and other interests. However, FirstEnergy cannot provide assurance that any such acquisitions will occur on satisfactory terms or at all.

In February 2014, NG purchased lessor equity interests in OE's existing sale and leaseback of Beaver Valley Unit 2 for approximately $94 million. In November 2014, NG repurchased lessor equity interests in OE's existing sale and leaseback of Perry Unit 1 for approximately $87 million. As of December 31, 2015, FirstEnergy's leasehold interest was 3.75% of Perry Unit 1, 93.83% of Bruce Mansfield Unit 1 and 2.60% of Beaver Valley Unit 2.

On June 24, 2014, OE exercised its irrevocable right to repurchase from the remaining owner participants the lessors' interests in Beaver Valley Unit 2 at the end of the lease term (June 1, 2017), which right to repurchase was assigned to NG. Additionally, on June 24, 2014, NG entered into a purchase agreement with an owner participant to purchase its lessor equity interests of the remaining non-affiliated leasehold interest in Perry Unit 1 on May 23, 2016, which is just prior to the end of the lease term.

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 the company.

Commodity Price Risk

FirstEnergy is exposed to financial risks resulting from fluctuating commodity prices, including prices for electricity, natural gas, coal and energy transmission. FirstEnergy's Risk Management Committee is responsible for promoting the effective design and implementation of sound risk management programs and oversees compliance with corporate risk management policies and established risk management practice. FirstEnergy uses a variety of derivative instruments for risk management purposes including forward contracts, options, futures contracts and swaps.

The valuation of derivative contracts is based on observable market information to the extent that such information is available. In cases where such information is not available, FirstEnergy relies on model-based information. The model provides estimates of future regional prices for electricity and an estimate of related price volatility. FirstEnergy uses these results to develop estimates of fair value for financial reporting purposes and for internal management decision making (see Note 9, Fair Value Measurements, of the Combined Notes to Consolidated Financial Statements). Sources of information for the valuation of net commodity derivative assets and liabilities as of December 31, 2015 are summarized by year in the following table:

Source of Information- Fair Value by Contract Year	2016	2017	2018	2019	2020	Thereafter	Total
				(In millions)			
Prices actively quoted[1]	$ (6)	$ 1	$ —	$ —	$ —	$ —	$ (5)
Other external sources[2]	18	(1)	(21)	(26)	—	—	(30)
Prices based on models	(4)	2	—	—	(7)	—	(9)
Total[3]	$ 8	$ 2	$ (21)	$ (26)	$ (7)	$ —	$ (44)

(1) Represents exchange traded New York Mercantile Exchange futures and options.
(2) Primarily represents contracts based on broker and ICE quotes.
(3) Includes $(136) million in non-hedge derivative contracts that are primarily related to NUG contracts at certain of the Utilities. NUG contracts are subject to regulatory accounting and do not impact earnings.

FirstEnergy performs sensitivity analyses to estimate its exposure to the market risk of its commodity positions. Based on derivative contracts as of December 31, 2015, not subject to regulatory accounting, an increase in commodity prices of 10% would decrease net income by approximately $30 million during the next 12 months.

Equity Price Risk

As of December 31, 2015, the FirstEnergy pension and OPEB plan assets were approximately allocated as follows: 41% in equity securities, 35% in fixed income securities, 6% in absolute return strategies, 10% in real estate and 8% in cash and short-term securities. A decline in the value of plan assets could result in additional funding requirements. FirstEnergy's funding policy is based on actuarial computations using the projected unit credit method. During the year ended December 31, 2015, FirstEnergy made a $143 million contribution to its qualified pension plan. See Note 3, Pension and Other Postemployment Benefits, of the Combined Notes to Consolidated Financial Statements for additional details on FirstEnergy's pension plans and OPEB. In 2015, FirstEnergy's pension plan and OPEB assets incurred losses of $(172) million, or (2.7)%, as compared to an expected return on plan assets of 7.75%.

NDT funds have been established to satisfy NG's and other FirstEnergy subsidiaries' nuclear decommissioning obligations. As of December 31, 2015, approximately 68% of the funds were invested in fixed income securities, 25% of the funds were invested in equity securities and 7% were invested in short-term investments, with limitations related to concentration and investment grade ratings. The investments are carried at their market values of approximately $1,552 million, $576 million and $147 million for fixed income securities, equity securities and short-term investments, respectively, as of December 31, 2015, excluding $7 million of net receivables, payables and accrued income. A hypothetical 10% decrease in prices quoted by stock exchanges would result in a $58 million reduction in fair value as of December 31, 2015. Certain FirstEnergy subsidiaries recognize in earnings the unrealized losses on AFS securities held in its NDT as OTTI. A decline in the value of FirstEnergy's NDT funds or a significant escalation in estimated decommissioning costs could result in additional funding requirements. During 2015, FirstEnergy contributed approximately $15 million to the NDT.

Interest Rate Risk

FirstEnergy's exposure to fluctuations in market interest rates is reduced since a significant portion of debt has fixed interest rates, as noted in the table below. FirstEnergy is subject to the inherent interest rate risks related to refinancing maturing debt by issuing new debt securities. As discussed in Note 6, Leases of the Combined Notes to Consolidated Financial Statements, FirstEnergy's investments in capital trusts effectively reduce future lease obligations, also reducing interest rate risk.

Comparison of Carrying Value to Fair Value

Year of Maturity	2016	2017	2018	2019	2020	There-after	Total	Fair Value
				(In millions)				
Assets:								
Investments Other Than Cash and Cash Equivalents:								
Fixed Income	$ 5	$ 2	$ —	$ —	$ —	$ 1,794	$ 1,801	$ 1,802
Average interest rate	8.9%	8.9%	—%	—%	—%	3.6%	3.6%	
Liabilities:								
Long-term Debt:								
Fixed rate	$ 660	$ 1,517	$ 1,330	$ 1,035	$ 541	$ 13,867	$ 18,950	$ 20,225
Average interest rate	5.5%	6.1%	4.8%	6.5%	5.5%	5.2%	5.3%	
Variable rate	$ —	$ 2	$ 6	$ 1,000	$ 200	$ 86	$ 1,294	$ 1,294
Average interest rate	—%	3.5%	—%	2.2%	1.9%	—%	2.0%	

CREDIT RISK

Credit risk is defined as the risk that a counterparty to a transaction will be unable to fulfill its contractual obligations. FirstEnergy evaluates the credit standing of a prospective counterparty based on the prospective counterparty's financial condition. FirstEnergy may impose specific collateral requirements and use standardized agreements that facilitate the netting of cash flows. FirstEnergy monitors the financial conditions of existing counterparties on an ongoing basis. An independent risk management group oversees credit risk.

Wholesale Credit Risk

FirstEnergy measures wholesale credit risk as the replacement cost for derivatives in power, natural gas, coal and emission allowances, adjusted for amounts owed to, or due from, counterparties for settled transactions. The replacement cost of open positions represents unrealized gains, net of any unrealized losses, where FirstEnergy has a legally enforceable right of offset. FirstEnergy monitors and manages the credit risk of wholesale marketing, risk management and energy transacting operations through credit policies and procedures, which include an established credit approval process, daily monitoring of counterparty credit limits, the use of credit mitigation measures such as margin, collateral and the use of master netting agreements. The majority of FirstEnergy's energy contract counterparties maintain investment-grade credit ratings.

Retail Credit Risk

FirstEnergy's principal retail credit risk exposure relates to its competitive electricity activities, which serve residential, commercial and industrial companies. Retail credit risk results when customers default on contractual obligations or fail to pay for service rendered. This risk represents the loss that may be incurred due to the nonpayment of customer accounts receivable balances, as well as the loss from the resale of energy previously committed to serve customers.

Retail credit risk is managed through established credit approval policies, monitoring customer exposures and the use of credit mitigation measures such as deposits in the form of LOCs, cash or prepayment arrangements.

Retail credit quality is affected by the economy and the ability of customers to manage through unfavorable economic cycles and other market changes. If the business environment were to be negatively affected by changes in economic or other market conditions, FirstEnergy's retail credit risk may be adversely impacted.

OUTLOOK

STATE REGULATION

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

As competitive retail electric suppliers serving retail customers primarily in Ohio, Pennsylvania, Illinois, Michigan, New Jersey and Maryland, FES and AE Supply are subject to state laws applicable to competitive electric suppliers in those states, including affiliate

codes of conduct that apply to FES, AE Supply and their public utility affiliates. In addition, if any of the FirstEnergy affiliates were to engage in the construction of significant new transmission or generation facilities, depending on the state, they may be required to obtain state regulatory authorization to site, construct and operate the new transmission or generation facility.

MARYLAND

PE provides SOS pursuant to a combination of settlement agreements, MDPSC orders and regulations, and statutory provisions. SOS supply is competitively procured in the form of rolling contracts of varying lengths through periodic auctions that are overseen by the MDPSC and a third party monitor. Although settlements with respect to 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 Maryland legislature adopted a statute in 2008 codifying the EmPOWER Maryland goals to reduce electric consumption by 10% and reduce electricity demand by 15%, in each case by 2015, and requiring each electric utility to file a plan every three years. PE's current plan, covering the three-year period 2015-2017, was approved by the MDPSC on December 23, 2014. The costs of the 2015-2017 plan are expected to be approximately $66 million for that three-year period, of which $19 million was incurred through December 2015. On July 16, 2015, the MDPSC issued an order setting new incremental energy savings goals for 2017 and beyond, beginning with the level of savings achieved under PE's current plan for 2016, and ramping up 0.2% per year thereafter to reach 2%. PE continues to recover program costs subject to a five-year amortization. Maryland law only allows for the utility to recover lost distribution revenue attributable to energy efficiency or demand reduction programs through a base rate case proceeding, and to date, such recovery has not been sought or obtained by PE. On January 28, 2016, PE filed a request to increase plan spending by $2 million in order to reach the new goals for 2017 set in the July 16, 2015 order.

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

On March 3, 2014, pursuant to the MDPSC's regulations, PE filed its recommendations for SAIDI and SAIFI standards to apply during the period 2016-2019. The MDPSC directed the Staff of the MDPSC to file an analysis and recommendations with respect to the proposed 2016-2019 SAIDI and SAIFI standards and any related rule changes which the Staff of the MDPSC recommended. The Staff of the MDPSC made its filing on July 10, 2015, and recommended that PE be required to improve its SAIDI results by approximately 20% by 2019. The MDPSC held a hearing on the Staff's analysis and recommendations on September 1-2, 2015, and approved PE's revised proposal for an improvement of 8.6% in its SAIDI standard by 2019 and maintained its SAIFI standard at 2015 levels. The proposed regulations incorporating the new SAIDI and SAIFI standards were approved as final in December 2015.

On April 1, 2015, PE filed its annual report on its performance relative to various service reliability standards set forth in the MDPSC's regulations. The MDPSC conducted hearings on the reports filed by PE and the other electric utilities in Maryland on August 24, 2015 and subsequently closed its 2014 service reliability review.

NEW JERSEY

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

On March 26, 2015, the NJBPU entered final orders which together provided an overall reduction in JCP&L's annual revenues of approximately $34 million, effective April 1, 2015. The final order in JCP&L's base rate case proceeding directed an annual base rate revenue reduction of approximately $115 million, including recovery of 2011 storm costs and the application of the NJBPU's modified CTA policy approved in the generic CTA proceeding referred to below. Additionally, the final order in the generic proceeding established to review JCP&L's major storm events of 2011 and 2012 approved the recovery of 2012 storm costs of $580 million resulting in an increase in annual revenues of approximately $81 million. JCP&L is required to file another base rate case no later

than April 1, 2017. The NJBPU also directed that certain studies be completed. On July 22, 2015, the NJBPU approved the NJBPU staff's recommendation to implement such studies, which will include operational and financial components and is expected to take approximately one year to complete.

In an Order issued October 22, 2014, in a generic proceeding to review its policies with respect to the use of a CTA in base rate cases (Generic CTA proceeding), the NJBPU stated that it would continue to apply its current CTA policy in base rate cases, subject to incorporating the following modifications: (i) calculating savings using a five-year look back from the beginning of the test year; (ii) allocating savings with 75% retained by the company and 25% allocated to rate payers; and (iii) excluding transmission assets of electric distribution companies in the savings calculation. On November 5, 2014, the Division of Rate Counsel appealed the NJBPU Order regarding the Generic CTA proceeding to the New Jersey Superior Court and JCP&L has filed to participate as a respondent in that proceeding. Briefing has been completed, and oral argument has not yet been scheduled.

On June 19, 2015, JCP&L, along with PN, ME, FET and MAIT made filings with FERC, the NJBPU, and the PPUC requesting authorization for JCP&L, PN and ME to contribute their transmission assets to MAIT, a new transmission-only subsidiary of FET. On January 8, 2016, the NJBPU President issued an Order granting Rate Counsel's Motion on the legal issue of whether MAIT can be designated as a public utility. The procedural schedule has been suspended until a decision is made on this issue. See Transfer of Transmission Assets to MAIT in FERC Matters below for further discussion of this transaction.

OHIO

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

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

Notices of appeal of the Ohio Companies' ESP 3 plan to the Supreme Court of Ohio were filed by the Northeast Ohio Public Energy Council and the ELPC. The oral argument in this matter occurred on January 6, 2016.

The Ohio Companies filed an application with the PUCO on August 4, 2014 seeking approval of their ESP IV entitled *Powering Ohio's Progress*. The Ohio Companies filed a Stipulation and Recommendation on December 22, 2014, and supplemental stipulations and recommendations on May 28, 2015, and June 4, 2015.The evidentiary hearing on the ESP IV commenced on August 31, 2015 and concluded on October 29, 2015. On December 1, 2015, the Ohio Companies filed a Third Supplemental Stipulation and Recommendation, which included PUCO Staff as a signatory party in addition to other signatories. The PUCO completed a hearing on the Third Supplemental Stipulation and Recommendation in January 2016. Initial briefs are due on February 16, 2016 and reply briefs are due on February 26, 2016. A final PUCO decision is expected in March 2016.

The proposed ESP IV supports FirstEnergy's strategic focus on regulated operations and better positions the Ohio Companies to deliver on their ongoing commitment to upgrade, modernize and maintain reliable electric service for customers while preserving electric security in Ohio. The material terms of the proposed ESP IV, as modified by the stipulations include:

- An eight-year term (June 1, 2016 - May 31, 2024);
- Contemplates continuing a base distribution rate freeze through May 31, 2024;
- An Economic Stability Program that flows through charges or credits through Rider RRS representing the net result of the price paid to FES through a proposed eight-year FERC-jurisdictional PPA for the output of the Sammis and Davis-Besse plants and FES' share of OVEC against the revenues received from selling such output into the PJM markets over the same period, subject to the PUCO's termination of Rider RRS charges/credits associated with any plants or units that may be sold or transferred;
- Continuing to provide power to non-shopping customers at a market-based price set through an auction process;
- Continuing Rider DCR with increased revenue caps of approximately $30 million per year from June 1, 2016 through May 31, 2019; $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 that supports continued investment related to the distribution system for the benefit of customers;

- Collection of lost distribution revenues associated with energy efficiency and peak demand reduction programs;
- A risk-sharing mechanism that would provide guaranteed credits under Rider RRS in years five through eight to customers as follows: $10 million in year five, $20 million in year six, $30 million in year seven and $40 million in year eight;
- A continuing commitment not to recover from retail customers certain costs related to transmission cost allocations for the longer of the five-year period from June 1, 2011 through May 31, 2016 or when the amount of such costs avoided by customers for certain types of products totals $360 million, including such costs from MISO along with such costs from PJM, subject to the outcome of certain FERC proceedings;
- Potential procurement of 100 MW of new Ohio wind or solar resources subject to a demonstrated need to procure new renewable energy resources as part of a strategy to further diversify Ohio's energy portfolio;
- An agreement to file a case with the PUCO by April 3, 2017, seeking to transition to decoupled base rates for residential customers;
- An agreement to file by February 29, 2016, a Grid Modernization Business Plan for PUCO consideration and approval;
- A contribution of $3 million per year ($24 million over the eight year term) to fund energy conservation programs, economic development and job retention in the Ohio Companies service territory;
- Contributions of $2.4 million per year ($19 million over the eight year term) to fund a fuel-fund in each of the Ohio Companies service territories to assist low-income customers; and
- A contribution of $1 million per year ($8 million over the eight year term) to establish a Customary Advisory Council to ensure preservation and growth of the competitive market in Ohio.

On January 27, 2016, certain parties filed a complaint at FERC against FES, OE, CEI, and TE that requests FERC review of the ESP IV PPA under Section 205 of the FPA. In addition to such proceeding, parties have expressed an intention to challenge in the courts and/or before FERC, the PPA or PUCO approval of the ESP IV, if approved. Management intends to vigorously defend against such challenges.

Under Ohio's energy efficiency standards (SB221 and SB310), and based on the Ohio Companies' amended energy efficiency plans, the Ohio Companies are required to implement energy efficiency programs that achieve a total annual energy savings equivalent of 2,266 GWHs in 2015 and 2,288 GWHs in 2016, and then begin to increase by 1% each year in 2017, subject to legislative amendments to the energy efficiency standards discussed below. The Ohio Companies are also required to retain the 2014 peak demand reduction level for 2015 and 2016 and then increase the benchmark by an additional 0.75% thereafter through 2020, subject to legislative amendments to the peak demand reduction standards discussed below.

On September 30, 2015, the Energy Mandates Study Committee issued its report related to energy efficiency and renewable energy mandates, recommending that the current level of mandates remain in place indefinitely. The report also recommended: (i) an expedited process for review of utility proposed energy efficiency plans; (ii) ensuring maximum credit for all of Ohio's Energy Initiatives; (iii) a switch from energy mandates to energy incentives; and (iv) a declaration be made that the General Assembly may determine energy policy of the state. No legislation has yet been introduced to change the standards described above.

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

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

Ohio law requires electric utilities and electric service companies in Ohio to serve part of their load from renewable energy resources measured by an annually increasing percentage amount through 2026, subject to legislative amendments discussed above, except 2015 and 2016 that remain at the 2014 level. The Ohio Companies conducted RFPs in 2009, 2010 and 2011 to secure RECs to help meet these renewable energy requirements. In September 2011, the PUCO opened a docket to review the Ohio Companies' alternative energy recovery rider through which the Ohio Companies recover the costs of acquiring these RECs. The PUCO issued an Opinion and Order on August 7, 2013, approving the Ohio Companies' acquisition process and their purchases of RECs to meet statutory mandates in all instances except for certain purchases arising from one auction and directed the Ohio Companies to credit non-shopping customers in the amount of $43.4 million, plus interest, on the basis that the Ohio Companies did not prove such purchases were prudent. On December 24, 2013, following the denial of their application for rehearing, the Ohio Companies filed a notice of appeal and a motion for stay of the PUCO's order with the Supreme Court of Ohio, which was granted. On February 18,

2014, the OCC and the ELPC also filed appeals of the PUCO's order. The Ohio Companies timely filed their merit brief with the Supreme Court of Ohio and the briefing process has concluded. The matter is not yet scheduled for oral argument.

On April 9, 2014, the PUCO initiated a generic investigation of marketing practices in the competitive retail electric service market, with a focus on the marketing of fixed-price or guaranteed percent-off SSO rate contracts where there is a provision that permits the pass-through of new or additional charges. On November 18, 2015, the PUCO ruled that on a going-forward basis, pass-through clauses may not be included in fixed-price contracts for all customer classes. On December 18, 2015, FES filed an Application for Rehearing seeking to change the ruling or have it only apply to residential and small commercial customers.

PENNSYLVANIA

The Pennsylvania Companies currently operate under DSPs that expire on May 31, 2017, and provide for the competitive procurement of generation supply for customers that do not choose an alternative EGS or for customers of alternative EGSs that fail to provide the contracted service. The default service supply is currently provided by wholesale suppliers through a mix of long-term and short-term contracts procured through spot market purchases, quarterly descending clock auctions for 3, 12- and 24-month energy contracts, and one RFP seeking 2-year contracts to serve SRECs for ME, PN and Penn.

On November 3, 2015, the Pennsylvania Companies filed their proposed DSPs for the June 1, 2017 through May 31, 2019 delivery period, which would 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 proposed programs, the supply would be provided by wholesale suppliers though a mix of 12 and 24-month energy contracts, as well as one RFP for 2-year SREC contracts for ME, PN and Penn. In addition, the proposal includes modifications to the Pennsylvania Companies' existing POR programs in order to reduce the level of uncollectibles the Pennsylvania Companies experience associated with alternative EGS charges.

Pursuant to Pennsylvania's EE&C legislation (Act 129 of 2008) and PPUC orders, Pennsylvania EDCs implement energy efficiency and peak demand reduction programs. The Pennsylvania Companies' Phase II EE&C Plans are effective through May 31, 2016. Total costs of these plans are expected to be approximately $234 million and recoverable through the Pennsylvania Companies' reconcilable EE&C riders. On June 19, 2015, the PPUC issued a Phase III Final Implementation Order setting: demand reduction targets, relative to each Pennsylvania Companies' 2007-2008 peak demand (in MW), at 1.8% for ME, 1.7% for Penn, 1.8% for WP, and 0% for PN; and energy consumption reduction targets, as a percentage of each Pennsylvania Companies' historic 2010 forecasts (in MWH), at 4.0% for ME, 3.9% for PN, 3.3% for Penn, and 2.6% for WP. The Pennsylvania Companies filed their Phase III EE&C plans for the June 2016 through May 2021 period on November 23, 2015, which are designed to achieve the targets established in the PPUC's Phase III Final Implementation Order. EDCs are permitted to recover costs for implementing their EE&C plans. On February 10, 2016, the Pennsylvania Companies and the parties intervening in the PPUC's Phase III proceeding filed a joint settlement that resolves all issues in the proceeding and is subject to PPUC approval.

Pursuant to Act 11 of 2012, Pennsylvania EDCs may establish a DSIC to recover costs of infrastructure improvements and costs related to highway relocation projects with PPUC approval. Pennsylvania EDCs must file LTIIPs outlining infrastructure improvement plans for PPUC review and approval prior to approval of a DSIC. On October 19, 2015, each of the Pennsylvania Companies filed LTIIPs with the PPUC for infrastructure improvement over the five-year period of 2016 to 2020 for the following costs: WP $88.34 million; PN $56.74 million; Penn $56.35 million; and ME $43.44 million. These amounts include all qualifying distribution capital additions identified in the revised implementation plan for the recent focused management and operations audit of the Pennsylvania Companies as discussed below. On February 11, 2016, the PPUC approved the Pennsylvania Companies' LTIIPs. On February 16, 2016, the Pennsylvania Companies filed DSIC riders for PPUC approval for quarterly cost recovery associated with the capital projects approved in the LTIIPs. The DSIC riders are expected to be effective July 1, 2016.

Each of the Pennsylvania Companies currently offer distribution rates under their respective Joint Petitions for Settlement approved on April 9, 2015 by the PPUC, which, among other things, provided for a total increase in annual revenues for all Pennsylvania Companies of $292.8 million, ($89.3 million for ME, $90.8 million for PN, $15.9 million for Penn and $96.8 million for WP), including the recovery of $87.7 million of additional annual operating expenses, including costs associated with service reliability enhancements to the distribution system, amortization of deferred storm costs and the remaining net book value of legacy meters, assistance for providing service to low-income customers, and the creation of a storm reserve for each utility. Additionally, the approved settlements include commitments to meet certain wait times for call centers and service reliability standards. The new rates were effective May 3, 2015.

On July 16, 2013, the PPUC's Bureau of Audits initiated a focused management and operations audit of the Pennsylvania Companies as required every eight years by statute. The PPUC issued a report on its findings and recommendations on February 12, 2015, at which time the Pennsylvania Companies' associated implementation plan was also made public. In an order issued on March 30, 2015, the Pennsylvania Companies were directed to develop and file by May 29, 2015 a revised implementation plan regarding certain of the operational topics addressed in the report, including addressing certain reliability matters. The Pennsylvania Companies filed their revised implementation plan in compliance with this order. A final order adopting the plan, as revised, was entered on November 5, 2015. The cost of compliance for the Pennsylvania Companies is currently expected to range from approximately $200 million to $230 million.

On June 19, 2015, ME and PN, along with JCP&L, FET and MAIT made filings with FERC, the NJBPU, and the PPUC requesting authorization for JCP&L, PN and ME to contribute their transmission assets to MAIT, a new transmission-only subsidiary of FET. Evidentiary hearings are scheduled to commence before the PPUC on February 29, 2016. A final decision from the PPUC is expected by mid-2016. See Transfer of Transmission Assets to MAIT in FERC Matters below for further discussion of this transaction.

WEST VIRGINIA

MP and PE currently operate under a Joint Stipulation and Agreement of Settlement approved by the WVPSC on February 3, 2015, that provided for: a $15 million increase in annual base rate revenues effective February 25, 2015; the implementation of a Vegetation Management Surcharge to recover all costs related to both new and existing vegetation maintenance programs; authority to establish a regulatory asset for MATS investments placed into service in 2016 and 2017; authority to defer, amortize and recover over a five- year period through base rates approximately $46 million of storm restoration costs; and elimination of the TTS for costs associated with MP's acquisition of the Harrison plant in October 2013 and movement of those costs into base rates.

On August 14, 2015, MP and PE filed their annual ENEC case with the WVPSC proposing an approximate $165.1 million annual increase in rates effective January 1, 2016 or before, which would be a 12.5% overall increase over existing rates. The original proposed increase was comprised of a $97 million under-recovered balance as of June 30, 2015, a projected $23.7 million under-recovery for the 2016 calendar year, and an actual under-recovered balance from MP and PE's TTS for Harrison Power Station of $44.4 million. On September 10, 2015, MP and PE filed an amendment addressing the results of the recent PJM Transitional Auctions for Capacity Performance, which resulted in a net decrease of $20.6 million from the initial requested increase to $144.5 million. A settlement was reached among all the parties increasing revenues $96.9 million and deferring other costs for recovery into 2017. The settlement was presented to the WVPSC on November 19, 2015 and a final order approving the settlement without changes was issued on December 22, 2015, with rates effective on January 1, 2016.

On August 31, 2015, MP and PE filed with the WVPSC their biennial petition for reconciliation of the Vegetation Management Program Surcharge and regular review of the program proposing an approximate $37.7 million annual increase in rates over a two year period, which is a 2.8% overall increase over existing rates. The proposed increase was comprised of a $2.1 million under-recovered balance as of June 30, 2015, a projected $23.9 million in under-recovery for the 2016/2017 rate effective period, and recovery of previously authorized deferred vegetation management costs from April 14, 2014 through February 24, 2015 in the amount of $49.9 million. A settlement was reached among all the parties increasing revenues $36.7 million annually for the 2016-2017 two year rate recovery period, and was presented to the WVPSC on November 19, 2015. A final order approving the settlement without changes was issued on December 21, 2015, with rates effective on January 1, 2016.

RELIABILITY MATTERS

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

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

FERC MATTERS

PJM Transmission Rates

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

that share should be proportionate to the benefit they derive from the lines, and not on load-ratio share in PJM as a whole. The court remanded the case to FERC, which issued an order setting the issue of cost allocation for hearing and settlement proceedings. Settlement discussions under a FERC-appointed settlement judge are ongoing.

In a series of orders in certain Order No. 1000 dockets, FERC asserted that the PJM transmission owners do not hold an incumbent "right of first refusal" to construct, own and operate transmission projects within their respective footprints that are approved as part of PJM's RTEP process. FirstEnergy and other PJM transmission owners have appealed these rulings, and the question of whether FirstEnergy and the PJM transmission owners have a "right of first refusal" is now pending before the U.S. Court of Appeals for the D.C. Circuit in an appeal of FERC's order approving PJM's Order No. 1000 compliance filing.

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

RTO Realignment

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

Separately, the question of ATSI's responsibility for certain costs for the "Michigan Thumb" transmission project continues to be disputed. Potential responsibility arises under the MISO MVP tariff, which has been litigated in complex proceedings before FERC and certain United States appellate courts On October 29, 2015, FERC issued an order finding that ATSI and the ATSI zone do not have to pay MISO MVP charges for the Michigan Thumb transmission project. MISO and the MISO TOs filed a request for rehearing, which is pending at FERC. In the event of a final non-appealable order that rules that ATSI must pay these charges, ATSI will seek recovery of these charges through its formula rate. On a related issue, FirstEnergy joined certain other PJM transmission owners in a protest of MISO's proposal to allocate MVP costs to energy transactions that cross MISO's borders into the PJM Region. On January 22, 2015, FERC issued an order establishing a paper hearing on remand from the Seventh Circuit of the issue of whether any limitation on "export pricing" for sales of energy from MISO into PJM is justified in light of applicable FERC precedent. Certain PJM transmission owners, including FirstEnergy, filed an initial brief asserting that FERC's prior ruling rejecting MISO's proposed MVP export charge on transactions into PJM was correct and should be re-affirmed on remand. The briefs and replies thereto are now before FERC for consideration.

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

The outcome of the proceedings that address the remaining open issues related to costs for the "Michigan Thumb" transmission project and "legacy RTEP" transmission projects cannot be predicted at this time.

2014 ATSI Formula Rate Filing

On October 31, 2014, ATSI filed a proposal with FERC to change the structure of its formula rate from an "historical looking" approach, where transmission rates reflect actual costs for the prior year, to a "forward looking" approach, where transmission rates would be based on the estimated costs for the coming year, with an annual true up. On December 31, 2014, FERC issued an order accepting ATSI's filing effective January 1, 2015, subject to refund and the outcome of hearing and settlement proceedings. FERC subsequently issued an order on October 29, 2015, accepting a settlement agreement on the forward-looking formula rate, subject to minor compliance requirements. The settlement agreement provides for certain changes to ATSI's formula rate template and protocols, and also changes ATSI's ROE from 12.38% to the following values: (i) 12.38% from January 1, 2015 through June 30, 2015; (ii) 11.06% from July 1, 2015 through December 31, 2015; and (iii) 10.38% from January 1, 2016, unless changed pursuant to section 205 or 206 of the FPA, provided the effective date for any change cannot be earlier than January 1, 2018.

Transfer of Transmission Assets to MAIT

On June 10, 2015, MAIT, a Delaware limited liability company, was formed as a new transmission-only subsidiary of FET for the purposes of owning and operating all FERC-jurisdictional transmission assets of JCP&L, ME and PN following the receipt of all necessary state and federal regulatory approvals. On June 19, 2015, JCP&L, PN, ME, FET, and MAIT made filings with FERC, the NJBPU, and the PPUC requesting authorization for JCP&L, PN and ME to contribute their transmission assets to MAIT. Additionally, the filings requested approval from the NJBPU and PPUC, as applicable, of: (i) a lease to MAIT of real property and rights-of-way associated with the utilities' transmission assets; (ii) a Mutual Assistance Agreement; (iii) MAIT being deemed a public utility under state law; (iv) MAIT's participation in FE's regulated companies' money pool; and (v) certain affiliated interest agreements. If approved,

JCP&L, ME, and PN will contribute their transmission assets at net book value and an allocated portion of goodwill in a tax-free exchange to MAIT, which will operate similar to FET's two existing stand-alone transmission subsidiaries, ATSI and TrAIL. MAIT's transmission facilities will remain under the functional control of PJM, and PJM will provide transmission service using these facilities under the PJM Tariff. During the third quarter of 2015, FirstEnergy responded to FERC Staff's request for additional information regarding the application. FERC approval is expected during the first quarter of 2016 with final decisions expected from the NJBPU and PPUC by mid-2016. Following FERC approval of the transfer, MAIT expects to file a Section 204 application with FERC, and other necessary filings with the PPUC and the NJBPU, seeking authorization to issue equity to FET, JCP&L, PN and ME for their respective contributions, and to issue debt. MAIT will also make a Section 205 formula rate application with FERC to establish its transmission rate. See New Jersey and Pennsylvania in State Regulation above for further discussion of this transaction.

California Claims Matters

In October 2006, several California governmental and utility parties presented AE Supply with a settlement proposal to resolve alleged overcharges for power sales by AE Supply to the California Energy Resource Scheduling division of the CDWR during 2001. The settlement proposal claims that CDWR is owed approximately $190 million for these alleged overcharges. This proposal was made in the context of mediation efforts by FERC and the Ninth Circuit in several pending proceedings to resolve all outstanding refund and other claims, including claims of alleged price manipulation in the California energy markets during 2000 and 2001. The Ninth Circuit had previously remanded one of those proceedings to FERC, which dismissed the claims of the California parties in May 2011. The California parties appealed FERC's decision back to the Ninth Circuit. AE Supply joined with other intervenors in the case and filed a brief in support of FERC's dismissal of the case. On April 29, 2015, the Ninth Circuit remanded the case to FERC for further proceedings. On November 3, 2015, FERC set for hearing and settlement procedures the remanded issue of whether any individual public utility seller's violation of FERC's market-based rate quarterly reporting requirement led to an unjust and unreasonable rate for that particular seller in California during the 2000-2001 period. Settlement discussions under a FERC-appointed settlement judge are ongoing. Requests for rehearing or clarification of FERC's November 3, 2015 order by various parties, including AE Supply, remain pending.

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

The outcome of either of the above matters or estimate of loss or range of loss cannot be predicted at this time.

PATH Transmission Project

On August 24, 2012, the PJM Board of Managers canceled the PATH project, a proposed transmission line from West Virginia through Virginia and into Maryland which PJM had previously suspended in February 2011. As a result of PJM canceling the project, approximately $62 million and approximately $59 million in costs incurred by PATH-Allegheny and PATH-WV (an equity method investment for FE), respectively, were reclassified from net property, plant and equipment to a regulatory asset for future recovery. PATH-Allegheny and PATH-WV requested authorization from FERC to recover the costs with a proposed ROE of 10.9% (10.4% base plus 0.5% for RTO membership) from PJM customers over five years. FERC issued an order denying the 0.5% ROE adder for RTO membership and allowing the tariff changes enabling recovery of these costs to become effective on December 1, 2012, subject to settlement proceedings and hearing if the parties could not agree to a settlement. On March 24, 2014, the FERC Chief ALJ terminated settlement proceedings and appointed an ALJ to preside over the hearing phase of the case, including discovery and additional pleadings leading up to hearing, which subsequently included the parties addressing the application of FERC's Opinion No. 531, discussed below, to the PATH proceeding. On September 14, 2015, the ALJ issued his initial decision, disallowing recovery of certain costs. The initial decision and exceptions thereto are now before FERC for review and a final order. FirstEnergy continues to believe the costs are recoverable, subject to final ruling from FERC.

FERC Opinion No. 531

On June 19, 2014, FERC issued Opinion No. 531, in which FERC revised its approach for calculating the discounted cash flow element of FERC's ROE methodology, and announced the potential for a qualitative adjustment to the ROE methodology results. Under the old methodology, FERC used a five-year forecast for the dividend growth variable, whereas going forward the growth variable will consist of two parts: (a) a five-year forecast for dividend growth (2/3 weight); and (b) a long-term dividend growth forecast based on a forecast for the U.S. economy (1/3 weight). Regarding the qualitative adjustment, for single-utility rate cases FERC formerly pegged ROE at the median of the "zone of reasonableness" that came out of the ROE formula, whereas going forward, FERC may rely on record evidence to make qualitative adjustments to the outcome of the ROE methodology in order to reach a level sufficient to attract future investment. On October 16, 2014, FERC issued its Opinion No. 531-A, applying the revised ROE methodology to certain ISO New England transmission owners, and on March 3, 2015, FERC issued Opinion No. 531-B affirming its prior rulings. Appeals of Opinion Nos. 531, 532-A and 531-B are pending before the U.S. Court of Appeals for the D.C. Circuit. FirstEnergy is evaluating the potential impact of Opinion No. 531 on the authorized ROE of our FERC-regulated transmission utilities and the cost-of-service wholesale power generation transactions of MP.

MISO Capacity Portability

On June 11, 2012, in response to certain arguments advanced by MISO, FERC requested comments regarding whether existing rules on transfer capability act as barriers to the delivery of capacity between MISO and PJM. FirstEnergy and other parties submitted filings arguing that MISO's concerns largely are without foundation, FERC did not mandate a solution in response to MISO's concerns. At FERC's direction, in May, 2015, PJM, MISO, and their respective independent market monitors provided additional information on their various joint issues surrounding the PJM/MISO seam to assist FERC's understanding of the issues and what, if any, additional steps FERC should take to improve the efficiency of operations at the PJM/MISO seam. Stakeholders, including FESC on behalf of certain of its affiliates and as part of a coalition of certain other PJM utilities, filed responses to the RTO submissions. The various submissions and responses are now before FERC for consideration.

Changes to the criteria and qualifications for participation in the PJM RPM capacity auctions could have a significant impact on the outcome of those auctions, including a negative impact on the prices at which those auctions would clear.

FTR Underfunding Complaint

In PJM, FTRs are a mechanism to hedge congestion and operate as a financial replacement for physical firm transmission service. FTRs are financially-settled instruments that entitle the holder to a stream of revenues based on the hourly congestion price differences across a specific transmission path in the PJM Day-ahead Energy Market. Due to certain language in the PJM Tariff, the funds that are set aside to pay FTRs can be diverted to other uses, which may result in "underfunding" of FTR payments. On February 15, 2013, FES and AE Supply filed a renewed complaint with FERC for the purpose of changing the PJM Tariff to eliminate FTR underfunding. On June 5, 2013, FERC issued an order denying the complaint, and on June 8, 2015, denied a request for rehearing of the June 5, 2013 order.

PJM Market Reform: PJM Capacity Performance Proposal

In December 2014, PJM submitted proposed "Capacity Performance" reforms of its RPM capacity and energy markets. On June 9, 2015, FERC issued an order conditionally approving the bulk of the proposed Capacity Performance reforms with an effective date of April 1, 2015, and directed PJM to make a compliance filing reflecting the mandate of FERC's order. On July 9, 2015, several parties, including FESC on behalf of certain of its affiliates, submitted requests for rehearing for FERC's June 9, 2015 order, and PJM submitted its compliance filing as directed by the order. The requests for rehearing and PJM's compliance filing are pending before FERC.

In August and September 2015, PJM conducted RPM auctions pursuant to the new Capacity Performance rules. FirstEnergy's net competitive capacity position as a result of the BRA and Capacity Performance transition auctions is as follows:

	2016 - 2017				2017 - 2018				2018 - 2019*			
	Legacy Obligation		Capacity Performance		Legacy Obligation		Capacity Performance		Base Generation		Capacity Performance	
	(MW)	($/MWD)	(MW)	($/MWD)	(MW)	($/MWD)	(MW)	($/MWD)	(MW)	($/MWD)	(MW)	($/MWD)
ATSI	2,765	$114.23	4,210	$134.00	375	$120.00	6,245	$151.50	—	$149.98	6,245	$164.77
RTO	875	$59.37	3,675	$134.00	985	$120.00	3,565	$151.50	240	$149.98	3,930	$164.77
All Other Zones	135	$119.13	—	$134.00	150	$120.00	—	$151.50	35	**	20	**
	3,775		7,885		1,510		9,810		275		10,195	

*Approximately 885 MWs remain uncommitted for the 2018/2019 delivery year.

**Base Generation: 10 MWs cleared at $200.21/MWD and 25 MWs cleared at $149.98/MWD. Capacity Performance: 5 MWs cleared at $215.00/MWD and 15 MWs cleared at $164.77/MWD.

PJM Market Reform: FERC Order No. 745 - DR

On May 23, 2014, a divided three-judge panel of the U.S. Court of Appeals for the D.C. Circuit issued an opinion vacating FERC Order No. 745, which required that, under certain parameters, DR participating in organized wholesale energy markets be compensated at LMP. The majority concluded that DR is a retail service, and therefore falls under state, and not federal, jurisdiction, and that FERC, therefore, lacks jurisdiction to regulate DR. The majority also found that even if FERC had jurisdiction over DR, Order No. 745 would be arbitrary and capricious because, under its requirements, DR was inappropriately receiving a double payment (LMP plus the savings of foregone energy purchases). On January 25, 2016, the United States Supreme Court reversed the opinion of the U.S. Court of Appeals for the D.C. Circuit and remanded for further action, finding FERC has statutory authority under the FPA to regulate compensation of demand response resources in FERC-jurisdictional wholesale power markets. The United States Supreme Court also reversed the holding that FERC's Order No. 745 was arbitrary and capricious, finding that the order included detailed support of the chosen compensation method.

On May 23, 2014, as amended September 22, 2014, FESC, on behalf of its affiliates with market-based rate authorization, filed a complaint asking FERC to issue an order requiring the removal of all portions of the PJM Tariff allowing or requiring DR to be included in the PJM capacity market, with a refund effective date of May 23, 2014. FESC also requested that the results of the May 2014 PJM BRA be considered void and legally invalid to the extent that DR cleared that auction because the participation of DR in that auction was unlawful. However, in light of the United States Supreme Court's January 25, 2016 decision discussed above, on January 29, 2016, FESC withdrew the complaint.

ENVIRONMENTAL MATTERS

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

Clean Air Act

FirstEnergy complies with 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, generating more electricity from lower or non-emitting plants 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. The U.S. Court of Appeals for the D.C. Circuit ordered the EPA on July 28, 2015, to reconsider the CSAPR caps on NOx and SO_2 emissions from power plants in 13 states, including Ohio, Pennsylvania and West Virginia. This follows the 2014 U.S. Supreme Court ruling generally upholding EPA's regulatory approach under CSAPR, but questioning whether EPA required upwind states to reduce emissions by more than their contribution to air pollution in downwind states. EPA proposed a CSAPR update rule on November 16, 2015, that would reduce summertime NOx emissions from power plants in 23 states in the eastern U.S., including Ohio, Pennsylvania and West Virginia, beginning in 2017. Depending on how the EPA and the states implement CSAPR, the future cost of compliance may be substantial and changes to FirstEnergy's and FES' operations may result.

EPA tightened the primary and secondary NAAQS for ozone from the 2008 standard levels of 75 PPB to 70 PPB on October 1, 2015. EPA stated the vast majority of U.S. counties will meet the new 70 PPB standard by 2025 due to other federal and state rules and programs but EPA will designate those counties that fail to attain the new 2015 ozone NAAQS by October 1, 2017. States will then have roughly three years to develop implementation plans to attain the new 2015 ozone NAAQS. Depending on how the EPA and the states implement the new 2015 ozone NAAQS, the future cost of compliance may be substantial and changes to FirstEnergy's and FES' operations may result.

MATS imposes emission limits for mercury, PM, and HCl for all existing and new fossil fuel fired electric generating units effective in April 2015 with averaging of emissions from multiple units located at a single plant. Under the CAA, state permitting authorities can grant an additional compliance year through April 2016, as needed, including instances when necessary to maintain reliability where electric generating units are being closed. On December 28, 2012, the WVDEP granted a conditional extension through April 16, 2016 for MATS compliance at the Fort Martin, Harrison and Pleasants plants. On March 20, 2013, the PA DEP granted an extension through April 16, 2016 for MATS compliance at the Hatfield's Ferry and Bruce Mansfield plants. On February 5, 2015, the OEPA granted an extension through April 16, 2016 for MATS compliance at the Bay Shore and Sammis plants. Nearly all spending for MATS compliance at Bay Shore and Sammis has been completed through 2014. In addition, an EPA enforcement policy document contemplates up to an additional year to achieve compliance, through April 2017, under certain circumstances for reliability critical units. On June 29, 2015, the United States Supreme Court reversed a U.S. Court of Appeals for the D.C. Circuit decision that upheld MATS, rejecting EPA's regulatory approach that costs are not relevant to the decision of whether or not to regulate power plant emissions under Section 112 of the Clean Air Act and remanded the case back to the U.S. Court of Appeals for the D.C. Circuit for further proceedings. The U.S. Court of Appeals for the D.C. Circuit later remanded MATS back to EPA, who represented to such court that the EPA is on track to issue a finalized MATS by April 15, 2016. Subject to the outcome of any further proceedings before the U.S. Court of Appeals for the D.C. Circuit and how the MATS are ultimately implemented, FirstEnergy's total capital cost for compliance (over the 2012 to 2018 time period) is currently expected to be approximately $345 million (CES segment of $168 million and Regulated Distribution segment of $177 million), of which $202 million has been spent through December 31, 2015 ($80 million at CES and $122 million at Regulated Distribution).

As a result of MATS, Eastlake Units 1-3, Ashtabula Unit 5 and Lake Shore Unit 18 were deactivated in April 2015, which completes the deactivation of 5,429 MW of coal-fired plants since 2012.

On August 3, 2015, FG, a subsidiary of FES, submitted to the AAA office in New York, N.Y., a demand for arbitration and statement of claim against BNSF and CSX seeking a declaration that MATS constituted a force majeure that excuses FG's performance under its coal transportation contract with these parties. Specifically, the dispute arises from a contract for the transportation by BNSF and CSX of a minimum of 3.5 million tons of coal annually through 2025 to certain coal-fired power plants owned by FG that are located in Ohio. As a result of and in compliance with MATS, those plants were deactivated by April 16, 2015. In January 2012, FG

notified BNSF and CSX that MATS constituted a force majeure event under the contract that excused FG's further performance. Separately, on August 4, 2015, BNSF and CSX submitted to the AAA office in Washington, D.C., a demand for arbitration and statement of claim against FG alleging that FG breached the contract and that FG's declaration of a force majeure under the contract is not valid and seeking damages including, but not limited to, lost profits under the contract through 2025. As part of its statement of claim, a right to liquidated damages is alleged. The arbitration panel has determined to consolidate the claims with a liability hearing expected to begin in November 2016, and, if necessary, a damages hearing is expected to begin in May 2017. The decision on liability is expected to be issued within sixty days from the end of the liability hearings. FirstEnergy and FES continue to believe that MATS constitutes a force majeure event under the contract as it relates to the deactivated plants and that FG's performance under the contract is therefore excused. FirstEnergy and FES intend to vigorously assert their position in the arbitration proceedings. If, however, the arbitration panel rules in favor of BNSF and CSX, the results of operations and financial condition of both FirstEnergy and FES could be materially adversely impacted. FirstEnergy and FES are unable to estimate the loss or range of loss.

FG is also a party to another coal transportation contract covering the delivery of 2.5 million tons annually through 2025, a portion of which is to be delivered to another coal-fired plant owned by FG that was deactivated as a result of MATS. FG has asserted a defense of force majeure in response to delivery shortfalls to such plant under this contract as well. If FirstEnergy and FES fail to reach a resolution with the applicable counterparties to the contract, and if it were ultimately determined that, contrary to FirstEnergy's and FES' belief, the force majeure provisions of that contract do not excuse the delivery shortfalls to the deactivated plant, the results of operations and financial condition of both FirstEnergy and FES could be materially adversely impacted. FirstEnergy and FES are unable to estimate the loss or range of loss.

As to both coal transportation agreements referenced above, FES paid in settlement approximately $70 million in liquidated damages for delivery shortfalls in 2014 related to its deactivated plants.

As to a specific coal supply agreement, FirstEnergy and AE Supply have asserted termination rights effective in 2015. In response to notification of the termination, the coal supplier commenced litigation alleging FirstEnergy and AE Supply do not have sufficient justification to terminate the agreement. FirstEnergy and AE Supply have filed an answer denying any liability related to the termination. This matter is currently in the discovery phase of litigation and no trial date has been established. There are 6 million tons remaining under the contract for delivery. At this time, FirstEnergy cannot estimate the loss or range of loss regarding the on-going litigation with respect to this agreement.

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

Climate Change

There are a number of initiatives to reduce GHG emissions at the state, federal and international level. Certain northeastern states are participating in the RGGI and western states led by California, have implemented programs, primarily cap and trade mechanisms, to control emissions of certain GHGs. Additional policies reducing GHG emissions, such as demand reduction programs, renewable portfolio standards and renewable subsidies have been implemented across the nation. A June 2013, Presidential Climate Action Plan outlined goals to: (i) cut carbon pollution in America by 17% by 2020 (from 2005 levels); (ii) prepare the United States for the impacts of climate change; and (iii) lead international efforts to combat global climate change and prepare for its impacts. GHG emissions have already been reduced by 10% between 2005 and 2012 according to an April, 2014 EPA Report. Due to plant deactivations and increased efficiencies, FirstEnergy anticipates its CO_2 emissions will be reduced 25% below 2005 levels by 2015, exceeding the President's Climate Action Plan goals both in terms of timing and reduction levels.

The EPA released its final "Endangerment and Cause or Contribute Findings for Greenhouse Gases under the Clean Air Act" in December 2009, concluding that concentrations of several key GHGs constitutes an "endangerment" and may be regulated as "air pollutants" under the CAA and mandated measurement and reporting of GHG emissions from certain sources, including electric generating plants. The EPA released its final regulations in August 2015, to reduce CO_2 emissions from existing fossil fuel fired electric generating units that would require each state to develop SIPs by September 6, 2016, to meet the EPA's state specific CO_2 emission rate goals. The EPA's CPP allows states to request a two-year extension to finalize SIPs by September 6, 2018. If states fail to develop SIPs, the EPA also proposed a federal implementation plan that can be implemented by the EPA that included model emissions trading rules which states can also adopt in their SIPs. The EPA also finalized separate regulations imposing CO_2 emission limits for new, modified, and reconstructed fossil fuel fired electric generating units. On June 23, 2014, the United States Supreme Court decided that CO_2 or other GHG emissions alone cannot trigger permitting requirements under the CAA, but that air emission sources that need PSD permits due to other regulated air pollutants can be required by the EPA to install GHG control technologies. Numerous states and private parties filed appeals and motions to stay the CPP with the U.S. Court of Appeals for the D.C. Circuit in October 2015. On January 21, 2015, a panel of the D.C. Circuit denied the motions for stay and set an expedited schedule for

briefing and argument. 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. Depending on the outcome of further appeals and how any final rules are ultimately implemented, the future cost of compliance may be substantial.

At the international level, the United Nations Framework Convention on Climate Change resulted in the Kyoto Protocol requiring participating countries, which does not include the U.S., to reduce GHGs commencing in 2008 and has been extended through 2020. The Obama Administration submitted in March 2015, a formal pledge for the U.S. to reduce its economy-wide greenhouse gas emissions by 26 to 28 percent below 2005 levels by 2025 and joined in adopting the agreement reached on December 12, 2015 at the United Nations Framework Convention on Climate Change meetings in Paris. The Paris Agreement must be ratified by at least 55 countries representing at least 55% of global GHG emissions before its non-binding obligations to limit global warming to well below two degrees Celsius become effective. FirstEnergy cannot currently estimate the financial impact of climate change policies, although potential legislative or regulatory programs restricting CO_2 emissions, or litigation alleging damages from GHG emissions, could require significant capital and other expenditures or result in changes to its operations. The CO_2 emissions per KWH of electricity generated by FirstEnergy is lower than many of its regional competitors due to its diversified generation sources, which include low or non-CO_2 emitting gas-fired and nuclear generators.

Clean Water Act

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

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

The EPA proposed updates to the waste water effluent limitations guidelines and standards for the Steam Electric Power Generating category (40 CFR Part 423) in April 2013. On September 30, 2015, the EPA finalized new, more stringent effluent limits for arsenic, mercury, selenium and nitrogen for wastewater from wet scrubber systems and zero discharge of pollutants in ash transport water. The treatment obligations will phase-in as permits are renewed on a five-year cycle from 2018 to 2023. The final rule also allows plants to commit to more stringent effluent limits for wet scrubber systems based on evaporative technology and in return have until the end of 2023 to meet the more stringent limits. Depending on the outcome of appeals and how any final rules are ultimately implemented, the future costs of compliance with these standards may be substantial and changes to FirstEnergy's and FES' operations may result.

In October 2009, the WVDEP issued an NPDES water discharge permit for the Fort Martin plant, which imposes TDS, sulfate concentrations and other effluent limitations for heavy metals, as well as temperature limitations. Concurrent with the issuance of the Fort Martin NPDES permit, WVDEP also issued an administrative order setting deadlines for MP to meet certain of the effluent limits that were effective immediately under the terms of the NPDES permit. MP appealed, and a stay of certain conditions of the NPDES permit and order have been granted pending a final decision on the appeal and subject to WVDEP moving to dissolve the stay. The Fort Martin NPDES permit could require an initial capital investment ranging from $150 million to $300 million in order to install technology to meet the TDS and sulfate limits, which technology may also meet certain of the other effluent limits. Additional technology may be needed to meet certain other limits in the Fort Martin NPDES permit. MP intends to vigorously pursue these issues but cannot predict the outcome of the appeal or estimate the possible loss or range of loss.

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

Regulation of Waste Disposal

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

In December 2014, the EPA finalized regulations for the disposal of CCRs (non-hazardous), establishing national standards regarding landfill design, structural integrity design and assessment criteria for surface impoundments, groundwater monitoring and protection procedures and other operational and reporting procedures to assure the safe disposal of CCRs from electric generating plants. Based on an assessment of the finalized regulations, the future cost of compliance and expected timing of spend had no significant impact on FirstEnergy's or FES' existing AROs associated with CCRs. Although unexpected, changes in timing and closure plan requirements in the future could impact our asset retirement obligations significantly.

Pursuant to a 2013 consent decree, PA DEP issued a 2014 permit requiring FE to provide bonding for 45 years of closure and post-closure activities and to complete closure within a 12-year period, but authorizing FE to seek a permit modification based on "unexpected site conditions that have or will slow closure progress." The permit does not require active dewatering of the CCRs, but does require a groundwater assessment for arsenic and abatement if certain conditions in the permit are met. The Bruce Mansfield plant is pursuing several options for disposal of CCRs following December 31, 2016 and expects beneficial reuse and disposal options will be sufficient for the ongoing operation of the plant. On May 22, 2015 and September 21, 2015, the PA DEP reissued a permit for the Hatfield's Ferry CCR disposal facility and then modified that permit to allow disposal of Bruce Mansfield plant CCR. On July 6, 2015 and October 22, 2015, the Sierra Club filed Notice of Appeals with the Pennsylvania Environmental Hearing Board challenging the renewal, reissuance and modification of the permit for the Hatfield's Ferry CCR disposal facility.

FirstEnergy 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 December 31, 2015 based on estimates of the total costs of cleanup, FE's and its subsidiaries' proportionate responsibility for such costs and the financial ability of other unaffiliated entities to pay. Total liabilities of approximately $126 million have been accrued through December 31, 2015. Included in the total are accrued liabilities of approximately $87 million for environmental remediation of former manufactured gas plants and gas holder facilities in New Jersey, which are being recovered by JCP&L through a non-bypassable SBC. FirstEnergy or its subsidiaries could be found potentially responsible for additional amounts or additional sites, but the loss or range of losses cannot be determined or reasonably estimated at this time.

OTHER LEGAL PROCEEDINGS

Nuclear Plant Matters

Under NRC regulations, FirstEnergy must ensure that adequate funds will be available to decommission its nuclear facilities. As of December 31, 2015, FirstEnergy had approximately $2.3 billion invested in external trusts to be used for the decommissioning and environmental remediation of Davis-Besse, Beaver Valley, Perry and TMI-2. The values of FirstEnergy's NDTs fluctuate based on market conditions. If the value of the trusts decline by a material amount, FirstEnergy's obligation to fund the trusts may increase. Disruptions in the capital markets and their effects on particular businesses and the economy could also affect the values of the NDTs. FE and FES have also entered into a total of $24.5 million in parental guarantees in support of the decommissioning of the spent fuel storage facilities located at the nuclear facilities. As required by the NRC, FirstEnergy annually recalculates and adjusts the amount of its parental guaranties, as appropriate.

In August 2010, FENOC submitted an application to the NRC for renewal of the Davis-Besse operating license for an additional twenty years. On December 8, 2015, the NRC renewed the operating license for Davis-Besse, which is now authorized to continue operation through April 22, 2037. Prior to that decision, the NRC Commissioners denied an intervenor's request to reopen the record and admit a contention on the NRC's Continued Storage Rule. On August 6, 2015, this intervenor sought review of the NRC Commissioners' decision before the U.S. Court of Appeals for the DC Circuit. FENOC has moved to intervene in that proceeding.

As part of routine inspections of the concrete shield building at Davis-Besse in 2013, FENOC identified changes to the subsurface laminar cracking condition originally discovered in 2011. These inspections revealed that the cracking condition had propagated a small amount in select areas. FENOC's analysis confirms that the building continues to maintain its structural integrity, and its ability to safely perform all of its functions. In a May 28, 2015, Inspection Report regarding the apparent cause evaluation on crack propagation, the NRC issued a non-cited violation for FENOC's failure to request and obtain a license amendment for its method of evaluating the significance of the shield building cracking. The NRC also concluded that the shield building remained capable of performing its design safety functions despite the identified laminar cracking and that this issue was of very low safety significance. FENOC plans to submit a license amendment application related to the Shield Building analysis in 2016.

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

Other Legal Matters

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

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

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

FirstEnergy prepares consolidated financial statements in accordance with GAAP. Application of these principles often requires a high degree of judgment, estimates and assumptions that affect financial results. FirstEnergy's accounting policies require significant judgment regarding estimates and assumptions underlying the amounts included in the financial statements. Additional information regarding the application of accounting policies is included in the Combined Notes to Consolidated Financial Statements.

Revenue Recognition

FirstEnergy follows the accrual method of accounting for revenues, recognizing revenue for electricity that has been delivered to customers but not yet billed through the end of the accounting period. The determination of electricity sales to individual customers is based on meter readings, which occur on a systematic basis throughout the month. At the end of each month, electricity delivered to customers since the last meter reading is estimated and a corresponding accrual for unbilled sales is recognized. The determination of unbilled sales and revenues requires management to make estimates regarding electricity available for retail load, transmission and distribution line losses, demand by customer class, applicable billing demands, weather-related impacts, number of days unbilled and tariff rates in effect within each customer class. See Note 1, Organization and Basis of Presentation for additional details.

Regulatory Accounting

FirstEnergy's regulated distribution and regulated transmission segments are subject to regulations that set the prices (rates) the Utilities, ATSI, TrAIL and PATH are permitted to charge customers based on costs that the regulatory agencies determine are permitted to be recovered. At times, regulators permit the future recovery through rates of costs that would be currently charged to expense by an unregulated company. This ratemaking process results in the recording of regulatory assets and liabilities based on anticipated future cash inflows and outflows. FirstEnergy regularly reviews these assets to assess their ultimate recoverability within the approved regulatory guidelines. Impairment risk associated with these assets relates to potentially adverse legislative, judicial or regulatory actions in the future. See Note 14, Regulatory Matters for additional information.

FirstEnergy reviews the probability of recovery of regulatory assets at each balance sheet date and whenever new events occur. Similarly, FirstEnergy records regulatory liabilities when a determination is made that a refund is probable or when ordered by a commission. Factors that may affect probability include changes in the regulatory environment, issuance of a regulatory commission order or passage of new legislation. If recovery of a regulatory asset is no longer probable, FirstEnergy will write off that regulatory asset as a charge against earnings.

Pension and OPEB Accounting

FirstEnergy provides noncontributory qualified defined benefit pension plans that cover substantially all of its employees and non-qualified pension plans that cover certain employees. The plans provide defined benefits based on years of service and compensation levels.

FirstEnergy provides some non-contributory pre-retirement basic life insurance for employees who are eligible to retire. Health care benefits and/or subsidies to purchase health insurance, which include certain employee contributions, deductibles and co-payments, may also be available upon retirement to certain employees, their dependents and, under certain circumstances, their survivors. FirstEnergy also has obligations to former or inactive employees after employment, but before retirement, for disability-related benefits.

FirstEnergy's pension and OPEB funding policy is based on actuarial computations using the projected unit credit method. During the year ended December 31, 2015, FirstEnergy made contributions of $143 million to its qualified pension plan. The underfunded status of FirstEnergy's qualified and non-qualified pension and OPEB plans as of December 31, 2015 was $4.0 billion.

FirstEnergy recognizes as a pension and OPEB mark-to-market adjustment the change in the fair value of plan assets and net actuarial gains and losses annually in the fourth quarter of each fiscal year and whenever a plan is determined to qualify for a remeasurement. The remaining components of pension and OPEB expense, primarily service costs, interest on obligations, assumed return on assets and prior service costs, are recorded on a monthly basis. The pension and OPEB mark-to-market adjustment for the years ended December 31, 2015, 2014, and 2013 were $369 million ($242 million net of amounts capitalized), $1,243 million ($835 million net of amounts capitalized), and $(396) million ($(256) million net of amounts capitalized), respectively.

In selecting an assumed discount rate, FirstEnergy considers currently available rates of return on high-quality fixed income investments expected to be available during the period to maturity of the pension and OPEB obligations. The assumed discount rates for pension were 4.50%, 4.25% and 5.00% as of December 31, 2015, 2014 and 2013, respectively. The assumed discount rates for OPEB were 4.25%, 4.00% and 4.75% as of December 31, 2015, 2014 and 2013, respectively.

FirstEnergy's assumed rate of return on pension plan assets considers historical market returns and economic forecasts for the types of investments held by the pension trusts. In 2015, FirstEnergy's qualified pension and OPEB plan assets experienced losses of $(172) million or (2.7)% compared to $387 million, or 6.2% in 2014 and losses of $(22) million, or (0.3)% in 2013 and assumed a 7.75% rate of return for both years on plan assets which generated $476 million, $496 million and $535 million of expected returns on plan assets, respectively. The expected return on pension and OPEB assets is based on the trusts' asset allocation targets and the historical performance of risk-based and fixed income securities. The gains or losses generated as a result of the difference between expected and actual returns on plan assets will increase or decrease future net periodic pension and OPEB cost as the difference is recognized annually in the fourth quarter of each fiscal year or whenever a plan is determined to qualify for remeasurement. The expected return on plan assets for 2016 was lowered to 7.50%.

During 2014, the Society of Actuaries published new mortality tables and improvement scales reflecting improved life expectancies and an expectation that the trend will continue. An analysis of FirstEnergy pension and OPEB plan mortality data indicated the use of the RP2014 mortality table with blue collar adjustment for females and projection scale SS2014INT was most appropriate as of December 31, 2015. As such, the RP2014 mortality table with projection scale SS2014INT was utilized to determine the 2015 benefit cost and obligation as of December 31, 2015 for the FirstEnergy pension and OPEB plans. The impact of using the RP2014 mortality table and projection scale SS2014INT resulted in an increase in the projected benefit obligation of $49 million and $1 million for the pension and OPEB plans, respectively, and was included in the 2015 pension and OPEB mark-to-market adjustment.

Based on discount rates of 4.50% for pension, 4.25% for OPEB and an estimated return on assets of 7.50%, FirstEnergy expects its 2016 pre-tax net periodic benefit cost (including amounts capitalized) to be approximately $122 million (excluding any actuarial mark-to-market adjustments that would be recognized in 2016). The following table reflects the portion of pension and OPEB costs that were charged to expense, including any pension and OPEB mark-to-market adjustments, in the three years ended December 31, 2015.

Postemployment Benefits Expense (Credits)	**2015**	**2014**	**2013**
		(In millions)	
Pension	$ 316	$ 939	$ (134)
OPEB	(61)	(101)	(196)
Total	$ 255	$ 838	$ (330)

Health care cost trends continue to increase and will affect future OPEB costs. The 2015 composite health care trend rate assumptions were approximately 6.0-5.5%, compared to 7.5-7.0% in 2014, gradually decreasing to 4.5% in later years. In determining FirstEnergy's trend rate assumptions, included are the specific provisions of FirstEnergy's health care plans, the demographics and utilization rates of plan participants, actual cost increases experienced in FirstEnergy's health care plans, and projections of future medical trend rates. The effects on 2016 pension and OPEB net periodic benefit costs from changes in key assumptions are as follows:

Increase in Net Periodic Benefit Costs from Adverse Changes in Key Assumptions

Assumption	**Adverse Change**	**Pension**	**OPEB**	**Total**
			(In millions)	
Discount rate	Decrease by .25%	273	19	$ 292
Long-term return on assets	Decrease by .25%	13	1	$ 14
Health care trend rate	Increase by 1.0%	N/A	25	$ 25

Please see Note 3, Pension and Other Postemployment Benefits for additional information

Long-Lived Assets

FirstEnergy reviews long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying value of such assets may not be recoverable. The recoverability of a long-lived asset is measured by comparing its carrying value to the sum of undiscounted future cash flows expected to result from the use and eventual disposition of the asset. If the carrying value is greater than the undiscounted cash flows, an impairment exists and a loss is recognized for the amount by which the carrying value of the long-lived asset exceeds its estimated fair value. FirstEnergy utilizes the income approach, based upon discounted cash flows to estimate fair value. See Note 1, Organization and Basis of Presentation.

Asset Retirement Obligations

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

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

AROs as of December 31, 2015, are described further in Note 13, Asset Retirement Obligations.

Income Taxes

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

FirstEnergy accounts for uncertainty in income taxes recognized in its financial statements. We account for uncertain income tax positions using a benefit recognition model with a two-step approach, a more-likely-than-not recognition criterion and a measurement attribute that measures the position as the largest amount of tax benefit that is greater than 50% likely of being ultimately realized upon settlement. If it is not more likely than not that the benefit will be sustained on its technical merits, no benefit will be recorded. Uncertain tax positions that relate only to timing of when an item is included on a tax return are considered to have met the recognition threshold. FirstEnergy recognizes interest expense or income related to uncertain tax positions. That amount is computed by applying the applicable statutory interest rate to the difference between the tax position recognized and the amount previously taken or expected to be taken on the tax return. FirstEnergy includes net interest and penalties in the provision for income taxes. See Note 5, Taxes for additional information.

Goodwill

In a business combination, the excess of the purchase price over the estimated fair values of the assets acquired and liabilities assumed is recognized as goodwill. FirstEnergy evaluates goodwill for impairment annually on July 31 and more frequently if indicators of impairment arise. In evaluating goodwill for impairment, FirstEnergy assesses qualitative factors to determine whether it is more likely than not (that is, likelihood of more than 50%) that the fair value of a reporting unit is less than its carrying value (including goodwill). If FirstEnergy concludes that it is not more likely than not that the fair value of a reporting unit is less than its carrying value, then no further testing is required. However, if FirstEnergy concludes that it is more likely than not that the fair value of a reporting unit is less than its carrying value or bypasses the qualitative assessment, then the two-step quantitative goodwill impairment test is performed to identify a potential goodwill impairment and measure the amount of impairment to be recognized, if any.

For 2015, FirstEnergy performed a qualitative assessment of the Regulated Distribution and Regulated Transmission reporting units, assessing economic, industry and market considerations in addition to the reporting unit's overall financial performance. It was determined that the fair values of these reporting units were, more likely than not, greater than their carrying values and a quantitative analysis was not necessary for 2015.

FirstEnergy performed a quantitative assessment of the CES reporting unit as of July 31, 2015. Key assumptions incorporated into the CES discounted cash flow analysis requiring significant management judgment included the following:

- **Future Energy and Capacity Prices:** FirstEnergy used observable market information for near term forward power prices, PJM auction results for near term capacity pricing, and a longer-term pricing model for energy and capacity that considered the impact of key factors such as load growth, plant retirements, carbon and other environmental regulations, and natural gas pipeline construction, as well as coal and natural gas pricing.
- **Retail Sales and Margin:** FirstEnergy used CES' current retail targeted portfolio to estimate future retail sales volume as well as historical financial results to estimate retail margins.

- **Operating and Capital Costs:** FirstEnergy used estimated future operating and capital costs, including the estimated impact on costs of pending carbon and other environmental regulations, as well as costs associated with capacity performance reforms in the PJM market.
- **Discount Rate:** A discount rate of 8.25%, based on a capital structure, return on debt and return on equity of selected comparable companies.
- **Terminal Value:** A terminal value of 7.0x earnings before interest, taxes, depreciation and amortization based on consideration of peer group data and analyst consensus expectations.

Based on the results of the quantitative analysis, the fair value of the CES reporting unit exceeded its carrying value by approximately 10%. Continued weak economic conditions, lower than expected power and capacity prices, a higher cost of capital, and revised environmental requirements could have a negative impact on future goodwill assessments.

See Note 1, Organization and Basis of Presentation for additional details.

NEW ACCOUNTING PRONOUNCEMENTS

In May 2014, the FASB issued, ASU 2014-09 "Revenue from Contracts with Customers", requiring entities to recognize revenue by applying a five-step model in accordance with the core principle to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. In addition, the accounting for costs to obtain or fulfill a contract with a customer is specified and disclosure requirements for revenue recognition are expanded. In August 2015, the FASB issued a final Accounting Standards Update deferring the effective date until fiscal years beginning after December 15, 2017. Earlier application is permitted only as of annual reporting periods beginning after December 15, 2016, (the original effective date). The standard shall be applied retrospectively to each period presented or as a cumulative-effect adjustment as of the date of adoption. FirstEnergy is currently evaluating the impact on its financial statements of adopting this standard.

In February 2015, the FASB issued, ASU 2015-02 "Consolidations: Amendments to the Consolidation Analysis", which amends current consolidation guidance including changes to both the variable and voting interest models used by companies to evaluate whether an entity should be consolidated. This standard is effective for interim and annual periods beginning after December 15, 2015, and early adoption is permitted. A reporting entity must apply the amendments using a modified retrospective approach by recording a cumulative-effect adjustment to equity as of the beginning of the period of adoption or apply the amendments retrospectively. FirstEnergy does not expect this amendment to have a material effect on its financial statements.

In April 2015, the FASB issued, ASU 2015-03 "Simplifying the Presentation of Debt Issuance Costs", which requires debt issuance costs to be presented on the balance sheet as a direct deduction from the carrying value of the associated debt liability, consistent with the presentation of a debt discount. The guidance is effective for financial statements issued for fiscal years beginning after December 15, 2015, and interim periods within those fiscal years. Early adoption is permitted for financial statements that have not been previously issued. Upon adoption, an entity must apply the new guidance retrospectively to all prior periods presented in the financial statements. In addition, in August 2015, the FASB issued ASU 2015-15, "Presentation and Subsequent Measurement of Debt Issuance Costs Associated with Line-of-Credit Arrangements", which states given the absence of authoritative guidance within ASU 2015-03 for debt issuance costs related to the line-of-credit arrangements, the SEC staff would not object to presenting those deferred debt issuance costs as an asset and subsequently amortizing the costs ratably over the term of the arrangement, regardless of whether there are any outstanding borrowings on the line-of-credit. FirstEnergy will adopt ASU 2015-15 and ASU 2015-03 beginning January 1, 2016. As of December 31, 2015, FirstEnergy and FES debt issuance costs included in Deferred Charges and Other Assets were $93 million and $17 million, respectively. FirstEnergy will elect to continue presenting debt issuance costs relating to its revolving credit facilities as an asset.

In August 2015, the FASB issued ASU 2015 -13, "Application of the NPNS Scope Exception to Certain Electricity Contracts within Nodal Energy Markets", which confirmed that forward physical contracts for the sale or purchase of electricity meet the physical delivery criterion within the NPNS scope exception when the electricity is transmitted through a grid managed by an ISO. As a result, an entity can elect the NPNS exception within the derivative accounting guidance for such contracts, provided that the other NPNS criteria are also met. The ASU was effective on issuance and requires prospective application. There was no material effect on FirstEnergy's financial statements resulting from the issuance of ASU 2015-13.

In November 2015, the FASB issued ASU 2015 - 17, "Balance Sheet Classification of Deferred Taxes", which requires all deferred tax assets and liabilities, along with any related valuation allowance, be classified as noncurrent on the balance sheet. The new guidance will be effective for fiscal years beginning after December 15, 2016, and interim periods within those fiscal years. Early adoption is permitted for all entities as of the beginning of an interim or annual reporting period. The guidance may be applied either prospectively, for all deferred tax assets and liabilities, or retrospectively. FirstEnergy early adopted ASU 2015-17 as of December 2015, and applied the new guidance retrospectively to all prior periods presented in the financial statements. There was no impact from the early adoption of ASU 2015-17 on the Consolidated Statements of Income. On the Consolidated Balance Sheet as of December 31, 2014, FirstEnergy and FES reclassified $518 million and $27 million of Accumulated Deferred Income Taxes from Current Assets to Noncurrent Liabilities.

In January of 2016, the FASB issued ASU 2016-01, "Financial Instruments-Overall: Recognition and Measurement of Financial Assets and Financial Liabilities". Changes to the current GAAP model primarily affect the accounting for equity investments, financial liabilities under the fair value option, and the presentation and disclosure requirements for financial instruments. In addition, the FASB clarified guidance related to the valuation allowance assessment when recognizing deferred tax assets resulting from unrealized losses on available-for-sale debt securities. The ASU will be effective in fiscal years beginning after December 15, 2017, including interim periods within those fiscal years. Early adoption can be elected for all financial statements of fiscal years and interim periods that have not yet been issued or that have not yet been made available for issuance. FirstEnergy is currently evaluating the impact on its financial statements of adopting this standard.

FIRSTENERGY SOLUTIONS CORP.

MANAGEMENT'S NARRATIVE
ANALYSIS OF RESULTS OF OPERATIONS

FES is a wholly owned subsidiary of FE. FES provides energy-related products and services to retail and wholesale customers, and through its principal subsidiaries, FG and NG, owns or leases, operates and maintains FirstEnergy's fossil and hydroelectric generation facilities (excluding AE Supply and MP), and owns, through its subsidiary, NG, FirstEnergy's nuclear generation facilities. FENOC, a wholly owned subsidiary of FE, operates and maintains the nuclear generating facilities. FES purchases the entire output of the generation facilities owned by FG and NG and the uncommitted output of AE Supply, as well as the output relating to leasehold interests of OE and TE in certain of those facilities that are subject to sale and leaseback arrangements, and pursuant to full output, cost-of-service PSAs.

FES' revenues are derived primarily from sales to individual retail customers, sales to customers in the form of governmental aggregation programs, and participation in affiliated and non-affiliated POLR auctions. FES' sales are primarily concentrated in Ohio, Pennsylvania, Illinois, Michigan, New Jersey and Maryland. The demand for electricity produced and sold by FES, along with the price of that electricity, is principally impacted by conditions in competitive power markets, global economic activity as well as economic activity and weather conditions in the Midwest and Mid-Atlantic regions of the United States. In 2016 and going forward, FES expects to target approximately 65 to 75 million MWHs in annual contract sales with a projected target portfolio mix of approximately 10 to 15 million MWHs in Governmental Aggregation sales, 0 to 10 million MWHs of POLR sales, 0 to 20 million MWHs in large commercial and industrial sales (Direct),10 to 20 million MWHs in block wholesale sales, including Structured sales, and 10 to 20 million MWHs of spot wholesale sales. As of December 31, 2015, committed contract sales for calendar year 2016 and 2017 were 61 million MWHs and 38 million MWHs, respectively.

FES is exposed to various market and financial risks, including the risk of price fluctuations in the wholesale power markets. Wholesale power prices may be impacted by the prices of other commodities, including coal and natural gas, and energy efficiency and DR programs, as well as regulatory and legislative actions, such as MATS among other factors. FES attempts to mitigate the market risk inherent in its energy position by economically hedging its exposure and continuously monitoring various risk measurement metrics to ensure compliance with its risk management policies.

For additional information with respect to FES, please see the information contained in FirstEnergy's Management's Discussion and Analysis of Financial Condition and Results of Operations under the following subheadings, which information is incorporated by reference herein: FirstEnergy's Business and Executive Summary, Capital Resources and Liquidity, Guarantees and Other Assurances, Off-Balance Sheet Arrangements, Market Risk Information, Credit Risk and Outlook.

Results of Operations

Operating results increased $326 million in 2015 compared to 2014. In 2014, FES sold certain hydroelectric power stations resulting in an after-tax gain of $110 million. Excluding the impact of this gain as well as the impact of lower Pension and OPEB mark-to-market adjustments, year-over-year operating results improved primarily from higher capacity revenue and the absence of the impact of the high market prices associated with extreme weather events and unplanned outages in 2014 that resulted in higher purchased power and transmission costs, partially offset by lower contract sales volumes.

Revenues -

Total revenues decreased $1,139 million in 2015, compared to 2014, primarily due to decreased sales volumes in line with FES' strategy to more effectively hedge its generation. Revenues were also impacted by higher unit prices compared to 2014 as a result of increased channel pricing as well as higher capacity revenues, as further described below.

The change in total revenues resulted from the following sources:

Revenues by Type of Service	For the Years Ended December 31, 2015	2014	Increase (Decrease)
		(In millions)	
Contract Sales:			
Direct	$ 1,269	$ 2,356	$ (1,087)
Governmental Aggregation	1,012	1,184	(172)
Mass Market	265	452	(187)
POLR	712	893	(181)
Structured Sales	535	498	37
Total Contract Sales	3,793	5,383	(1,590)
Wholesale	902	394	508
Transmission	122	198	(76)
Other	188	169	19
Total Revenues	$ 5,005	$ 6,144	$ (1,139)

MWH Sales by Channel	For the Years Ended December 31, 2015	2014	Increase (Decrease)
	(In thousands)		
Contract Sales:			
Direct	23,585	43,961	(46.4)%
Governmental Aggregation	15,443	19,569	(21.1)%
Mass Market	3,878	6,773	(42.7)%
POLR	11,950	15,559	(23.2)%
Structured Sales	12,486	12,393	0.8 %
Total Contract Sales	67,342	98,255	(31.5)%
Wholesale	2,188	14	15,528.6 %
Total MWH Sales	69,530	98,269	(29.2)%

The following table summarizes the price and volume factors contributing to changes in revenues:

	Source of Change in Revenues Increase (Decrease)				
MWH Sales Channel:	Sales Volumes	Prices	Gain on Settled Contracts	Capacity Revenue	Total
	(In millions)				
Direct	$ (1,092)	$ 5	$ —	$ —	$ (1,087)
Governmental Aggregation	(249)	77	—	—	(172)
Mass Market	(193)	6	—	—	(187)
POLR	(207)	26	—	—	(181)
Structured Sales	4	33	—	—	37
Wholesale	62	(11)	34	423	508

Lower sales volumes in the Direct, Governmental Aggregation and Mass Market sales channels primarily reflect FES' efforts to more effectively hedge its generation by reducing exposure to weather-sensitive load. Although unit pricing was higher year-over-year in the Direct, Governmental Aggregation, and Mass Market channels, the increase was primarily attributable to higher capacity expense as discussed below, which is a component of the retail price, partially offset by a lower energy component of the retail price resulting from lower year-over-year market prices. The Direct, Governmental Aggregation and Mass Market customer base was 1.6 million as of December 31, 2015, compared to 2.1 million as of December 31, 2014.

The decrease in POLR sales of $181 million was due to lower volumes, partially offset by higher rates associated with recent POLR auctions. Structured Sales increased $37 million primarily due to low market prices that increased the gains on various structured financial sales contracts and higher structured transaction volumes.

Wholesale revenues increased $508 million due to an increase in capacity revenue from higher capacity prices, an increase in short-term (net hourly position) transactions and higher net gains on financially settled contracts, partially offset by lower spot market energy prices which limited additional wholesale sales.

Transmission revenue decreased $76 million primarily due to lower congestion revenue resulting from the market conditions associated with the extreme weather events in 2014.

Other revenue increased $19 million primarily due to higher lease revenues from additional equity interests in affiliated sale and leasebacks repurchased in November 2014. FES earns lease revenue associated with the equity interests it purchased.

Operating Expenses -

Total operating expenses decreased by $1,946 million in 2015 compared to 2014.

The following table summarizes the factors contributing to the changes in fuel and purchased power costs in 2015 compared with 2014:

	Source of Change Increase (Decrease)				
Operating Expense	Volumes	Prices	Loss on Settled Contracts	Capacity Expense	Total
	(In millions)				
Fossil Fuel	$ (212)	$ (14)	$ (150)	$ —	$ (376)
Nuclear Fuel	5	(11)	—	—	(6)
Affiliated Purchased Power	(8)	22	68	—	82
Non-affiliated Purchased Power[1]	(1,477)	(259)	496	153	(1,087)

[1] In 2014, realized losses on financially settled wholesale sales contracts of $252 million resulting from higher market prices were netted in purchased power.

Fossil and nuclear fuel costs decreased $382 million, primarily due to lower economic dispatch of fossil units resulting from low spot market energy prices and an increase in fossil outages. Lower unit prices also contributed to the decrease, resulting from the

suspension of the DOE nuclear disposal fee, effective May 16, 2014, and lower unit prices for coal. Additionally, fuel costs were impacted by a decrease in settlement and termination costs related to coal and transportation contracts. In 2015, a pre-tax gain of approximately $12 million was recognized associated with the elimination of an obligation under an existing coal contract. In 2014, terminations and settlements associated with damages on coal and transportation contracts resulted in a pre-tax loss of $138 million as compared to no charges in 2015.

Affiliated purchased power costs increased $82 million primarily associated with net losses on financially settled contracts with AE Supply resulting from lower market prices in 2015 as compared to 2014.

Non-affiliated purchased power costs decreased $1,087 million due to lower volumes ($1,256 million), partially offset by increased prices, net of financials ($16 million) and higher capacity expenses ($153 million). The higher unit prices are primarily due to higher losses on financially settled contracts, partially offset by lower market prices in 2015 as compared to 2014. Lower volumes were primarily due to decreased load requirements resulting from lower sales as discussed above, partially offset by decreased fossil generation as discussed above. The increase in capacity expense, which is a component of FES' retail price, was primarily the result of higher capacity rates associated with FES' retail sales obligations.

Other operating expenses decreased $294 million in 2015, compared to 2014 due to the following:

- Nuclear operating costs increased $84 million as a result of higher planned outage costs and higher employee benefit expenses. There were three planned refueling outages in 2015 as compared to two planned outages in 2014.

- Transmission expenses decreased $185 million primarily due to lower operating reserve and market-based ancillary costs associated with market conditions resulting from the extreme weather events in 2014.

- Other operating expenses decreased $186 million primarily due to a $142 million decrease in mark-to-market expenses on commodity contract positions reflecting lower market prices and a $78 million decrease in retail-related costs, partially offset by a $34 million impairment charge associated with non-core assets.

Pension and OPEB mark-to-market adjustment decreased $240 million to $57 million, which was impacted by lower than expected asset returns, partially offset by an increase in the discount rate used to measure benefit obligations.

General taxes decreased $30 million primarily due to lower gross receipts taxes associated with decreased retail sales volumes.

Other Expense -

Total other expense increased $72 million in 2015 compared to 2014, primarily due to higher OTTI on NDT investments, partially offset by the absence of a $6 million loss on debt redemptions incurred in 2014.

Discontinued Operations -

There were no discontinued operations in 2015. In 2014, discontinued operations primarily included a pre-tax gain of approximately $177 million ($116 million after-tax) associated with the sale of certain hydroelectric facilities on February 12, 2014.

Income Taxes (Benefits) -

FES' effective tax rate was 44.2% and 38.8% in 2015 and 2014, respectively. The increase in the effective tax rate is primarily due to an increase in reserves associated with uncertain tax positions and the absence of tax benefits recognized in 2014 associated with changes to state apportionment factors, partially offset by lower valuation allowances recorded on state and municipal NOL carryforwards.

Market Risk Information

FES 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 the company.

Commodity Price Risk

FES is exposed to financial risks resulting from fluctuating commodity prices, including prices for electricity, natural gas, coal and energy transmission. FirstEnergy's Risk Management Committee is responsible for promoting the effective design and implementation of sound risk management programs and oversees compliance with corporate risk management policies and established risk management practice. FES uses a variety of derivative instruments for risk management purposes including forward contracts, options, futures contracts and swaps.

Sources of information for the valuation of commodity derivative contracts assets and liabilities as of December 31, 2015 are summarized by year in the following table:

Source of Information- Fair Value by Contract Year	2016	2017	2018	2019	2020	Thereafter	Total
				(In millions)			
Prices actively quoted[1]	$ (6)	$ 1	$ —	$ —	$ —	$ —	$ (5)
Other external sources[2]	61	29	9	—	—	—	99
Prices based on models	(5)	2	—	—	—	—	(3)
Total	$ 50	$ 32	$ 9	$ —	$ —	$ —	$ 91

(1) Represents exchange traded New York Mercantile Exchange futures and options.
(2) Primarily represents contracts based on broker and ICE quotes.

FES performs sensitivity analyses to estimate its exposure to the market risk of its commodity positions. Based on derivative contracts held as of December 31, 2015, an increase in commodity prices of 10% would decrease net income by approximately $30 million during the next 12 months.

Interest Rate Risk

FES' exposure to fluctuations in market interest rates is reduced since a significant portion of its debt has fixed interest rates. The table below presents principal amounts and related weighted average interest rates by year of maturity for FES' investment portfolio and debt obligations.

Comparison of Carrying Value to Fair Value

Year of Maturity	2016	2017	2018	2019	2020	There-after	Total	Fair Value
				(In millions)				
Assets:								
Investments Other Than Cash and Cash Equivalents:								
Fixed Income	$ —	$ —	$ —	$ —	$ —	$ 810	$ 810	$ 810
Average interest rate	—%	—%	—%	—%	—%	4.2%	4.2%	
Liabilities:								
Long-term Debt:								
Fixed rate	$ 23	$ 34	$ 141	$ 90	$ 177	$ 2,468	$ 2,933	$ 3,027
Average interest rate	9.0%	3.2%	5.6%	3.0%	5.7%	4.4%	4.5%	
Variable rate	$ —	$ 2	$ 6	$ —	$ —	$ 86	$ 94	$ 94
Average interest rate	—%	3.5%	—%	—%	—%	—%	0.1%	

Equity Price Risk

NDT funds have been established to satisfy NG's nuclear decommissioning obligations. Included in FES' NDT are fixed income, equities and short-term investments carried at market values of approximately $810 million, $378 million and $137 million, respectively, as of December 31, 2015, excluding $2 million of net receivables, payables and accrued income. A hypothetical 10% decrease in prices quoted by stock exchanges would result in a $38 million reduction in fair value as of December 31, 2015. NG recognizes in earnings the unrealized losses on AFS securities held in its NDT as OTTI. A decline in the value of FES' NDT or a significant escalation in estimated decommissioning costs could result in additional funding requirements.

Credit Risk

Credit risk is defined as the risk that a counterparty to a transaction will be unable to fulfill its contractual obligations. FES evaluates the credit standing of a prospective counterparty based on the prospective counterparty's financial condition. FES may impose specified collateral requirements and use standardized agreements that facilitate the netting of cash flows. FES monitors the financial conditions of existing counterparties on an ongoing basis. An independent risk management group oversees credit risk.

Wholesale Credit Risk

FES measures wholesale credit risk as the replacement cost for derivatives in power, natural gas, coal and emission allowances, adjusted for amounts owed to, or due from, counterparties for settled transactions. The replacement cost of open positions represents unrealized gains, net of any unrealized losses, where FES has a legally enforceable right of offset. FES monitors and manages the credit risk of wholesale marketing, risk management and energy transacting operations through credit policies and procedures, which include an established credit approval process, daily monitoring of counterparty credit limits, the use of credit mitigation measures such as margin, collateral and the use of master netting agreements. The majority of FES' energy contract counterparties maintain investment-grade credit ratings.

Retail Credit Risk

FES' principal retail credit risk exposure relates to its competitive electricity activities, which serve residential, commercial and industrial companies. Retail credit risk results when customers default on contractual obligations or fail to pay for service rendered. This risk represents the loss that may be incurred due to the nonpayment of customer accounts receivable balances, as well as the loss from the resale of energy previously committed to serve customers.

Retail credit risk is managed through established credit approval policies, monitoring customer exposures and the use of credit mitigation measures such as deposits in the form of LOCs, cash or prepayment arrangements.

Retail credit quality is affected by the economy and the ability of customers to manage through unfavorable economic cycles and other market changes. If the business environment were to be negatively affected by changes in economic or other market conditions, FES' retail credit risk may be adversely impacted.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

The information required by Item 7A relating to market risk is set forth in Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

MANAGEMENT REPORTS

Management's Responsibility for Financial Statements

The consolidated financial statements of FirstEnergy Corp. (Company) were prepared by management, who takes responsibility for their integrity and objectivity. The statements were prepared in conformity with accounting principles generally accepted in the United States and are consistent with other financial information appearing elsewhere in this report. PricewaterhouseCoopers LLP, an independent registered public accounting firm, has expressed an unqualified opinion on the Company's 2015 consolidated financial statements as stated in their audit report included herein.

The Company's internal auditors, who are responsible to the Audit Committee of the Company's Board of Directors, review the results and performance of operating units within the Company for adequacy, effectiveness and reliability of accounting and reporting systems, as well as managerial and operating controls.

The Company's Audit Committee consists of five independent directors whose duties include: consideration of the adequacy of the internal controls of the Company and the objectivity of financial reporting; inquiry into the number, extent, adequacy and validity of regular and special audits conducted by independent auditors and the internal auditors; and reporting to the Board of Directors the Committee's findings and any recommendation for changes in scope, methods or procedures of the auditing functions. The Committee is directly responsible for appointing the Company's independent registered public accounting firm and is charged with reviewing and approving all services performed for the Company by the independent registered public accounting firm and for reviewing and approving the related fees. The Committee reviews the independent registered public accounting firm's report on internal quality control and reviews all relationships between the independent registered public accounting firm and the Company, in order to assess the independent registered public accounting firm's independence. The Committee also reviews management's programs to monitor compliance with the Company's policies on business ethics and risk management. The Committee establishes procedures to receive and respond to complaints received by the Company regarding accounting, internal accounting controls, or auditing matters and allows for the confidential, anonymous submission of concerns by employees. The Audit Committee held eight meetings in 2015.

Management's Report on Internal Control Over Financial Reporting

Management is responsible for establishing and maintaining adequate internal control over financial reporting as defined in Rules 13a-15(f) and 15d-15(f) of the Securities Exchange Act of 1934. Using the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission in Internal Control - Integrated Framework published in 2013, management conducted an evaluation of the effectiveness of the Company's internal control over financial reporting under the supervision of the Chief Executive Officer and the Chief Financial Officer. Based on that evaluation, management concluded that the Company's internal control over financial reporting was effective as of December 31, 2015. The effectiveness of the Company's internal control over financial reporting, as of December 31, 2015, has been audited by PricewaterhouseCoopers LLP, an independent registered public accounting firm, as stated in their report which appears herein.

MANAGEMENT REPORTS

Management's Responsibility for Financial Statements

The consolidated financial statements of FirstEnergy Solutions Corp. (Company) were prepared by management, who takes responsibility for their integrity and objectivity. The statements were prepared in conformity with accounting principles generally accepted in the United States and are consistent with other financial information appearing elsewhere in this report. PricewaterhouseCoopers LLP, an independent registered public accounting firm, has expressed an unqualified opinion on the Company's 2015 consolidated financial statements as stated in their audit report included herein.

FirstEnergy Corp.'s internal auditors, who are responsible to the Audit Committee of FirstEnergy Corp.'s Board of Directors, review the results and performance of the Company for adequacy, effectiveness and reliability of accounting and reporting systems, as well as managerial and operating controls.

FirstEnergy's Audit Committee consists of five independent directors whose duties include: consideration of the adequacy of the internal controls of the Company and the objectivity of financial reporting; inquiry into the number, extent, adequacy and validity of regular and special audits conducted by independent auditors and the internal auditors; and reporting to the Board of Directors the Committee's findings and any recommendation for changes in scope, methods or procedures of the auditing functions. The Committee is directly responsible for appointing the Company's independent registered public accounting firm and is charged with reviewing and approving all services performed for the Company by the independent registered public accounting firm and for reviewing and approving the related fees. The Committee reviews the independent registered public accounting firm's report on internal quality control and reviews all relationships between the independent registered public accounting firm and the Company, in order to assess the independent registered public accounting firm's independence. The Committee also reviews management's programs to monitor compliance with the Company's policies on business ethics and risk management. The Committee establishes procedures to receive and respond to complaints received by the Company regarding accounting, internal accounting controls, or auditing matters and allows for the confidential, anonymous submission of concerns by employees. The Audit Committee held eight meetings in 2015.

Management's Report on Internal Control Over Financial Reporting

Management is responsible for establishing and maintaining adequate internal control over financial reporting as defined in Rules 13a-15(f) and 15d-15(f) of the Securities Exchange Act of 1934. Using the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission in Internal Control - Integrated Framework published in 2013, management conducted an evaluation of the effectiveness of the Company's internal control over financial reporting under the supervision of the Chief Executive Officer and the Chief Financial Officer. Based on that evaluation, management concluded that the Company's internal control over financial reporting was effective as of December 31, 2015.

Report of Independent Registered Public Accounting Firm

To the Stockholders and Board of Directors of FirstEnergy Corp.:

In our opinion, the accompanying consolidated balance sheets and the related consolidated statements of income, comprehensive income, common stockholders' equity, and cash flows, present fairly, in all material respects, the financial position of FirstEnergy Corp. and its subsidiaries at December 31, 2015 and 2014, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 2015 in conformity with accounting principles generally accepted in the United States of America. In addition, in our opinion, the financial statement schedule listed in the index appearing under Item15(a)(2) presents fairly, in all material respects, the information set forth therein when read in conjunction with the related consolidated financial statements. Also in our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2015, based on criteria established in *Internal Control - Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). The Company's management is responsible for these financial statements and financial statement schedule, for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management's Report on Internal Control over Financial Reporting. Our responsibility is to express opinions on these financial statements, on the financial statement schedule, and on the Company's internal control over financial reporting based on our integrated audits. We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement and whether effective internal control over financial reporting was maintained in all material respects. Our audits of the financial statements included examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audits also included performing such other procedures as we considered necessary in the circumstances. We believe that our audits provide a reasonable basis for our opinions.

As discussed in Note 1 to the consolidated financial statements, in 2015 the Company changed the manner in which deferred tax assets and liabilities, along with any related valuation allowance, are classified on the balance sheet.

A company's internal control over financial reporting is a process designed 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. A company's internal control over financial reporting includes those policies and procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

/s/ PricewaterhouseCoopers LLP

PricewaterhouseCoopers LLP
Cleveland, Ohio
February 16, 2016

Report of Independent Registered Public Accounting Firm

To the Stockholder and Board of Directors of FirstEnergy Solutions Corp.:

In our opinion, the accompanying consolidated balance sheets and the related consolidated statements of income, comprehensive income, common stockholder's equity, and cash flows, present fairly, in all material respects, the financial position of FirstEnergy Solutions Corp. and its subsidiaries at December 31, 2015 and 2014, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 2015 in conformity with accounting principles generally accepted in the United States of America. In addition, in our opinion, the financial statement schedule listed in the index appearing under Item 15(a)(2) presents fairly, in all material respects, the information set forth therein when read in conjunction with the related consolidated financial statements. These financial statements and financial statement schedule are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements and financial statement schedule based on our audits. We conducted our audits of these statements in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

/s/ PricewaterhouseCoopers LLP

PricewaterhouseCoopers LLP
Cleveland, Ohio
February 16, 2016

FIRSTENERGY CORP.
CONSOLIDATED STATEMENTS OF INCOME

(In millions)	For the Years Ended December 31, 2015	2014	2013
REVENUES:			
Electric utilities	$ 10,636	$ 9,871	$ 9,451
Unregulated businesses	4,390	5,178	5,441
Total revenues*	15,026	15,049	14,892
OPERATING EXPENSES:			
Fuel	1,855	2,280	2,496
Purchased power	4,318	4,716	3,963
Other operating expenses	3,749	3,962	3,593
Pension and OPEB mark-to-market adjustment	242	835	(256)
Provision for depreciation	1,282	1,220	1,202
Amortization of regulatory assets, net	268	12	539
General taxes	978	962	978
Impairment of long-lived assets	42	—	795
Total operating expenses	12,734	13,987	13,310
OPERATING INCOME	2,292	1,062	1,582
OTHER INCOME (EXPENSE):			
Loss on debt redemptions	—	(8)	(132)
Investment income (loss)	(22)	72	33
Impairment of equity method investment	(362)	—	—
Interest expense	(1,132)	(1,073)	(1,016)
Capitalized financing costs	117	118	103
Total other expense	(1,399)	(891)	(1,012)
INCOME FROM CONTINUING OPERATIONS BEFORE INCOME TAXES (BENEFITS)	893	171	570
INCOME TAXES (BENEFITS)	315	(42)	195
INCOME FROM CONTINUING OPERATIONS	578	213	375
Discontinued operations (net of income taxes of $0, $69 and $9, respectively) (Note 19)	—	86	17
NET INCOME	$ 578	$ 299	$ 392
EARNINGS PER SHARE OF COMMON STOCK:			
Basic - Continuing Operations	$ 1.37	$ 0.51	$ 0.90
Basic - Discontinued Operations (Note 19)	—	0.20	0.04
Basic - Net Income	$ 1.37	$ 0.71	$ 0.94
Diluted - Continuing Operations	$ 1.37	$ 0.51	$ 0.90
Diluted - Discontinued Operations (Note 19)	—	0.20	0.04
Diluted - Net Income	$ 1.37	$ 0.71	$ 0.94
WEIGHTED AVERAGE NUMBER OF SHARES OUTSTANDING:			
Basic	422	420	418
Diluted	424	421	419
DIVIDENDS DECLARED PER SHARE OF COMMON STOCK	$ 1.44	$ 1.44	$ 1.65

* Includes excise tax collections of $416 million, $420 million and $458 million in 2015, 2014 and 2013, respectively.

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

FIRSTENERGY CORP.
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(In millions)	For the Years Ended December 31, 2015	2014	2013
NET INCOME	$ 578	$ 299	$ 392
OTHER COMPREHENSIVE INCOME (LOSS):			
Pension and OPEB prior service costs	(116)	(76)	(160)
Amortized gains (losses) on derivative hedges	5	(2)	3
Change in unrealized gain on available-for-sale securities	(11)	26	(10)
Other comprehensive loss	(122)	(52)	(167)
Income tax benefits on other comprehensive loss	(47)	(14)	(66)
Other comprehensive loss, net of tax	(75)	(38)	(101)
COMPREHENSIVE INCOME AVAILABLE TO FIRSTENERGY CORP.	$ 503	$ 261	$ 291

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

FIRSTENERGY CORP.
CONSOLIDATED BALANCE SHEETS

(In millions, except share amounts)	December 31, 2015	December 31, 2014
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	$ 131	$ 85
Receivables-		
Customers, net of allowance for uncollectible accounts of $69 in 2015 and $59 in 2014	1,415	1,554
Other, net of allowance for uncollectible accounts of $5 in 2015 and 2014	180	225
Materials and supplies, at average cost	785	817
Prepaid taxes	135	128
Derivatives	157	159
Collateral	70	230
Other	167	160
	3,040	3,358
PROPERTY, PLANT AND EQUIPMENT:		
In service	49,952	47,484
Less — Accumulated provision for depreciation	15,160	14,150
	34,792	33,334
Construction work in progress	2,422	2,449
	37,214	35,783
INVESTMENTS:		
Nuclear plant decommissioning trusts	2,282	2,341
Other	506	881
	2,788	3,222
DEFERRED CHARGES AND OTHER ASSETS:		
Goodwill	6,418	6,418
Regulatory assets	1,348	1,411
Other	1,379	1,456
	9,145	9,285
	$ 52,187	$ 51,648
LIABILITIES AND CAPITALIZATION		
CURRENT LIABILITIES:		
Currently payable long-term debt	$ 1,166	$ 804
Short-term borrowings	1,708	1,799
Accounts payable	1,075	1,279
Accrued taxes	519	490
Accrued compensation and benefits	334	329
Derivatives	106	167
Other	694	693
	5,602	5,561
CAPITALIZATION:		
Common stockholders' equity-		
Common stock, $0.10 par value, authorized 490,000,000 shares - 423,560,397 and 421,102,570 shares outstanding as of December 31, 2015 and December 31, 2014, respectively	42	42
Other paid-in capital	9,952	9,847
Accumulated other comprehensive income	171	246
Retained earnings	2,256	2,285
Total common stockholders' equity	12,421	12,420
Noncontrolling interest	1	2
Total equity	12,422	12,422
Long-term debt and other long-term obligations	19,192	19,176
	31,614	31,598
NONCURRENT LIABILITIES:		
Accumulated deferred income taxes	6,773	6,539
Retirement benefits	4,245	3,932
Asset retirement obligations	1,410	1,387
Deferred gain on sale and leaseback transaction	791	824
Adverse power contract liability	197	217
Other	1,555	1,590
	14,971	14,489
COMMITMENTS, GUARANTEES AND CONTINGENCIES (Note 15)		
	$ 52,187	$ 51,648

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

FIRSTENERGY CORP.

CONSOLIDATED STATEMENTS OF COMMON STOCKHOLDERS' EQUITY

(In millions, except share amounts)	Common Stock Number of Shares	Common Stock Par Value	Other Paid-In Capital	Accumulated Other Comprehensive Income	Retained Earnings
Balance, January 1, 2013	418,216,437	$ 42	$ 9,769	$ 385	$ 2,888
Net income					392
Amortized losses on derivative hedges, net of $1 million of income taxes				2	
Change in unrealized gain on investments, net of $4 million of income tax benefits				(6)	
Pension and OPEB, net of $63 million of income tax benefits (Note 3)				(97)	
Stock-based compensation			(4)		
Cash dividends declared on common stock					(690)
Stock issuance - employee benefits	412,122		11		
Balance, December 31, 2013	418,628,559	42	9,776	284	2,590
Net income					299
Amortized gains on derivative hedges, net of $1 million of income tax benefits				(1)	
Change in unrealized gain on investments, net of $10 million of income taxes				16	
Pension and OPEB, net of $23 million of income tax benefits (Note 3)				(53)	
Stock-based compensation			20		
Cash dividends declared on common stock					(604)
Stock issuance - employee benefits	2,474,011		51		
Balance, December 31, 2014	421,102,570	42	9,847	246	2,285
Net income					578
Amortized gains on derivative hedges, net of $1 million of income taxes				4	
Change in unrealized gain on investments, net of $4 million of income tax benefits				(7)	
Pension and OPEB, net of $44 million of income tax benefits (Note 3)				(72)	
Stock-based compensation			45		
Cash dividends declared on common stock					(607)
Stock issuance - employee benefits	2,457,827		60		
Balance, December 31, 2015	423,560,397	$ 42	$ 9,952	$ 171	$ 2,256

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

FIRSTENERGY CORP.
CONSOLIDATED STATEMENTS OF CASH FLOWS

(In millions)	For the Years Ended December 31, 2015	2014	2013
CASH FLOWS FROM OPERATING ACTIVITIES:			
Net Income	$ 578	$ 299	$ 392
Adjustments to reconcile net income to net cash from operating activities-			
Depreciation and amortization, including nuclear fuel, regulatory assets, net, and customer intangible amortization	1,836	1,563	2,022
Impairments of long-lived assets	42	—	795
Investment impairment, including equity method investment	464	37	90
Pension and OPEB mark-to-market adjustment	242	835	(256)
Deferred income taxes and investment tax credits, net	284	162	243
Deferred costs on sale leaseback transaction, net	48	48	48
Deferred purchased power and other costs	(105)	(115)	(76)
Asset removal costs charged to income	55	28	20
Retirement benefits	(20)	(53)	(168)
Commodity derivative transactions, net (Note 10)	(73)	64	(3)
Pension trust contributions	(143)	—	—
Gain on sale of investment securities held in trusts	(23)	(64)	(56)
Loss on debt redemptions	—	8	132
Make-whole premiums paid on debt redemptions	—	—	(187)
Lease payments on sale and leaseback transaction	(131)	(137)	(136)
Income from discontinued operations (Note 19)	—	(86)	(17)
Changes in current assets and liabilities-			
Receivables	184	139	(114)
Materials and supplies	(15)	(65)	96
Prepayments and other current assets	(10)	126	(126)
Accounts payable	(243)	42	(25)
Accrued taxes	29	(165)	85
Accrued interest	(6)	31	(10)
Accrued compensation and benefits	5	(22)	19
Other current liabilities	75	23	(62)
Cash collateral, net	140	(54)	(36)
Other	234	69	(8)
Net cash provided from operating activities	3,447	2,713	2,662
CASH FLOWS FROM FINANCING ACTIVITIES:			
New Financing-			
Long-term debt	1,311	4,528	3,745
Short-term borrowings, net	—	—	1,435
Redemptions and Repayments-			
Long-term debt	(879)	(1,759)	(3,600)
Short-term borrowings, net	(91)	(1,605)	—
Tender premiums paid on debt redemptions	—	—	(110)
Common stock dividend payments	(607)	(604)	(920)
Other	(13)	(47)	(73)
Net cash (used for) provided from financing activities	(279)	513	477
CASH FLOWS FROM INVESTING ACTIVITIES:			
Property additions	(2,704)	(3,312)	(2,638)
Nuclear fuel	(190)	(233)	(250)
Proceeds from asset sales	20	394	4
Sales of investment securities held in trusts	1,534	2,133	2,047
Purchases of investment securities held in trusts	(1,648)	(2,236)	(2,096)
Cash investments	7	35	(23)
Asset removal costs	(142)	(153)	(146)
Other	1	13	9
Net cash used for investing activities	(3,122)	(3,359)	(3,093)
Net change in cash and cash equivalents	46	(133)	46
Cash and cash equivalents at beginning of period	85	218	172
Cash and cash equivalents at end of period	$ 131	$ 85	$ 218
SUPPLEMENTAL CASH FLOW INFORMATION:			
Cash paid (received) during the year -			
Interest (net of amounts capitalized)	$ 1,028	$ 931	$ 969
Income taxes (received), net of refunds	$ 37	$ (103)	$ 36

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

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

(In millions)	For the Years Ended December 31, 2015	2014	2013
STATEMENTS OF INCOME (LOSS)			
REVENUES:			
Electric sales to non-affiliates	$ 4,153	$ 5,114	$ 5,378
Electric sales to affiliates	664	861	652
Other	188	169	143
Total revenues*	5,005	6,144	6,173
OPERATING EXPENSES:			
Fuel	871	1,253	1,262
Purchased power from affiliates	353	271	486
Purchased power from non-affiliates	1,684	2,771	2,333
Other operating expenses	1,341	1,635	1,487
Pension and OPEB mark-to-market adjustment	57	297	(81)
Provision for depreciation	324	319	306
General taxes	98	128	138
Total operating expenses	4,728	6,674	5,931
OPERATING INCOME (LOSS)	277	(530)	242
OTHER INCOME (EXPENSE):			
Loss on debt redemptions	—	(6)	(103)
Investment income (loss)	(14)	61	16
Miscellaneous income	3	6	28
Interest expense — affiliates	(7)	(7)	(10)
Interest expense — other	(147)	(146)	(160)
Capitalized interest	35	34	39
Total other expense	(130)	(58)	(190)
INCOME (LOSS) FROM CONTINUING OPERATIONS BEFORE INCOME TAXES	147	(588)	52
INCOME TAXES (BENEFITS)	65	(228)	6
INCOME (LOSS) FROM CONTINUING OPERATIONS	82	(360)	46
Discontinued operations (net of income taxes of $70 and $8, respectively) (Note 19)	—	116	14
NET INCOME (LOSS)	$ 82	$ (244)	$ 60
STATEMENTS OF COMPREHENSIVE INCOME (LOSS)			
NET INCOME (LOSS)	$ 82	$ (244)	$ 60
OTHER COMPREHENSIVE INCOME (LOSS):			
Pension and OPEB prior service costs	(6)	(6)	(15)
Amortized gains on derivative hedges	(3)	(10)	(6)
Change in unrealized gain on available-for-sale securities	(9)	21	(8)
Other comprehensive income (loss)	(18)	5	(29)
Income taxes (benefits) on other comprehensive income (loss)	(7)	2	(11)
Other comprehensive income (loss), net of tax	(11)	3	(18)
COMPREHENSIVE INCOME (LOSS)	$ 71	$ (241)	$ 42

* Includes excise tax collections of $44 million, $69 million and $78 million in 2015, 2014 and 2013, respectively.

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

FIRSTENERGY SOLUTIONS CORP.
CONSOLIDATED BALANCE SHEETS

(In millions, except share amounts)		December 31, 2015		December 31, 2014
ASSETS				
CURRENT ASSETS:				
Cash and cash equivalents	$	2	$	2
Receivables-				
Customers, net of allowance for uncollectible accounts of $8 in 2015 and $18 in 2014		275		415
Affiliated companies		451		525
Other, net of allowance for uncollectible accounts of $3 in 2015 and 2014		59		107
Notes receivable from affiliated companies		11		—
Materials and supplies		470		492
Derivatives		154		147
Collateral		70		229
Prepayments and other		66		68
		1,558		1,985
PROPERTY, PLANT AND EQUIPMENT:				
In service		14,311		13,596
Less — Accumulated provision for depreciation		5,765		5,208
		8,546		8,388
Construction work in progress		1,157		1,010
		9,703		9,398
INVESTMENTS:				
Nuclear plant decommissioning trusts		1,327		1,365
Other		10		10
		1,337		1,375
DEFERRED CHARGES AND OTHER ASSETS:				
Customer intangibles		61		78
Goodwill		23		23
Property taxes		40		41
Derivatives		79		52
Other		384		331
		587		525
	$	13,185	$	13,283
LIABILITIES AND CAPITALIZATION				
CURRENT LIABILITIES:				
Currently payable long-term debt	$	512	$	506
Short-term borrowings-				
Affiliated companies		—		35
Other		8		99
Accounts payable-				
Affiliated companies		542		416
Other		139		248
Accrued taxes		76		102
Derivatives		104		166
Other		181		184
		1,562		1,756
CAPITALIZATION:				
Common stockholder's equity-				
Common stock, without par value, authorized 750 shares- 7 shares outstanding as of December 31, 2015 and 2014		3,613		3,594
Accumulated other comprehensive income		46		57
Retained earnings		1,946		1,934
Total common stockholder's equity		5,605		5,585
Long-term debt and other long-term obligations		2,527		2,608
		8,132		8,193
NONCURRENT LIABILITIES:				
Deferred gain on sale and leaseback transaction		791		824
Accumulated deferred income taxes		600		484
Retirement benefits		332		324
Asset retirement obligations		831		841
Derivatives		38		14
Other		899		847
		3,491		3,334
COMMITMENTS, GUARANTEES AND CONTINGENCIES (Note 15)				
	$	13,185	$	13,283

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

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

(In millions, except share amounts)	Common Stock: Number of Shares	Common Stock: Carrying Value	Accumulated Other Comprehensive Income	Retained Earnings
Balance, January 1, 2013	7	$ 1,573	$ 72	$ 2,118
Net income				60
Amortized loss on derivative hedges, net of $2 million of income tax benefits			(4)	
Change in unrealized gain on investments, net of $3 million of income tax benefits			(5)	
Pension and OPEB, net of $6 million of income tax benefits (Note 3)			(9)	
Equity contribution from parent		1,500		
Stock-based compensation		1		
Consolidated tax benefit allocation		6		
Balance, December 31, 2013	7	3,080	54	2,178
Net loss				(244)
Amortized loss on derivative hedges, net of $4 million of income tax benefits			(6)	
Change in unrealized gain on investments, net of $8 million of income taxes			13	
Pension and OPEB, net of $2 million of income tax benefits (Note 3)			(4)	
Equity contribution from parent		500		
Stock-based compensation		7		
Consolidated tax benefit allocation		7		
Balance, December 31, 2014	7	3,594	57	1,934
Net income				82
Amortized loss on derivative hedges, net of $1 million of income tax benefits			(2)	
Change in unrealized gain on investments, net of $4 million of income tax benefits			(5)	
Pension and OPEB, net of $2 million of income tax benefits (Note 3)			(4)	
Stock-based compensation		10		
Consolidated tax benefit allocation		9		
Cash dividends declared on common stock				(70)
Balance, December 31, 2015	7	$ 3,613	$ 46	$ 1,946

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

FIRSTENERGY SOLUTIONS CORP.
CONSOLIDATED STATEMENTS OF CASH FLOWS

(In millions)	For the Years Ended December 31, 2015	2014	2013
CASH FLOWS FROM OPERATING ACTIVITIES:			
Net Income (loss)	$ 82	$ (244)	$ 60
Adjustments to reconcile net income (loss) to net cash from operating activities-			
Depreciation and amortization, including nuclear fuel and customer intangible amortization	569	599	533
Investment impairments	90	33	79
Pension and OPEB mark-to-market adjustment	57	297	(81)
Deferred income taxes and investment tax credits, net	119	7	309
Deferred costs on sale and leaseback transaction, net	48	48	48
Gain on investment securities held in trusts	(24)	(61)	(49)
Commodity derivative transactions, net (Note 10)	(74)	65	5
Loss on debt redemptions	—	6	103
Make-whole premiums paid on debt redemptions	—	—	(31)
Lease payments on sale and leaseback transaction	(131)	(131)	(131)
Income from discontinued operations (Note 19)	—	(116)	(14)
Change in current assets and liabilities-			
Receivables	277	674	(393)
Materials and supplies	(25)	(44)	57
Prepayments and other current assets	14	14	(39)
Accounts payable	(76)	(477)	(145)
Accrued taxes	(26)	(50)	(207)
Accrued compensation and benefits	(4)	(11)	2
Other current liabilities	47	(7)	15
Cash collateral, net	159	(92)	(34)
Other	49	61	(9)
Net cash provided from operating activities	1,151	571	78
CASH FLOWS FROM FINANCING ACTIVITIES:			
New financing-			
Long-term debt	341	878	—
Short-term borrowings, net	—	—	431
Equity contribution from parent	—	500	1,500
Redemptions and repayments-			
Long-term debt	(411)	(816)	(1,202)
Short-term borrowings, net	(126)	(301)	—
Tender premiums paid on debt redemptions	—	—	(67)
Common stock dividend payments	(70)	—	—
Other	(6)	(15)	(9)
Net cash (used for) provided from financing activities	(272)	246	653
CASH FLOWS FROM INVESTING ACTIVITIES:			
Property additions	(627)	(839)	(717)
Nuclear fuel	(190)	(233)	(250)
Proceeds from asset sales	13	307	21
Sales of investment securities held in trusts	733	1,163	940
Purchases of investment securities held in trusts	(791)	(1,219)	(1,000)
Cash investments	(10)	—	—
Loans to affiliated companies, net	(11)	—	276
Other	4	4	(2)
Net cash used for investing activities	(879)	(817)	(732)
Net change in cash and cash equivalents	—	—	(1)
Cash and cash equivalents at beginning of period	2	2	3
Cash and cash equivalents at end of period	$ 2	$ 2	$ 2
SUPPLEMENTAL CASH FLOW INFORMATION:			
Cash paid (received) during the year -			
Interest (net of amounts capitalized)	$ 114	$ 118	$ 157
Income taxes paid, net of refunds (received, net of payments)	$ (5)	$ (384)	$ 23

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

FIRSTENERGY CORP. AND SUBSIDIARIES

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. ORGANIZATION AND BASIS OF PRESENTATION

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

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

FirstEnergy and its subsidiaries are involved in the generation, transmission, and distribution of electricity. FirstEnergy's ten utility operating companies comprise one of the nation's largest investor-owned electric systems, serving six million customers in the Midwest and Mid-Atlantic regions. Its generation subsidiaries control nearly 17,000 MW of capacity from a diverse mix of non-emitting nuclear, scrubbed coal, natural gas, hydroelectric and other renewables. FirstEnergy's transmission operations include approximately 24,000 miles of lines and two regional transmission operation centers.

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

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

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

ACCOUNTING FOR THE EFFECTS OF REGULATION

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

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

The following table provides information about the composition of net regulatory assets as of December 31, 2015 and December 31, 2014, and the changes during the year ended December 31, 2015:

Regulatory Assets by Source	December 31, 2015	December 31, 2014	Increase (Decrease)
		(In millions)	
Regulatory transition costs	$ 185	$ 240	$ (55)
Customer receivables for future income taxes	355	370	(15)
Nuclear decommissioning and spent fuel disposal costs	(272)	(305)	33
Asset removal costs	(372)	(254)	(118)
Deferred transmission costs	115	90	25
Deferred generation costs	243	281	(38)
Deferred distribution costs	335	182	153
Contract valuations	186	153	33
Storm-related costs	403	465	(62)
Other	170	189	(19)
Net Regulatory Assets included on the Consolidated Balance Sheets	$ 1,348	$ 1,411	$ (63)

Regulatory assets that do not earn a current return totaled approximately $148 million and $488 million as of December 31, 2015 and 2014, respectively, primarily related to storm damage costs. JCP&L's regulatory asset related to 2011 and 2012 storm damage costs began earning a return on April 1, 2015. Effective with the approved settlement on April 9, 2015, associated with their general base rate case, the Pennsylvania Companies transferred the net book value of legacy meters from plant-in-service to regulatory assets, which is being recovered over five years.

As of December 31, 2015 and December 31, 2014, FirstEnergy had approximately $116 million and $243 million of net regulatory liabilities that are primarily related to asset removal costs. Net regulatory liabilities are classified within other noncurrent liabilities on the Consolidated Balance Sheets.

REVENUES AND RECEIVABLES

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

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

Receivables from customers include retail electric sales and distribution deliveries to residential, commercial and industrial customers for the Utilities, and retail and wholesale sales to customers for FES. There was no material concentration of receivables as of December 31, 2015 and 2014 with respect to any particular segment of FirstEnergy's customers. Billed and unbilled customer receivables as of December 31, 2015 and 2014 are included below.

Customer Receivables	FirstEnergy	FES
	(In millions)	
December 31, 2015		
Billed	$ 836	$ 165
Unbilled	579	110
Total	$ 1,415	$ 275
December 31, 2014		
Billed	$ 914	$ 239
Unbilled	640	176
Total	$ 1,554	$ 415

EARNINGS PER SHARE OF COMMON STOCK

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

Reconciliation of Basic and Diluted Earnings per Share of Common Stock	2015	2014	2013
	(In millions, except per share amounts)		
Income from continuing operations available to common shareholders	$ 578	$ 213	$ 375
Discontinued operations (Note 19)	—	86	17
Net income	$ 578	$ 299	$ 392
Weighted average number of basic shares outstanding	422	420	418
Assumed exercise of dilutive stock options and awards(1)	2	1	1
Weighted average number of diluted shares outstanding	424	421	419
Earnings per share:			
Basic earnings per share:			
Continuing operations	$ 1.37	$ 0.51	$ 0.90
Discontinued operations (Note 19)	—	0.20	0.04
Earnings per basic share	$ 1.37	$ 0.71	$ 0.94
Diluted earnings per share:			
Continuing operations	$ 1.37	$ 0.51	$ 0.90
Discontinued operations (Note 19)	—	0.20	0.04
Earnings per diluted share	$ 1.37	$ 0.71	$ 0.94

(1) For the years ended December 31, 2015, 2014 and 2013, approximately one million, two million, and two million shares were excluded from the calculation of diluted shares outstanding, respectively, as their inclusion would be antidilutive.

PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment reflects original cost (net of any impairments recognized), including payroll and related costs such as taxes, employee benefits, administrative and general costs, and interest costs incurred to place the assets in service. The costs of normal maintenance, repairs and minor replacements are expensed as incurred. FirstEnergy recognizes liabilities for planned major maintenance projects as they are incurred. The cost of nuclear fuel is capitalized within the CES segment's Property, plant and equipment and charged to fuel expense using the specific identification method. The cost of nuclear fuel included in CES' net plant as of December 31, 2015 was $418 million. Net plant in service balances by segment as of December 31, 2015 and 2014 were as follows:

Property, Plant and Equipment	December 31, 2015 In Service[2]	Accum. Depr.	Net Plant	December 31, 2014 In Service[2]	Accum. Depr.	Net Plant
			(In millions)			
Regulated Distribution	$ 24,553	$ (7,058)	$ 17,495	$ 23,973	$ (6,759)	$ 17,214
Regulated Transmission	7,703	(1,647)	6,056	6,634	(1,595)	5,039
Competitive Energy Services[1]	17,214	(6,213)	11,001	16,442	(5,598)	10,844
Corporate/Other	482	(242)	240	435	(198)	237
Total	$ 49,952	$ (15,160)	$ 34,792	$ 47,484	$ (14,150)	$ 33,334

[1] Primarily consists of generating assets and nuclear fuel as discussed above.
[2] Includes capital leases of $253 million and $281 million at December 31, 2015 and 2014, respectively.

The major classes of Property, plant and equipment are largely consistent with the segment disclosures above, with the exception of Regulated Distribution, which has approximately $2.0 billion of regulated generation net plant in service.

FirstEnergy provides for depreciation on a straight-line basis at various rates over the estimated lives of property included in plant in service. The respective annual composite rates for FirstEnergy's and FES' electric plant in 2015, 2014 and 2013 are shown in the following table:

	Annual Composite Depreciation Rate 2015	2014	2013
FirstEnergy	2.5%	2.5%	2.6%
FES	3.2%	3.1%	3.1%

For the years ended December 31, 2015, 2014 and 2013, capitalized financing costs on FirstEnergy's Consolidated Statements of Income include $49 million, $49 million and $28 million, respectively, of allowance for equity funds used during construction and $68 million, $69 million and $75 million, respectively, of capitalized interest.

Jointly Owned Plants

FE, through its subsidiary, AGC, owns an undivided 40% interest (1,200 MWs) in a 3,003 MW pumped storage, hydroelectric station in Bath County, Virginia, operated by the 60% owner, Virginia Electric and Power Company, a non-affiliated utility. Net Property, plant and equipment includes $666 million representing AGC's share in this facility as of December 31, 2015 of which $484 million is unregulated and included within the CES segment. AGC is obligated to pay its share of the costs of this jointly-owned facility in the same proportion as its ownership interest using its own financing. AGC's share of direct expenses of the joint plant is included in FE's operating expenses on the Consolidated Statements of Income.

Asset Retirement Obligations

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

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

AROs as of December 31, 2015, are described further in Note 13, Asset Retirement Obligations.

ASSET IMPAIRMENTS

Long-lived Assets

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

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

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

During 2015, FirstEnergy recognized impairments totaling $42 million associated with certain non-core assets, including equipment and facilities. The impairment charges are included within the Regulated Distribution segment ($8 million) and the CES segment ($34 million).

Goodwill

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

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

Goodwill	Regulated Distribution	Regulated Transmission	Competitive Energy Services	Consolidated
	(In millions)			
Balance as of December 31, 2015	$ 5,092	$ 526	$ 800	$ 6,418

There were no changes in goodwill for any reporting unit during 2015. As of December 31, 2015 and 2014, total goodwill recognized by FES was $23 million. Neither FirstEnergy nor FES has accumulated impairment charges as of December 31, 2015.

Annual impairment testing is conducted as of July 31 of each year and for 2015, 2014 and 2013, the analysis indicated no impairment of goodwill. For 2015, FirstEnergy performed a qualitative assessment of the Regulated Distribution and Regulated Transmission reporting units, assessing economic, industry and market considerations in addition to the reporting unit's overall financial performance. It was determined that the fair value of these reporting units were, more likely than not, greater than their carrying value and a quantitative analysis was not necessary for 2015.

FirstEnergy performed a quantitative assessment of the CES reporting unit as of July 31, 2015. Key assumptions incorporated into the CES discounted cash flow analysis requiring significant management judgment included the following:

- **Future Energy and Capacity Prices:** FirstEnergy used observable market information for near term forward power prices, PJM auction results for near term capacity pricing, and a longer-term pricing model for energy and capacity that considered the impact of key factors such as load growth, plant retirements, carbon and other environmental regulations, and natural gas pipeline construction, as well as coal and natural gas pricing.
- **Retail Sales and Margin:** FirstEnergy used CES' current retail targeted portfolio to estimate future retail sales volume as well as historical financial results to estimate retail margins.

- **Operating and Capital Costs:** FirstEnergy used estimated future operating and capital costs, including the estimated impact on costs of pending carbon and other environmental regulations, as well as costs associated with capacity performance reforms in the PJM market.
- **Discount Rate:** A discount rate of 8.25%, based on a capital structure, return on debt and return on equity of selected comparable companies.
- **Terminal Value:** A terminal value of 7.0x earnings before interest, taxes, depreciation and amortization based on consideration of peer group data and analyst consensus expectations.

Based on the results of the quantitative analysis, the fair value of the CES reporting unit exceeded its carrying value by approximately 10%. Continued weak economic conditions, lower than expected power and capacity prices, a higher cost of capital and revised environmental requirements could have a negative impact on future goodwill assessments.

Investments

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

Unrealized gains and losses on AFS securities are recognized in AOCI. However, unrealized losses held in the NDTs of FES, OE and TE are recognized in earnings since the trust arrangements, as they are currently defined, do not meet the required ability and intent to hold criteria in consideration of OTTI. The NDTs of JCP&L, ME and PN are subject to regulatory accounting with unrealized gains and losses offset in net regulatory assets. In 2015, 2014 and 2013, FirstEnergy recognized $102 million, $37 million and $90 million, respectively, of OTTI. During the same periods, FES recognized OTTI of $90 million, $33 million and $79 million, respectively. The fair values of FirstEnergy's investments are disclosed in Note 9, Fair Value Measurements.

FirstEnergy holds a 33-1/3% equity ownership in Global Holding, the holding company for a joint venture in the Signal Peak mining and coal transportation operations with coal sales in U.S. and international markets. In 2015, Global Holding incurred losses primarily as a result of declines in coal prices due to weakening global and U.S. coal demand. Based on the significant decline in coal pricing and the current outlook for the coal market, including the significant decline in the market capitalization of coal companies in 2015, FirstEnergy assessed the value of its investment in Global Holding and determined there was a decline in the fair value of the investment below its carrying value that was other than temporary, resulting in an a pre-tax impairment charge of $362 million. Key assumptions incorporated into the discounted cash flow analysis utilized in the impairment analysis included the discount rate, future long term coal prices, production levels, sales forecasts, projected capital and operating costs. The impairment charge is classified as a component of Other Income (Expense) in the Consolidated Statement of Income. See Note 8, Variable Interest Entities, for further discussion of FirstEnergy's investment in Global Holding.

INVENTORY

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

NEW ACCOUNTING PRONOUNCEMENTS

In May 2014, the FASB issued, ASU 2014-09 "Revenue from Contracts with Customers", requiring entities to recognize revenue by applying a five-step model in accordance with the core principle to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. In addition, the accounting for costs to obtain or fulfill a contract with a customer is specified and disclosure requirements for revenue recognition are expanded. In August 2015, the FASB issued a final Accounting Standards Update deferring the effective date until fiscal years beginning after December 15, 2017. Earlier application is permitted only as of annual reporting periods beginning after December 15, 2016, (the original effective date). The standard shall be applied retrospectively to each period presented or as a cumulative-effect adjustment as of the date of adoption. FirstEnergy is currently evaluating the impact on its financial statements of adopting this standard.

In February 2015, the FASB issued, ASU 2015-02 "Consolidations: Amendments to the Consolidation Analysis", which amends current consolidation guidance including changes to both the variable and voting interest models used by companies to evaluate whether an entity should be consolidated. This standard is effective for interim and annual periods beginning after December 15, 2015, and early adoption is permitted. A reporting entity must apply the amendments using a modified retrospective approach by

recording a cumulative-effect adjustment to equity as of the beginning of the period of adoption or apply the amendments retrospectively. FirstEnergy does not expect this amendment to have a material effect on its financial statements.

In April 2015, the FASB issued, ASU 2015-03 "Simplifying the Presentation of Debt Issuance Costs", which requires debt issuance costs to be presented on the balance sheet as a direct deduction from the carrying value of the associated debt liability, consistent with the presentation of a debt discount. The guidance is effective for financial statements issued for fiscal years beginning after December 15, 2015, and interim periods within those fiscal years. Early adoption is permitted for financial statements that have not been previously issued. Upon adoption, an entity must apply the new guidance retrospectively to all prior periods presented in the financial statements. In addition, in August 2015, the FASB issued ASU 2015-15, "Presentation and Subsequent Measurement of Debt Issuance Costs Associated with Line-of-Credit Arrangements", which states given the absence of authoritative guidance within ASU 2015-03 for debt issuance costs related to the line-of-credit arrangements, the SEC staff would not object to presenting those deferred debt issuance costs as an asset and subsequently amortizing the costs ratably over the term of the arrangement, regardless of whether there are any outstanding borrowings on the line-of-credit. FirstEnergy will adopt ASU 2015-15 and ASU 2015-03 beginning January 1, 2016. As of December 31, 2015, FirstEnergy and FES debt issuance costs included in Deferred Charges and Other Assets were $93 million and $17 million, respectively. FirstEnergy will elect to continue presenting debt issuance costs relating to its revolving credit facilities as an asset.

In August 2015, the FASB issued ASU 2015 -13, "Application of the NPNS Scope Exception to Certain Electricity Contracts within Nodal Energy Markets", which confirmed that forward physical contracts for the sale or purchase of electricity meet the physical delivery criterion within the NPNS scope exception when the electricity is transmitted through a grid managed by an ISO. As a result, an entity can elect the NPNS exception within the derivative accounting guidance for such contracts, provided that the other NPNS criteria are also met. The ASU was effective on issuance and requires prospective application. There was no material effect on FirstEnergy's financial statements resulting from the issuance of ASU 2015-13.

In November 2015, the FASB issued ASU 2015 - 17, "Balance Sheet Classification of Deferred Taxes", which requires all deferred tax assets and liabilities, along with any related valuation allowance, be classified as noncurrent on the balance sheet. The new guidance will be effective for fiscal years beginning after December 15, 2016, and interim periods within those fiscal years. Early adoption is permitted for all entities as of the beginning of an interim or annual reporting period. The guidance may be applied either prospectively, for all deferred tax assets and liabilities, or retrospectively. FirstEnergy early adopted ASU 2015-17 as of December 2015, and applied the new guidance retrospectively to all prior periods presented in the financial statements. There was no impact from the early adoption of ASU 2015-17 on the Consolidated Statements of Income. On the Consolidated Balance Sheet as of December 31, 2014, FirstEnergy and FES reclassified $518 million and $27 million of Accumulated Deferred Income Taxes from Current Assets to Noncurrent Liabilities.

In January of 2016, the FASB issued ASU 2016-01, "Financial Instruments-Overall: Recognition and Measurement of Financial Assets and Financial Liabilities". Changes to the current GAAP model primarily affect the accounting for equity investments, financial liabilities under the fair value option, and the presentation and disclosure requirements for financial instruments. In addition, the FASB clarified guidance related to the valuation allowance assessment when recognizing deferred tax assets resulting from unrealized losses on available-for-sale debt securities. The ASU will be effective in fiscal years beginning after December 15, 2017, including interim periods within those fiscal years. Early adoption can be elected for all financial statements of fiscal years and interim periods that have not yet been issued or that have not yet been made available for issuance. FirstEnergy is currently evaluating the impact on its financial statements of adopting this standard.

2. ACCUMULATED OTHER COMPREHENSIVE INCOME

The changes in AOCI for the years ended December 31, 2015, 2014 and 2013 for FirstEnergy are shown in the following table:

FirstEnergy

	Gains & Losses on Cash Flow Hedges	Unrealized Gains on AFS Securities	Defined Benefit Pension & OPEB Plans	Total
		(In millions)		
AOCI Balance, January 1, 2013	$ (38)	$ 15	$ 408	$ 385
Other comprehensive income before reclassifications	—	46	35	81
Amounts reclassified from AOCI	3	(56)	(195)	(248)
Other comprehensive income (loss)	3	(10)	(160)	(167)
Income tax (benefits) on other comprehensive income (loss)	1	(4)	(63)	(66)
Other comprehensive income (loss), net of tax	2	(6)	(97)	(101)
AOCI Balance, December 31, 2013	$ (36)	$ 9	$ 311	$ 284
Other comprehensive income before reclassifications	—	89	92	181
Amounts reclassified from AOCI	(2)	(63)	(168)	(233)
Other comprehensive income (loss)	(2)	26	(76)	(52)
Income tax (benefits) on other comprehensive income (loss)	(1)	10	(23)	(14)
Other comprehensive income (loss), net of tax	(1)	16	(53)	(38)
AOCI Balance, December 31, 2014	$ (37)	$ 25	$ 258	$ 246
Other comprehensive income before reclassifications	—	14	10	24
Amounts reclassified from AOCI	5	(25)	(126)	(146)
Other comprehensive income (loss)	5	(11)	(116)	(122)
Income tax (benefits) on other comprehensive income (loss)	1	(4)	(44)	(47)
Other comprehensive income (loss), net of tax	4	(7)	(72)	(75)
AOCI Balance, December 31, 2015	$ (33)	$ 18	$ 186	$ 171

The following amounts were reclassified from AOCI for FirstEnergy in the years ended December 31, 2015, 2014 and 2013:

FirstEnergy Reclassifications from AOCI [2]	Year Ended December 31, 2015	 2014	 2013	Affected Line Item in Consolidated Statements of Income
		(In millions)		
Gains & losses on cash flow hedges				
Commodity contracts	$ (3)	$ (10)	$ (8)	Other operating expenses
Long-term debt	8	8	11	Interest expense
	5	(2)	3	Total before taxes
	(1)	1	(1)	Income taxes (benefits)
	$ 4	$ (1)	$ 2	Net of tax
Unrealized gains on AFS securities				
Realized gains on sales of securities	$ (25)	$ (63)	$ (56)	Investment income (loss)
	9	24	21	Income taxes (benefits)
	$ (16)	$ (39)	$ (35)	Net of tax
Defined benefit pension and OPEB plans				
Prior-service costs	$ (126)	$ (168)	$ (195)	[1]
	49	65	75	Income taxes (benefits)
	$ (77)	$ (103)	$ (120)	Net of tax

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

[2] Parenthesis represent credits to the Consolidated Statements of Income from AOCI.

The changes in AOCI for the years ended December 31, 2015, 2014 and 2013 for FES are shown in the following table:

FES

	Gains & Losses on Cash Flow Hedges	Unrealized Gains on AFS Securities	Defined Benefit Pension & OPEB Plans	Total
	(In millions)			
AOCI Balance, January 1, 2013	$ 3	$ 13	$ 56	$ 72
Other comprehensive income before reclassifications	—	41	5	46
Amounts reclassified from AOCI	(6)	(49)	(20)	(75)
Other comprehensive loss	(6)	(8)	(15)	(29)
Income tax benefits on other comprehensive loss	(2)	(3)	(6)	(11)
Other comprehensive loss, net of tax	(4)	(5)	(9)	(18)
AOCI Balance, December 31, 2013	$ (1)	$ 8	$ 47	$ 54
Other comprehensive income before reclassifications	—	80	13	93
Amounts reclassified from AOCI	(10)	(59)	(19)	(88)
Other comprehensive income (loss)	(10)	21	(6)	5
Income tax (benefits) on other comprehensive income (loss)	(4)	8	(2)	2
Other comprehensive income (loss), net of tax	(6)	13	(4)	3
AOCI Balance, December 31, 2014	$ (7)	$ 21	$ 43	$ 57
Other comprehensive income before reclassifications	—	15	10	25
Amounts reclassified from AOCI	(3)	(24)	(16)	(43)
Other comprehensive loss	(3)	(9)	(6)	(18)
Income tax benefits on other comprehensive loss	(1)	(4)	(2)	(7)
Other comprehensive loss, net of tax	(2)	(5)	(4)	(11)
AOCI Balance, December 31, 2015	$ (9)	$ 16	$ 39	$ 46

The following amounts were reclassified from AOCI for FES in the years ended December 31, 2015, 2014 and 2013:

FES	Year Ended December 31,			Affected Line Item in Consolidated
Reclassifications from AOCI [2]	2015	2014	2013	Statements of Income
		(In millions)		
Gains & losses on cash flow hedges				
Commodity contracts	$ (3)	$ (10)	$ (8)	Other operating expenses
Long-term debt	—	—	2	Interest expense - other
	(3)	(10)	(6)	Total before taxes
	1	4	2	Income taxes (benefits)
	$ (2)	$ (6)	$ (4)	Net of tax
Unrealized gains on AFS securities				
Realized gains on sales of securities	$ (24)	$ (59)	$ (49)	Investment income (loss)
	9	22	18	Income taxes (benefits)
	$ (15)	$ (37)	$ (31)	Net of tax
Defined benefit pension and OPEB plans				
Prior-service costs	$ (16)	$ (19)	$ (20)	[1]
	6	7	8	Income taxes (benefits)
	$ (10)	$ (12)	$ (12)	Net of tax

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

[2] Parenthesis represent credits to the Consolidated Statements of Income from AOCI.

3. PENSION AND OTHER POSTEMPLOYMENT BENEFITS

FirstEnergy provides noncontributory qualified defined benefit pension plans that cover substantially all of its employees and non-qualified pension plans that cover certain employees. The plans provide defined benefits based on years of service and compensation levels. In addition, FirstEnergy provides a minimum amount of noncontributory life insurance to retired employees in addition to optional contributory insurance. Health care benefits, which include certain employee contributions, deductibles and co-payments, are also available upon retirement to certain employees, their dependents and, under certain circumstances, their survivors. FirstEnergy recognizes the expected cost of providing pension and OPEB to employees and their beneficiaries and covered dependents from the time employees are hired until they become eligible to receive those benefits. FirstEnergy also has obligations to former or inactive employees after employment, but before retirement, for disability-related benefits. In 2014, the qualified pension plan was amended authorizing a voluntary cashout window program for certain eligible terminated participants with vested benefits. Payment of benefits for participants that elected an immediate lump sum cash payment or an annuity resulted in a $40 million reduction to the underfunded status of the pension plan. Additionally, during 2015 and 2014, certain unions ratified their labor agreements that ended subsidized retiree health care resulting in a reduction to the OPEB benefit obligation by approximately $10 million and $97 million, respectively.

FirstEnergy recognizes as a pension and OPEB mark-to-market adjustment the change in the fair value of plan assets and net actuarial gains and losses annually in the fourth quarter of each fiscal year and whenever a plan is determined to qualify for a remeasurement. The remaining components of pension and OPEB expense, primarily service costs, interest on obligations, assumed return on assets and prior service costs, are recorded on a monthly basis. The pension and OPEB mark-to-market adjustment for the years ended December 31, 2015, 2014, and 2013 were $369 million ($242 million net of amounts capitalized), $1,243 million ($835 million net of amounts capitalized), and $(396) million ($(256) million net of amounts capitalized), respectively. In 2015, the pension and OPEB mark-to-market adjustment primarily reflects lower than expected asset returns as well as the impact of other demographic assumptions, including revisions to mortality assumptions, partially offset by a 25 basis point increase in the discount rate.

FirstEnergy's pension and OPEB funding policy is based on actuarial computations using the projected unit credit method. During the year ended December 31, 2015, FirstEnergy made contributions of $143 million to its qualified pension plan. In 2016, FirstEnergy has minimum required funding obligations of $381 million to its qualified pension plan, of which $160 million has been contributed to date. FirstEnergy expects to make future contributions to the qualified pension plan in 2016 with cash, equity or a combination thereof, depending on, among other things, market conditions.

Pension and OPEB costs are affected by employee demographics (including age, compensation levels and employment periods), the level of contributions made to the plans and earnings on plan assets. Pension and OPEB costs may also be affected by changes in key assumptions, including anticipated rates of return on plan assets, the discount rates and health care trend rates used in determining the projected benefit obligations for pension and OPEB costs. FirstEnergy uses a December 31 measurement date for its pension and OPEB plans. The fair value of the plan assets represents the actual market value as of the measurement date.

FirstEnergy's assumed rate of return on pension plan assets considers historical market returns and economic forecasts for the types of investments held by the pension trusts. In 2015, FirstEnergy's qualified pension and OPEB plan assets experienced losses of $(172) million, or (2.7)% compared to earnings of $387 million, or 6.2% in 2014 and losses of $(22) million, or (0.3)% in 2013, and assumed a 7.75% rate of return for each year on plan assets which generated $476 million, $496 million and $535 million of expected returns on plan assets, respectively. The expected return on pension and OPEB assets is based on the trusts' asset allocation targets and the historical performance of risk-based and fixed income securities. The gains or losses generated as a result of the difference between expected and actual returns on plan assets will increase or decrease future net periodic pension and OPEB cost as the difference is recognized annually in the fourth quarter of each fiscal year or whenever a plan is determined to qualify for remeasurement.

During 2014, the Society of Actuaries published new mortality tables and improvement scales reflecting improved life expectancies and an expectation that the trend will continue. An analysis of FirstEnergy pension and OPEB plan mortality data indicated the use of the RP2014 mortality table with blue collar adjustment for females and projection scale SS2014INT was most appropriate as of December 31, 2015. As such, the RP2014 mortality table with projection scale SS2014INT was utilized to determine the 2015 benefit cost and obligation as of December 31, 2015 for the FirstEnergy pension and OPEB plans. The impact of using the RP2014 mortality table and projection scale SS2014INT resulted in an increase in the projected benefit obligation of $49 million and $1 million for the pension and OPEB plans, respectively, and was included in the 2015 pension and OPEB mark-to-market adjustment.

Obligations and Funded Status	Pension 2015	Pension 2014	OPEB 2015	OPEB 2014
		(In millions)		
Change in benefit obligation:				
Benefit obligation as of January 1	$ 9,249	$ 8,263	$ 757	$ 879
Service cost	193	167	5	9
Interest cost	383	402	29	39
Plan participants' contributions	—	—	6	16
Plan amendments	—	5	(10)	(97)
Medicare retiree drug subsidy	—	—	1	—
Actuarial (gain) loss	(277)	1,123	(2)	13
Benefits paid	(469)	(711)	(62)	(102)
Benefit obligation as of December 31	$ 9,079	$ 9,249	$ 724	$ 757
Change in fair value of plan assets:				
Fair value of plan assets as of January 1	$ 5,824	$ 6,171	$ 464	$ 495
Actual return (losses) on plan assets	(178)	349	6	38
Company contributions	161	15	17	17
Plan participants' contributions	—	—	6	16
Benefits paid	(469)	(711)	(62)	(102)
Fair value of plan assets as of December 31	$ 5,338	$ 5,824	$ 431	$ 464
Funded Status:				
Qualified plan	$ (3,366)	$ (3,064)		
Non-qualified plans	(375)	(361)		
Funded Status	$ (3,741)	$ (3,425)	$ (293)	$ (293)
Accumulated benefit obligation	$ 8,579	$ 8,744	$ —	$ —
Amounts Recognized on the Balance Sheet:				
Current liabilities	$ (18)	$ (17)	$ —	$ —
Noncurrent liabilities	(3,723)	(3,408)	(293)	(293)
Net liability as of December 31	$ (3,741)	$ (3,425)	$ (293)	$ (293)
Amounts Recognized in AOCI:				
Prior service cost (credit)	$ 37	$ 45	$ (355)	$ (479)
Assumptions Used to Determine Benefit Obligations (as of December 31)				
Discount rate	4.50%	4.25%	4.25%	4.00%
Rate of compensation increase	4.20%	4.20%	N/A	N/A
Assumed Health Care Cost Trend Rates (as of December 31)				
Health care cost trend rate assumed (pre/post-Medicare)	N/A	N/A	6.0-5.5%	7.5-7.0%
Rate to which the cost trend rate is assumed to decline (the ultimate trend rate)	N/A	N/A	4.5%	4.5%
Year that the rate reaches the ultimate trend rate	N/A	N/A	2026	2026
Allocation of Plan Assets (as of December 31)				
Equity securities	40%	36%	51%	49%
Bonds	34%	33%	43%	40%
Absolute return strategies	7%	14%	—%	1%
Real estate	11%	7%	—%	1%
Derivatives	—%	1%	—%	—%
Cash and short-term securities	8%	9%	6%	9%
Total	100%	100%	100%	100%

The estimated 2016 amortization of pension and OPEB prior service costs (credits) from AOCI into net periodic pension and OPEB costs (credits) is approximately $8 million and $(80) million, respectively.

Components of Net Periodic Benefit Costs	Pension 2015	Pension 2014	Pension 2013	OPEB 2015	OPEB 2014	OPEB 2013
			(In millions)			
Service cost	$ 193	$ 167	$ 197	$ 5	$ 9	$ 13
Interest cost	383	402	372	29	39	37
Expected return on plan assets	(443)	(462)	(501)	(33)	(34)	(34)
Amortization of prior service cost (credit)	8	8	12	(134)	(176)	(207)
Pension & OPEB mark-to-market adjustment	344	1,235	(267)	25	8	(129)
Net periodic cost (credit)	$ 485	$ 1,350	$ (187)	$ (108)	$ (154)	$ (320)

Assumptions Used to Determine Net Periodic Benefit Cost for Years Ended December 31	Pension 2015	Pension 2014	Pension 2013	OPEB 2015	OPEB 2014	OPEB 2013
Weighted-average discount rate	4.25%	5.00%	4.25%	4.00%	4.75%	4.00%
Expected long-term return on plan assets	7.75%	7.75%	7.75%	7.75%	7.75%	7.75%
Rate of compensation increase	4.20%	4.20%	4.70%	N/A	N/A	N/A

In selecting an assumed discount rate, FirstEnergy considers currently available rates of return on high-quality fixed income investments expected to be available during the period to maturity of the pension and OPEB obligations. The assumed rates of return on plan assets consider historical market returns and economic forecasts for the types of investments held by FirstEnergy's pension trusts. The long-term rate of return is developed considering the portfolio's asset allocation strategy. In 2016, FirstEnergy decreased the expected long-term return on plan assets to 7.50%.

The following tables set forth pension financial assets that are accounted for at fair value by level within the fair value hierarchy. See Note 9, Fair Value Measurements, for a description of each level of the fair value hierarchy. There were no significant transfers between levels during 2015 and 2014.

	December 31, 2015				
	Level 1	Level 2	Level 3	Total	Asset Allocation
		(In millions)			
Cash and short-term securities	$ —	$ 427	$ —	$ 427	8%
Equity investments					
Domestic	869	75	—	944	18%
International	395	794	—	1,189	22%
Fixed income					
Government bonds	—	232	—	232	4%
Corporate bonds	—	1,115	—	1,115	21%
High yield debt	—	438	—	438	8%
Mortgage-backed securities (non-government)	—	31	—	31	1%
Alternatives					
Hedge funds (Absolute return)	—	343	—	343	7%
Derivatives	—	15	—	15	—%
Private equity funds	—	—	24	24	—%
Real estate funds	—	—	587	587	11%
Total [1]	$ 1,264	$ 3,470	$ 611	$ 5,345	100%

[1] Excludes $(7) million as of December 31, 2015 of receivables, payables, taxes and accrued income associated with financial instruments reflected within the fair value table.

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

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

The following table provides a reconciliation of changes in the fair value of pension investments classified as Level 3 in the fair value hierarchy during 2015 and 2014:

	Private Equity Funds	Real Estate Funds
	(In millions)	
Balance as of January 1, 2014	$ 27	$ 385
Actual return on plan assets:		
Unrealized gains (losses)	(2)	17
Realized gains	1	14
Transfers in (out)	(1)	5
Balance as of December 31, 2014	$ 25	$ 421
Actual return on plan assets:		
Unrealized gains	—	42
Realized gains (losses)	(1)	16
Transfers in	—	108
Balance as of December 31, 2015	$ 24	$ 587

As of December 31, 2015 and 2014, the OPEB trust investments measured at fair value were as follows:

	December 31, 2015				
	Level 1	Level 2	Level 3	Total	Asset Allocation
	(In millions)				
Cash and short-term securities	$ —	$ 25	$ —	$ 25	6%
Equity investment					
Domestic	219	—	—	219	50%
International	1	3	—	4	1%
Fixed income					
U.S. treasuries	—	42	—	42	10%
Government bonds	—	114	—	114	26%
Corporate bonds	—	27	—	27	6%
High yield debt	—	1	—	1	—%
Mortgage-backed securities (non-government)	—	3	—	3	1%
Alternatives					
Hedge funds	—	1	—	1	—%
Real estate funds	—	—	2	2	—%
Total [(1)]	$ 220	$ 216	$ 2	$ 438	100%

(1) Excludes $(7) million as of December 31, 2015 of receivables, payables, taxes and accrued income associated with financial instruments reflected within the fair value table.

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

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

The following table provides a reconciliation of changes in the fair value of OPEB trust investments classified as Level 3 in the fair value hierarchy during 2015 and 2014:

	Real Estate Funds
Balance as of January 1, 2014	$ 5
Transfers out	(2)
Balance as of December 31, 2014	$ 3
Transfers out	(1)
Balance as of December 31, 2015	$ 2

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

FirstEnergy's target asset allocations for its pension and OPEB trust portfolios for 2015 and 2014 are shown in the following table:

	Target Asset Allocations	
	2015	2014
Equities	38%	42%
Fixed income	30%	32%
Absolute return strategies	8%	14%
Real estate	10%	5%
Alternative investments	8%	1%
Cash	6%	6%
	100%	100%

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

	1-Percentage-Point Increase	1-Percentage-Point Decrease
	(In millions)	
Effect on total of service and interest cost	$ 1	$ (1)
Effect on accumulated benefit obligation	$ 26	$ (23)

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

		OPEB	
	Pension	Benefit Payments	Subsidy Receipts
		(In millions)	
2016	$ 484	$ 54	$ (3)
2017	505	54	(3)
2018	522	54	(3)
2019	533	54	(3)
2020	551	54	(3)
Years 2021-2025	2,946	259	(9)

FES' share of the pension and OPEB net (liability) asset as of December 31, 2015 and 2014, was as follows:

	Pension		OPEB	
	2015	2014	2015	2014
	(In millions)			
Net (Liability) Asset	$ (303)	$ (295)	$ 25	$ 10

FES' share of the net periodic benefit cost (credit), including the pension and OPEB mark-to-market adjustment, for the three years ended December 31, 2015 was as follows:

	Pension			OPEB		
	2015	2014	2013	2015	2014	2013
	(In millions)					
Net Periodic Cost (Credit)	$ 10	$ 150	$ (30)	$ (22)	$ (24)	$ (40)

4. STOCK-BASED COMPENSATION PLANS

FirstEnergy grants stock-based awards through the ICP 2015, primarily in the form of restricted stock and performance-based restricted stock units. Under FirstEnergy's previous incentive compensation plan, the ICP 2007, FirstEnergy also granted stock options and performance shares. The ICP 2007 and ICP 2015 include shareholder authorization to issue 29 million shares and 10 million shares, respectively, of common stock or their equivalent. As of December 31, 2015, approximately 9.9 million shares were available for future grants under the ICP 2015 assuming maximum performance metrics are achieved for the outstanding cycles of restricted stock units. No shares are available for future grants under the ICP 2007. Any shares not issued due to forfeitures or cancellations are added back to the ICP 2015. Shares used under the ICP 2007 and ICP 2015 are issued from authorized but unissued common stock. Vesting periods range from one to ten years, with the majority of awards having a vesting period of three years. FirstEnergy also issues stock through its 401(k) Savings Plan, EDCP, and DCPD. FirstEnergy records the compensation costs for stock-based compensation awards that will be paid in stock over the vesting period based on the fair value on the grant date, less estimated forfeitures. FirstEnergy adjusts the compensation costs for stock-based compensation awards that will be paid in cash based on changes in the fair value of the award as of each reporting date. FirstEnergy records the actual tax benefit realized from tax deductions when awards are exercised or settled. Realized tax benefits during the years ended December 31, 2015, 2014 and 2013 were $10 million, $13 million and $13 million, respectively. The excess of the deductible amount over the recognized compensation cost is recorded as a component of stockholders' equity and reported as a financing activity on the Consolidated Statements of Cash Flows.

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

FirstEnergy	Years ended December 31,		
Stock-based Compensation Plan	2015	2014	2013
	(In millions)		
Restricted Stock Units	$ 46	$ 26	$ 36
Restricted Stock	2	5	6
Performance Shares	—	5	(10)
401(k) Savings Plan	38	25	25
EDCP & DCPD	3	8	3
Total	$ 89	$ 69	$ 60
Stock-based compensation costs capitalized	$ 32	$ 23	$ 20

FES	Years ended December 31,		
Stock-based Compensation Plan	2015	2014	2013
	(In millions)		
Restricted Stock Units	$ 6	$ 4	$ 6
Performance Shares	—	1	(1)
401(k) Savings Plan	5	4	4
Total	$ 11	$ 9	$ 9
Stock-based compensation costs capitalized	$ 1	$ 1	$ 1

Stock option expense was not material for FirstEnergy or FES for the years December 31, 2015, 2014 or 2013. Income tax benefits associated with stock based compensation plan expense were $12 million, $14 million and $23 million (FES - $2 million, $2 million and $1 million) for the years ended 2015, 2014 and 2013, respectively.

Restricted Stock Units

Beginning with the performance-based restricted stock units granted in 2015, two-thirds will be paid in stock and one-third will be paid in cash. Prior to 2015, all performance-based restricted stock units were paid in stock. Restricted stock units paid in stock provide the participant the right to receive, at the end of the period of restriction, a number of shares of common stock equal to the number of stock units set forth in the agreement subject to adjustment based on FirstEnergy's performance relative to financial and operational performance targets. The grant date fair value of the stock portion of the restricted stock unit award is measured based on the average of the high and low prices of FE common stock on the date of grant. Compensation expense is recognized for the grant date fair value of awards that are expected to vest. Restricted stock units paid in cash provide the participant the right to receive cash based on the numbers of stock units set forth in the agreement and value of the equivalent number of shares of FE common stock as of the vesting date. The cash portion of the restricted stock unit award is considered a liability award, which is remeasured each period based on FE's stock price and projected performance adjustments. The liability recorded for cash performance based restricted stock units as of December 31, 2015 was $3 million. No cash was paid to settle the restricted stock unit obligations in 2015. The vesting period for each of the awards was three years. Dividend equivalents are received on the restricted stock units and are reinvested in additional restricted stock units and subject to the same performance conditions.

Restricted stock unit activity for the year ended December 31, 2015, was as follows:

Restricted Stock Unit Activity	Shares	Weighted-Average Grant Date Fair Value
Nonvested as of January 1, 2015	2,069,518	$ 37.65
Granted in 2015	1,157,755	35.27
Forfeited in 2015	(231,271)	34.19
Vested in 2015[1]	(559,114)	44.58
Nonvested as of December 31, 2015	2,436,888	$ 35.26

[1] Excludes dividend equivalents of 89,681 earned during vesting period

The weighted average fair value of awards granted in 2015, 2014 and 2013 were $35.27, $32.17 and $39.90 respectively. For the years ended December 31, 2015, 2014, and 2013, the fair value of restricted stock units vested was $22 million, $28 million, and $37 million, respectively. As of December 31, 2015, there was $32 million of total unrecognized compensation cost related to non-vested share-based compensation arrangements granted for restricted stock units; that cost is expected to be recognized over a period of approximately two years.

Restricted Stock

Certain employees receive awards of FE restricted stock (as opposed to "units" with the right to receive shares at the end of the restriction period) subject to restrictions that lapse over a defined period of time or upon achieving performance results. The fair value of restricted stock is measured based on the average of the high and low prices of FirstEnergy common stock on the date of grant. Dividends are received on the restricted stock and are reinvested in additional shares of restricted stock.

Restricted common stock (restricted stock) activity for the year ended December 31, 2015, was as follows:

Restricted Stock	Number of Shares	Weighted Average Grant-Date Fair Value
Nonvested as of January 1, 2015	342,286	$ 45.29
Granted in 2015	65,434	32.98
Forfeited in 2015	(26,079)	57.58
Vested in 2015[1]	(190,985)	43.17
Nonvested as of December 31, 2015	190,656	$ 40.65

[1] Excludes 52,872 shares for dividends earned during vesting period

The weighted average vesting period for restricted stock granted in 2015 was 5.59 years. The weighted average fair value of awards granted in 2015, 2014, and 2013 were $32.98, $32.71 and $42.53 respectively. For the years ended December 31, 2015, 2014, and 2013, the fair value of restricted stock vested was $8 million, $4 million, and $7 million, respectively. As of December 31, 2015, there was $3 million of total unrecognized compensation cost related to non-vested restricted stock, which is expected to be recognized over a period of approximately three years.

Stock Options

Stock options have been granted to certain employees allowing them to purchase a specified number of common shares at a fixed exercise price over a defined period of time. Stock options generally expire ten years from the date of grant. There were no stock options granted in 2015. Stock option activity during 2015 was as follows:

Stock Option Activity	Number of Shares	Weighted Average Exercise Price
Balance, January 1, 2015 (1,077,988 options exercisable)	1,439,145	$ 44.83
Options exercised	(18,551)	29.53
Options forfeited	(8,623)	68.02
Balance, December 31, 2015 (1,211,358 options exercisable)	1,411,971	$ 44.89

Cash received from the exercise of stock options in 2015, 2014 and 2013 was $1 million, $1 million and $19 million, respectively. The total intrinsic value of options exercised during 2015 was not material. The weighted-average remaining contractual term of options outstanding as of December 31, 2015 was 3.58 years.

Performance Shares

Prior to the 2015 grant of performance-based restricted stock units discussed above, the Company granted performance shares. Performance shares are share equivalents and do not have voting rights. The performance shares outstanding track the performance of FE's common stock over a three-year vesting period. Dividend equivalents accrue on performance shares and are reinvested into additional performance shares with the same performance conditions. The final account value may be adjusted based on the ranking of FE stock performance to a composite of peer companies. No performance shares were granted in 2015. In 2014, $3 million cash was paid to settle performance share obligations. During 2015 and 2013, no cash was paid to settle performance shares due to the performance criteria not being met for the previous three-year vesting period.

401(k) Savings Plan

In 2015 and 2014, 1,072,494 and 756,412 shares of FE common stock, respectively, were issued and contributed to participants' accounts. In 2013, approximately 708,000 shares of FE common stock were purchased on the market and contributed to participants' accounts.

EDCP

Under the EDCP, covered employees can defer a portion of their compensation, including base salary, annual incentive awards and/or long-term incentive awards, into unfunded accounts. Annual incentive and long-term incentive awards may be deferred in FE stock accounts. Base salary and annual incentive awards may be deferred into a retirement cash account which earns interest. Dividends are calculated quarterly on stock units outstanding and are credited in the form of additional stock units. The form of payout as stock or cash can vary depending upon the form of the award, the duration of the deferral and other factors. Certain types of deferrals such as dividend equivalent units, Short-Term Incentive Awards, and performance share awards are required to be paid in cash. Until 2015, payouts of the stock accounts typically occurred three years from the date of deferral, although participants could have elected to defer their shares into a retirement stock account that would pay out in cash upon retirement. In 2015, FirstEnergy amended the EDCP to eliminate the right to receive deferred shares after three years, effective for deferrals made on or after November 1, 2015. Awards deferred into a retirement stock account will pay out in cash upon separation from service, death or disability. Interest accrues on the cash allocated to the retirement cash account and the balance will pay out in cash over a time period as elected by the participant.

DCPD

Under the DCPD, members of the Board of Directors can elect to allocate all or a portion of their equity retainers to deferred stock and their cash retainers, meeting fees and chair fees to deferred stock or deferred cash accounts. The net liability recognized for DCPD of approximately $9 million and $8 million as of December 31, 2015 and December 31, 2014, respectively, is included in the caption "Retirement benefits" on the Consolidated Balance Sheets.

5. TAXES

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

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

On December 18, 2015, the President signed into law the Protecting Americans from Tax Hikes Act of 2015 (the Act). The Act, among other things, made permanent the R&D tax credit, and also extended accelerated depreciation of qualified capital investments placed into service. This bonus depreciation provision is 50% for qualifying assets placed into service from 2015 through 2017, 40% for qualifying assets placed into service in 2018 and 30% for qualifying assets placed into service in 2019. FirstEnergy and FES recorded the effects of the Act that apply to 2015 in the fourth quarter of 2015. The extension of the tax benefits did not have a significant impact to the effective tax rate.

INCOME TAXES (BENEFITS)[(1)]	2015	2014	2013
		(In millions)	
<u>FirstEnergy</u>			
Currently payable (receivable)-			
Federal	$ 1	$ (132)	$ (118)
State	30	(72)	70
	31	(204)	(48)
Deferred, net-			
Federal	277	214	305
State	15	(42)	(54)
	292	172	251
Investment tax credit amortization	(8)	(10)	(8)
Total provision for income taxes (benefits)	$ 315	$ (42)	$ 195
<u>FES</u>			
Currently payable (receivable)-			
Federal	$ (56)	$ (222)	$ (300)
State	2	(13)	(3)
	(54)	(235)	(303)
Deferred, net-			
Federal	103	25	317
State	18	(14)	(4)
	121	11	313
Investment tax credit amortization	(2)	(4)	(4)
Total provision for income taxes (benefits)	$ 65	$ (228)	$ 6

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

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

	2015	2014	2013
		(In millions)	
FirstEnergy			
Income from Continuing Operations before income taxes	$ 893	$ 171	$ 570
Federal income tax expense at statutory rate (35%)	$ 313	$ 60	$ 199
Increases (reductions) in taxes resulting from-			
State income taxes, net of federal tax benefit	34	12	10
AFUDC equity and other flow-through	(16)	(13)	(7)
Amortization of investment tax credits	(8)	(10)	(8)
Change in accounting method	(8)	(27)	—
ESOP dividend	(6)	(6)	(9)
Tax basis balance sheet adjustments	—	(25)	—
Uncertain tax positions	1	(35)	(2)
Other, net	5	2	12
Total income taxes (benefits)	$ 315	$ (42)	$ 195
Effective income tax rate	35.3%	(24.6)%	34.2%
FES			
Income (loss) from Continuing Operations before income taxes (benefits)	$ 147	$ (588)	$ 52
Federal income tax expense (benefit) at statutory rate (35%)	$ 51	$ (206)	$ 18
Increases (reductions) in taxes resulting from-			
State income taxes, net of federal tax benefit	16	(14)	(5)
Amortization of investment tax credits	(2)	(4)	(4)
ESOP dividend	(1)	(1)	(2)
Uncertain tax positions	5	—	—
Other, net	(4)	(3)	(1)
Total income taxes (benefits)	$ 65	$ (228)	$ 6
Effective income tax rate	44.2%	38.8 %	11.5%

In 2015, FirstEnergy's effective tax rate was 35.3% compared to (24.6)% in 2014. The increase in the effective tax rate year-over-year resulted from lower tax benefits in 2015 as compared to 2014, primarily related to IRS approved changes in accounting methods, reduced tax benefits on uncertain tax positions, partially offset by lower valuation allowances required on state and municipal net operating loss carryforwards that FirstEnergy believes are no longer realizable. Additionally, during 2014, income tax benefits of $25 million were recorded that related to prior periods. The out-of-period adjustment primarily related to the correction of amounts included in the FirstEnergy's tax basis balance sheet. Management determined that this adjustment was not material to 2014 or any prior period. The increase in the effective rate was also impacted by higher income from continuing operations.

In 2015, FES' effective tax rate on income from continuing operations was 44.2% compared to 38.8% on a loss from continuing operations in 2014. The increase in the effective tax rate is primarily due to an increase in reserves associated with uncertain tax positions in 2015 and the absence of tax benefits recognized in 2014 associated with changes in state apportionment factors, partially offset by lower valuation allowances recorded on state and municipal NOL carryforwards that FirstEnergy believes are no longer realizable.

Accumulated deferred income taxes as of December 31, 2015 and 2014 are as follows:

		2015		2014
		(In millions)		
FirstEnergy				
Property basis differences	$	9,920	$	9,354
Deferred sale and leaseback gain		(360)		(381)
Pension and OPEB		(1,541)		(1,433)
Nuclear decommissioning activities		480		458
Asset retirement obligations		(731)		(641)
Regulatory asset/liability		763		768
Loss carryforwards and AMT credits		(1,965)		(1,932)
Loss carryforward valuation reserve		192		174
All other		15		172
Net deferred income tax liability	$	6,773	$	6,539
FES				
Property basis differences	$	1,901	$	1,749
Deferred sale and leaseback gain		(342)		(356)
Pension and OPEB		(393)		(373)
Lease market valuation liability		95		75
Nuclear decommissioning activities		483		489
Asset retirement obligations		(509)		(486)
Loss carryforwards and AMT credits		(687)		(631)
Loss carryforward valuation reserve		46		32
All other		6		(15)
Net deferred income tax liability	$	600	$	484

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

FirstEnergy has recorded as deferred income tax assets the effect of NOLs and tax credits that will more likely than not be realized through future operations and through the reversal of existing temporary differences. As of December 31, 2015, the deferred income tax assets, before any valuation allowances, for loss carryforwards and AMT credits consisted of $1.5 billion of Federal NOL carryforwards, net of tax, that will begin to expire in 2030, Federal AMT credits of $26 million, net of tax, that have an indefinite carryforward period, and $398 million, net of tax, of state and local NOL carryforwards that will begin to expire in 2016.

The table below summarizes pre-tax NOL carryforwards for state and local income tax purposes of approximately $10 billion for FirstEnergy, of which approximately $6 billion is expected to be utilized based on current estimates and assumptions. The ultimate utilization of these NOLs may be impacted by statutory limitations on the use of NOLs imposed by state and local tax jurisdictions, changes in statutory tax rates, and changes in business which, among other things, impact both future profitability and the manner in which future taxable income is apportioned to various state and local tax jurisdictions.

Expiration Period	FirstEnergy				FES			
	(In millions)							
	State		Local		State		Local	
2016-2020	$	403	$	2,983	$	95	$	1,820
2021-2025		1,323		—		68		—
2026-2030		2,205		—		259		—
2031-2035		3,245		—		1,128		—
	$	7,176	$	2,983	$	1,550	$	1,820

FirstEnergy accounts for uncertainty in income taxes recognized in its financial statements. A recognition threshold and measurement attribute is utilized for financial statement recognition and measurement of tax positions taken or expected to be taken on a company's tax return. As of December 31, 2015 and 2014, FirstEnergy's total unrecognized income tax benefits were approximately $34 million.

If ultimately recognized in future years, approximately $29 million of unrecognized income tax benefits as of December 31, 2015, would impact the effective tax rate. As of December 31, 2015, it is reasonably possible that approximately $9 million of unrecognized tax benefits may be resolved during 2016 as a result of the statute of limitations expiring, of which approximately $7 million would affect FirstEnergy's effective tax rate.

The following table summarizes the changes in unrecognized tax positions for the years ended 2015, 2014 and 2013:

	FirstEnergy	FES
	(In millions)	
Balance, January 1, 2013	$ 43	$ 3
Prior years increases	10	—
Prior years decreases	(5)	—
Balance, December 31, 2013	$ 48	$ 3
Current year increases	4	—
Prior years increases	5	—
Prior years decreases	(23)	—
Balance, December 31, 2014	$ 34	$ 3
Current year increases	3	—
Prior years increases	7	5
Prior years decreases	(10)	—
Balance, December 31, 2015	$ 34	$ 8

FirstEnergy recognizes interest expense or income and penalties related to uncertain tax positions in income taxes. That amount is computed by applying the applicable statutory interest rate to the difference between the tax position recognized and the amount previously taken or expected to be taken on the federal income tax return. FirstEnergy's reversal of accrued interest associated with unrecognized tax benefits reduced FirstEnergy's effective tax rate in 2015 and 2014 by approximately $1 million and $6 million, respectively. There was an increase of $1 million of accrued interest for the year ended December 31, 2013.

The following table summarizes the net interest expense (income) for the three years ended December 31, 2015 and the cumulative net interest payable as of December 31, 2015 and 2014 (FES did not have net interest expense (income) or a net interest payable for the periods presented):

	Net Interest Expense (Income) For the Years Ended December 31,			Net Interest Payable As of December 31,	
	2015	2014	2013	2015	2014
		(In millions)		*(In millions)*	
FirstEnergy	$ (1)	$ (6)	$ 1	$ 1	$ 2

General Taxes

	2015	2014	2013
		(In millions)	
FirstEnergy			
KWH excise	$ 193	$ 194	$ 219
State gross receipts	224	226	240
Real and personal property	410	393	368
Social security and unemployment	119	112	110
Other	32	37	41
Total general taxes	$ 978	$ 962	$ 978
FES			
State gross receipts	$ 44	$ 69	$ 77
Real and personal property	36	39	40
Social security and unemployment	16	17	19
Other	2	3	2
Total general taxes	$ 98	$ 128	$ 138

6. LEASES

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

In 1987, OE sold portions of its ownership interests in Perry Unit 1 and Beaver Valley Unit 2 and entered into operating leases on the portions sold for basic lease terms of approximately 29 years, expiring in 2016. In that same year, CEI and TE also sold portions of their ownership interests in Beaver Valley Unit 2 and Bruce Mansfield Units 1, 2 and 3 and entered into similar operating leases for lease terms of approximately 30 years expiring in 2017. OE, CEI and TE have the right, at the expiration of the respective basic lease terms, to renew their respective leases. They also have the right to purchase the facilities at the expiration of the basic lease term or any renewal term at a price equal to the fair market value of the facilities. The basic rental payments are adjusted when applicable federal tax law changes.

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

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

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

As of December 31, 2015, FirstEnergy's leasehold interest was 3.75% of Perry Unit 1, 93.83% of Bruce Mansfield Unit 1 and 2.60% of Beaver Valley Unit 2.

Operating lease expense for 2015, 2014 and 2013, is summarized as follows:

(In millions)	2015	2014	2013
FirstEnergy	$ 174	$ 199	$ 224
FES	$ 94	$ 95	$ 97

The future minimum capital lease payments as of December 31, 2015 are as follows:

Capital leases	FirstEnergy	FES
	(In millions)	
2016	$ 36	$ 6
2017	31	6
2018	24	2
2019	18	—
2020	14	—
Years thereafter	27	—
Total minimum lease payments	150	14
Interest portion	(18)	(1)
Present value of net minimum lease payments	132	13
Less current portion	32	5
Noncurrent portion	$ 100	$ 8

FirstEnergy's future minimum consolidated operating lease payments as of December 31, 2015, are as follows:

	FirstEnergy		
Operating Leases	Lease Payments	PNBV	Net
	(In millions)		
2016	$ 197	$ 13	$ 184
2017	122	3	119
2018	135	—	135
2019	116	—	116
2020	91	—	91
Years thereafter	1,438	—	1,438
Total minimum lease payments	$ 2,099	$ 16	$ 2,083

FES' future minimum operating lease payments as of December 31, 2015, are as follows:

Operating Leases	Lease Payments
	(In millions)
2016	$ 131
2017	82
2018	101
2019	97
2020	68
Years thereafter	1,315
Total minimum lease payments	$ 1,794

7. INTANGIBLE ASSETS

As of December 31, 2015, intangible assets classified in Other Deferred Charges on FirstEnergy's Consolidated Balance Sheet, include the following:

	Intangible Assets			Amortization Expense						
				Actual	Estimated					
(In millions)	Gross	Accumulated Amortization	Net	2015	2016	2017	2018	2019	2020	Thereafter
NUG contracts[1]	$ 124	$ 25	$ 99	$ 5	$ 5	$ 5	$ 5	$ 5	$ 5	$ 74
OVEC	54	9	45	2	2	2	2	2	2	35
Coal contracts[2][3][4]	556	430	126	116	38	32	17	17	6	—
FES customer contracts	148	87	61	17	17	16	14	13	1	—
	$ 882	$ 551	$ 331	$ 140	$ 62	$ 55	$ 38	$ 37	$ 14	$ 109

[1] NUG contracts are subject to regulatory accounting and their amortization does not impact earnings.
[2] A gross amount of $40 million ($23 million, net) of the coal contracts is related to FES. The 2015 and estimated 2016 to 2019 amortization expense for FES is $5.7 million annually.
[3] A gross amount of $102 million ($16 million, net) of the coal contracts was recorded with a regulatory offset and the amortization does not impact earnings. Accordingly, the amortization expense for these coal contracts is excluded from table above.
[4] Amortization expense in 2015, includes a $67 million impairment of a coal contract intangible asset associated with the termination of a coal supply contract, which impacted earnings.

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

8. VARIABLE INTEREST ENTITIES

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

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

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

Consolidated VIEs

VIEs in which FirstEnergy is the primary beneficiary consist of the following (included in FirstEnergy's consolidated financial statements):

- ***PNBV*** - PNBV, a business trust established by OE in 1996, issued certain beneficial interests and notes to fund the acquisition of a portion of the bonds issued by certain owner trusts in connection with the sale and leaseback in 1987 of a portion of OE's interest in the Perry Plant and Beaver Valley Unit 2. OE used debt and available funds to purchase the notes issued by PNBV. The beneficial ownership of PNBV includes a 3% interest by unaffiliated third parties.
- ***Ohio Securitization*** - In September 2012, the Ohio Companies created separate, wholly-owned limited liability companies (SPEs) which issued phase-in recovery bonds to securitize the recovery of certain all-electric customer heating discounts, fuel and purchased power regulatory assets. The phase-in recovery bonds are payable only from, and secured by, phase-in recovery property owned by the SPEs. The bondholder has no recourse to the general credit of FirstEnergy or any of the Ohio Companies. Each of the Ohio Companies, as servicer of its respective SPE, manages and administers the phase-in recovery property including the billing, collection and remittance of usage-based charges payable by retail electric customers. In the aggregate, the Ohio Companies are entitled to annual servicing fees of $445 thousand that are recoverable through the usage-based charges. As of December 31, 2015 and December 31, 2014, $362 million and $386 million of the phase-in recovery bonds were outstanding, respectively.
- ***JCP&L Securitization*** - In June 2002, JCP&L Transition Funding sold transition bonds to securitize the recovery of JCP&L's bondable stranded costs associated with the previously divested Oyster Creek Nuclear Generating Station. In August 2006, JCP&L Transition Funding II sold transition bonds to securitize the recovery of deferred costs associated with JCP&L's supply of BGS. JCP&L did not purchase and does not own any of the transition bonds, which are included as long-term debt on FirstEnergy's and JCP&L's Consolidated Balance Sheets. The transition bonds are the sole obligations of JCP&L Transition Funding and JCP&L Transition Funding II and are collateralized by each company's equity and assets, which consist primarily of bondable transition property. As of December 31, 2015 and December 31, 2014, $128 million and $168 million of the transition bonds were outstanding, respectively.
- ***MP and PE Environmental Funding Companies*** - The entities issued bonds of which the proceeds were used to construct environmental control facilities. The special purpose limited liability companies own the irrevocable right to collect non-bypassable environmental control charges from all customers who receive electric delivery service in MP's and PE's West Virginia service territories. Principal and interest owed on the environmental control bonds is secured by, and payable solely from, the proceeds of the environmental control charges. Creditors of FirstEnergy, other than the special purpose limited liability companies, have no recourse to any assets or revenues of the special purpose limited liability companies. As of December 31, 2015 and December 31, 2014, $429 million and $450 million of the environmental control bonds were outstanding, respectively.

Unconsolidated VIEs

FirstEnergy is not the primary beneficiary of the following VIEs:

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

  As discussed in Note 15, Commitments, Guarantees and Contingencies, FE is the guarantor under Global Holding's $300 million term loan facility. Failure by Global Holding to meet the terms and conditions under its term loan facility could require FE to be obligated under the provisions of its guarantee, resulting in consolidation of Global Holding by FE.

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

- ***Power Purchase Agreements*** - FirstEnergy evaluated its power purchase agreements and determined that certain NUG entities at its Regulated Distribution segment may be VIEs to the extent that they own a plant that sells substantially all of its output to the applicable utilities and the contract price for power is correlated with the plant's variable costs of production.

  FirstEnergy maintains 15 long-term power purchase agreements with NUG entities that were entered into pursuant to PURPA. FirstEnergy was not involved in the creation of, and has no equity or debt invested in, any of these entities. FirstEnergy has determined that for all but one of these NUG entities, it does not have a variable interest in the entities or the entities do not meet the criteria to be considered a VIE. FirstEnergy may hold a variable interest in the remaining one entity; however, it applied the scope exception that exempts enterprises unable to obtain the necessary information to evaluate entities.

  Because FirstEnergy has no equity or debt interests in the NUG entities, its maximum exposure to loss relates primarily to the above-market costs incurred for power. FirstEnergy expects any above-market costs incurred at its Regulated Distribution segment to be recovered from customers. Purchased power costs related to the contracts that may contain a variable interest were $116 million and $185 million, respectively, during the years ended December 31, 2015 and 2014.

- ***Sale and Leaseback Transactions*** - FES and certain of the Ohio Companies have obligations that are not included on their Consolidated Balance Sheets related to the Perry Unit 1, Beaver Valley Unit 2, and 2007 Bruce Mansfield Unit 1 sale and leaseback arrangements, which are satisfied through operating lease payments. FirstEnergy is not the primary beneficiary of these interests as it does not have control over the significant activities affecting the economics of the arrangements. As of December 31, 2015, FirstEnergy's leasehold interest was 3.75% of Perry Unit 1, 93.83% of Bruce Mansfield Unit 1 and 2.60% of Beaver Valley Unit 2.

  On June 24, 2014, OE exercised its irrevocable right to repurchase from the remaining owner participants the lessors' interests in Beaver Valley Unit 2 at the end of the lease term (June 1, 2017), which right to repurchase was assigned to NG. Additionally, on June 24, 2014, NG entered into a purchase agreement with an owner participant to purchase its lessor equity interests of the remaining non-affiliated leasehold interest in Perry Unit 1 on May 23, 2016, which is just prior to the end of the lease term. Upon the completion of these transactions, NG will have obtained all of the lessor equity interests at Perry Unit 1 and Beaver Valley Unit 2.

  FES and other FE subsidiaries are exposed to losses under their applicable sale and leaseback agreements upon the occurrence of certain contingent events. The maximum exposure under these provisions represents the net amount of casualty value payments due upon the occurrence of specified casualty events. Net discounted lease payments would not be payable if the casualty loss payments were made. The following table discloses each company's net exposure to loss based upon the casualty value provisions as of December 31, 2015:

	Maximum Exposure	Discounted Lease Payments, net	Net Exposure
		(In millions)	
FirstEnergy	$ 1,225	$ 950	$ 275
FES	$ 1,155	$ 933	$ 222

9. FAIR VALUE MEASUREMENTS

RECURRING FAIR VALUE MEASUREMENTS

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

Level 1 - Quoted prices for identical instruments in active market

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

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

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

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

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

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

FirstEnergy primarily applies the market approach for recurring fair value measurements using the best information available. Accordingly, FirstEnergy maximizes the use of observable inputs and minimizes the use of unobservable inputs. There were no changes in valuation methodologies used as of December 31, 2015, from those used as of December 31, 2014. 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.

Transfers between levels are recognized at the end of the reporting period. There were no transfers between levels during the years ended December 31, 2015 and 2014. The following tables set forth the recurring assets and liabilities that are accounted for at fair value by level within the fair value hierarchy:

FirstEnergy

Recurring Fair Value Measurements	December 31, 2015				December 31, 2014			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Assets				(In millions)				
Corporate debt securities	$ —	$ 1,245	$ —	$ 1,245	$ —	$ 1,221	$ —	$ 1,221
Derivative assets - commodity contracts	4	224	—	228	1	171	—	172
Derivative assets - FTRs	—	—	8	8	—	—	39	39
Derivative assets - NUG contracts[1]	—	—	1	1	—	—	2	2
Equity securities[2]	576	—	—	576	592	—	—	592
Foreign government debt securities	—	75	—	75	—	76	—	76
U.S. government debt securities	—	180	—	180	—	182	—	182
U.S. state debt securities	—	246	—	246	—	237	—	237
Other[3]	105	212	—	317	55	256	—	311
Total assets	$ 685	$ 2,182	$ 9	$ 2,876	$ 648	$ 2,143	$ 41	$ 2,832
Liabilities								
Derivative liabilities - commodity contracts	$ (9)	$ (122)	$ —	$ (131)	$ (26)	$ (141)	$ —	$ (167)
Derivative liabilities - FTRs	—	—	(13)	(13)	—	—	(14)	(14)
Derivative liabilities - NUG contracts[1]	—	—	(137)	(137)	—	—	(153)	(153)
Total liabilities	$ (9)	$ (122)	$ (150)	$ (281)	$ (26)	$ (141)	$ (167)	$ (334)
Net assets (liabilities)[4]	$ 676	$ 2,060	$ (141)	$ 2,595	$ 622	$ 2,002	$ (126)	$ 2,498

(1) NUG contracts are subject to regulatory accounting treatment and do not impact earnings.
(2) NDT funds hold equity portfolios whose performance is benchmarked against the Alerian MLP Index or the Wells Fargo Hybrid and Preferred Securities REIT index.
(3) Primarily consists of cash and short-term cash investments.
(4) Excludes $7 million and $40 million as of December 31, 2015 and December 31, 2014, respectively, of receivables, payables, taxes and accrued income associated with financial instruments reflected within the fair value table.

Rollforward of Level 3 Measurements

The following table provides a reconciliation of changes in the fair value of NUG contracts and FTRs that are classified as Level 3 in the fair value hierarchy for the periods ended December 31, 2015 and December 31, 2014:

	NUG Contracts[1]			FTRs		
	Derivative Assets	Derivative Liabilities	Net	Derivative Assets	Derivative Liabilities	Net
			(In millions)			
January 1, 2014 Balance	$ 20	$ (222)	$ (202)	$ 4	$ (12)	$ (8)
Unrealized gain (loss)	2	(2)	—	47	(1)	46
Purchases	—	—	—	26	(16)	10
Settlements	(20)	71	51	(38)	15	(23)
December 31, 2014 Balance	$ 2	$ (153)	$ (151)	$ 39	$ (14)	$ 25
Unrealized gain (loss)	2	(49)	(47)	(5)	(7)	(12)
Purchases	—	—	—	22	(11)	11
Settlements	(3)	65	62	(48)	19	(29)
December 31, 2015 Balance	$ 1	$ (137)	$ (136)	$ 8	$ (13)	$ (5)

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

Level 3 Quantitative Information

The following table provides quantitative information for FTRs and NUG contracts that are classified as Level 3 in the fair value hierarchy for the period ended December 31, 2015:

	Fair Value, Net (In millions)	Valuation Technique	Significant Input	Range	Weighted Average	Units
FTRs	$ (5)	Model	RTO auction clearing prices	($3.90) to $6.90	$1.00	Dollars/MWH
NUG Contracts	$ (136)	Model	Generation Regional electricity prices	400 to 3,871,000 $38.10 to $45.60	839,000 $40.20	MWH Dollars/MWH

FES

Recurring Fair Value Measurements	December 31, 2015				December 31, 2014			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Assets				(In millions)				
Corporate debt securities	$ —	$ 678	$ —	$ 678	$ —	$ 655	$ —	$ 655
Derivative assets - commodity contracts	4	224	—	228	1	171	—	172
Derivative assets - FTRs	—	—	5	5	—	—	27	27
Equity securities[(1)]	378	—	—	378	360	—	—	360
Foreign government debt securities	—	59	—	59	—	57	—	57
U.S. government debt securities	—	23	—	23	—	46	—	46
U.S. state debt securities	—	4	—	4	—	4	—	4
Other[(2)]	—	184	—	184	—	199	—	199
Total assets	$ 382	$ 1,172	$ 5	$ 1,559	$ 361	$ 1,132	$ 27	$ 1,520
Liabilities								
Derivative liabilities - commodity contracts	$ (9)	$ (122)	$ —	$ (131)	$ (26)	$ (141)	$ —	$ (167)
Derivative liabilities - FTRs	—	—	(11)	(11)	—	—	(13)	(13)
Total liabilities	$ (9)	$ (122)	$ (11)	$ (142)	$ (26)	$ (141)	$ (13)	$ (180)
Net assets (liabilities)[(3)]	$ 373	$ 1,050	$ (6)	$ 1,417	$ 335	$ 991	$ 14	$ 1,340

(1) NDT funds hold equity portfolios whose performance is benchmarked against the Alerian MLP Index or the Wells Fargo Hybrid and Preferred Securities REIT index.
(2) Primarily consists of short-term cash investments.
(3) Excludes $1 million and $44 million as of December 31, 2015 and December 31, 2014, respectively, of receivables, payables, taxes and accrued income associated with financial instruments reflected within the fair value table.

Rollforward of Level 3 Measurements

The following table provides a reconciliation of changes in the fair value of FTRs held by FES and classified as Level 3 in the fair value hierarchy for the periods ended December 31, 2015 and December 31, 2014:

	Derivative Asset	Derivative Liability	Net Asset/(Liability)
		(In millions)	
January 1, 2014 Balance	$ 3	$ (11)	$ (8)
Unrealized gain (loss)	34	(1)	33
Purchases	15	(16)	(1)
Settlements	(25)	15	(10)
December 31, 2014 Balance	$ 27	$ (13)	$ 14
Unrealized gain (loss)	2	(5)	(3)
Purchases	9	(10)	(1)
Settlements	(33)	17	(16)
December 31, 2015 Balance	$ 5	$ (11)	$ (6)

Level 3 Quantitative Information

The following table provides quantitative information for FTRs held by FES that are classified as Level 3 in the fair value hierarchy for the period ended December 31, 2015:

	Fair Value, Net (In millions)	Valuation Technique	Significant Input	Range	Weighted Average	Units
FTRs	$ (6)	Model	RTO auction clearing prices	($3.90) to $5.70	$0.70	Dollars/MWH

INVESTMENTS

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

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

Unrealized gains and losses on AFS securities are recognized in AOCI. However, unrealized losses held in the NDTs of FES, OE and TE are recognized in earnings since the trust arrangements, as they are currently defined, do not meet the required ability and intent to hold criteria in consideration of OTTI. The NDTs of JCP&L, ME and PN are subject to regulatory accounting with unrealized gains and losses offset in net regulatory assets.

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

AFS Securities

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

The following table summarizes the amortized cost basis, unrealized gains (there were no unrealized losses) and fair values of investments held in NDT, nuclear fuel disposal and NUG trusts as of December 31, 2015 and December 31, 2014:

	December 31, 2015[1]			December 31, 2014[2]		
	Cost Basis	Unrealized Gains	Fair Value	Cost Basis	Unrealized Gains	Fair Value
			(In millions)			
<u>Debt securities</u>						
FirstEnergy	$ 1,778	$ 16	$ 1,794	$ 1,724	$ 27	$ 1,751
FES	801	9	810	788	13	801
<u>Equity securities</u>						
FirstEnergy	$ 542	$ 34	$ 576	$ 533	$ 58	$ 591
FES	354	24	378	329	31	360

(1) Excludes short-term cash investments: FE Consolidated - $157 million; FES - $139 million.
(2) Excludes short-term cash investments: FE Consolidated - $241 million; FES - $204 million.

Proceeds from the sale of investments in AFS securities, realized gains and losses on those sales, OTTI and interest and dividend income for the three years ended December 31, 2015, 2014 and 2013 were as follows:

December 31, 2015	Sale Proceeds	Realized Gains	Realized Losses	OTTI	Interest and Dividend Income
			(In millions)		
FirstEnergy	$ 1,534	$ 209	$ (191)	$ (102)	$ 101
FES	733	158	(134)	(90)	57

December 31, 2014	Sale Proceeds	Realized Gains	Realized Losses	OTTI	Interest and Dividend Income
			(In millions)		
FirstEnergy	$ 2,133	$ 146	$ (75)	$ (37)	$ 96
FES	1,163	113	(54)	(33)	56

December 31, 2013	Sale Proceeds	Realized Gains	Realized Losses	OTTI	Interest and Dividend Income
			(In millions)		
FirstEnergy	$ 2,047	$ 92	$ (46)	$ (90)	$ 101
FES	940	70	(21)	(79)	60

Held-To-Maturity Securities

The following table provides the amortized cost basis, unrealized gains (there were no unrealized losses) and approximate fair values of investments in held-to-maturity securities as of December 31, 2015 and December 31, 2014:

	December 31, 2015			December 31, 2014		
	Cost Basis	Unrealized Gains	Fair Value	Cost Basis	Unrealized Gains	Fair Value
			(In millions)			
<u>Debt Securities</u>						
FirstEnergy	$ 6	$ 2	$ 8	$ 13	$ 4	$ 17

The held-to-maturity debt securities contractually mature by June 30, 2017. Investments in employee benefit trusts and equity method investments totaling $255 million as of December 31, 2015 and $626 million as of December 31, 2014, 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 and other long-term obligations, excluding capital lease obligations and net unamortized premiums and discounts:

	December 31, 2015		December 31, 2014	
	Carrying Value	Fair Value	Carrying Value	Fair Value
		(In millions)		
FirstEnergy	$ 20,244	$ 21,519	$ 19,828	$ 21,733
FES	3,027	3,121	3,097	3,241

The fair values of long-term debt and other long-term obligations reflect the present value of the cash outflows relating to those securities based on the current call price, the yield to maturity or the yield to call, as deemed appropriate at the end of each respective period. The yields assumed were based on securities with similar characteristics offered by corporations with credit ratings similar to those of FirstEnergy and its subsidiaries. FirstEnergy classified short-term borrowings, long-term debt and other long-term obligations as Level 2 in the fair value hierarchy as of December 31, 2015 and December 31, 2014.

10. DERIVATIVE INSTRUMENTS

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

FirstEnergy accounts for derivative instruments on its Consolidated Balance Sheets at fair value (unless they meet the normal purchases and normal sales criteria) as follows:

- Changes in the fair value of derivative instruments that are designated and qualify as cash flow hedges are recorded to AOCI with subsequent reclassification to earnings in the period during which the hedged forecasted transaction affects earnings.
- Changes in the fair value of derivative instruments that are designated and qualify as fair value hedges are recorded as an adjustment to the item being hedged. When fair value hedges are discontinued, the adjustment recorded to the item being hedged is amortized into earnings.
- Changes in the fair value of derivative instruments that are not designated in a hedging relationship are recorded in earnings on a mark-to-market basis, unless otherwise noted.

Derivative instruments meeting the normal purchases and normal sales criteria are accounted for under the accrual method of accounting with their effects included in earnings at the time of contract performance.

FirstEnergy has contractual derivative agreements through 2020.

Cash Flow Hedges

FirstEnergy has used cash flow hedges for risk management purposes to manage the volatility related to exposures associated with fluctuating commodity prices and interest rates.

Total pre-tax net unamortized losses included in AOCI associated with instruments previously designated as cash flow hedges totaled $11 million and $8 million as of December 31, 2015 and December 31, 2014, respectively. Since the forecasted transactions remain probable of occurring, these amounts will be amortized into earnings over the life of the hedging instruments. Approximately $1 million of net unamortized losses is expected to be amortized to income during the next twelve months.

FirstEnergy has used forward starting interest rate swap agreements to hedge a portion of the consolidated interest rate risk associated with anticipated issuances of fixed-rate, long-term debt securities of its subsidiaries. These derivatives were designated as cash flow hedges, protecting against the risk of changes in future interest payments resulting from changes in benchmark U.S. Treasury rates between the date of hedge inception and the date of the debt issuance. Total pre-tax unamortized losses included in AOCI associated with prior interest rate cash flow hedges totaled $42 million and $50 million as of December 31, 2015 and December 31, 2014, respectively. Based on current estimates, approximately $9 million of these unamortized losses is expected to be amortized to interest expense during the next twelve months.

Refer to Note 2, Accumulated Other Comprehensive Income, for reclassifications from AOCI during the years ended December 31, 2015 and 2014.

As of December 31, 2015 and December 31, 2014, no commodity or interest rate derivatives were designated as cash flow hedges.

Fair Value Hedges

FirstEnergy has used fixed-for-floating interest rate swap agreements to hedge a portion of the consolidated interest rate risk associated with the debt portfolio of its subsidiaries. As of December 31, 2015 and December 31, 2014, no fixed-for-floating interest rate swap agreements were outstanding.

Unamortized gains included in long-term debt associated with prior fixed-for-floating interest rate swap agreements totaled $20 million and $32 million as of December 31, 2015 and December 31, 2014, respectively. During the next twelve months, approximately $10 million of unamortized gains is expected to be amortized to interest expense. Amortization of unamortized gains included in long-term debt totaled approximately $12 million during the years ended December 31, 2015 and 2014.

As of December 31, 2015 and December 31, 2014, no commodity or interest rate derivatives were designated as fair value hedges.

Commodity Derivatives

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

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

As of December 31, 2015, FirstEnergy's net asset position under commodity derivative contracts was $97 million, which related to FES positions. Under these commodity derivative contracts, FES posted $26 million of collateral. Certain commodity derivative contracts include credit risk related contingent features that would require FES to post $3 million of additional collateral if the credit rating for its debt were to fall below investment grade.

Based on derivative contracts held as of December 31, 2015, an increase in commodity prices of 10% would decrease net income by approximately $30 million during the next twelve months.

Interest Rate Swaps

As of December 31, 2015 and 2014, no interest rate swaps were outstanding.

NUGs

As of December 31, 2015, FirstEnergy's net liability position under NUG contracts was $136 million representing contracts held at JCP&L, ME and PN. NUG contracts represent purchased power agreements with third-party non-utility generators that are transacted to satisfy certain obligations under PURPA. Changes in the fair value of NUG contracts are subject to regulatory accounting treatment and do not impact earnings.

FTRs

As of December 31, 2015, FirstEnergy's and FES' net liability position under FTRs was $5 million and $6 million, respectively and FES posted $6 million of collateral. FirstEnergy holds FTRs that generally represent an economic hedge of future congestion charges that will be incurred in connection with FirstEnergy's load obligations. FirstEnergy acquires the majority of its FTRs in an annual auction through a self-scheduling process involving the use of ARRs allocated to members of an RTO that have load serving obligations and through the direct allocation of FTRs from PJM. PJM has a rule that allows directly allocated FTRs to be granted to LSEs in zones that have newly entered PJM. For the first two planning years, PJM permits the LSEs to request a direct allocation of FTRs in these new zones at no cost as opposed to receiving ARRs. The directly allocated FTRs differ from traditional FTRs in that the ownership of all or part of the FTRs may shift to another LSE if customers choose to shop with the other LSE.

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

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

Derivative Assets			Derivative Liabilities		
	Fair Value			Fair Value	
	December 31, 2015	December 31, 2014		December 31, 2015	December 31, 2014
	(In millions)			*(In millions)*	
Current Assets - Derivatives			**Current Liabilities - Derivatives**		
Commodity Contracts	$ 150	$ 121	Commodity Contracts	$ (94)	$ (154)
FTRs	7	38	FTRs	(12)	(13)
	157	159		(106)	(167)
			Noncurrent Liabilities - Adverse Power Contract Liability		
Deferred Charges and Other Assets - Other			NUGs[1]	(137)	(153)
Commodity Contracts	78	51	**Noncurrent Liabilities - Other**		
FTRs	1	1	Commodity Contracts	(37)	(13)
NUGs[1]	1	2	FTRs	(1)	(1)
	80	54		(175)	(167)
Derivative Assets	$ 237	$ 213	**Derivative Liabilities**	$ (281)	$ (334)

[1] NUG contracts are subject to regulatory accounting treatment and do not impact earnings.

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

		Amounts Not Offset in Consolidated Balance Sheet		
December 31, 2015	**Fair Value**	**Derivative Instruments**	**Cash Collateral (Received)/Pledged**	**Net Fair Value**
		(In millions)		
<u>Derivative Assets</u>				
Commodity contracts	$ 228	$ (125)	$ —	$ 103
FTRs	8	(8)	—	—
NUG contracts	1	—	—	1
	$ 237	$ (133)	$ —	$ 104
<u>Derivative Liabilities</u>				
Commodity contracts	$ (131)	$ 125	$ 3	$ (3)
FTRs	(13)	8	5	—
NUG contracts	(137)	—	—	(137)
	$ (281)	$ 133	$ 8	$ (140)

December 31, 2014	Fair Value	Amounts Not Offset in Consolidated Balance Sheet: Derivative Instruments	Amounts Not Offset in Consolidated Balance Sheet: Cash Collateral (Received)/Pledged	Net Fair Value
		(In millions)		
Derivative Assets				
Commodity contracts	$ 172	$ (126)	$ —	$ 46
FTRs	39	(14)	—	25
NUG contracts	2	—	—	2
	$ 213	$ (140)	$ —	$ 73
Derivative Liabilities				
Commodity contracts	$ (167)	$ 126	$ 35	$ (6)
FTRs	(14)	14	—	—
NUG contracts	(153)	—	—	(153)
	$ (334)	$ 140	$ 35	$ (159)

The following table summarizes the volumes associated with FirstEnergy's outstanding derivative transactions as of December 31, 2015:

	Purchases	Sales	Net	Units
		(In millions)		
Power Contracts	16	49	(33)	MWH
FTRs	29	—	29	MWH
NUGs	4	—	4	MWH
Natural Gas	83	—	83	mmBTU

The effect of active derivative instruments not in a hedging relationship on the Consolidated Statements of Income during 2015 and 2014 are summarized in the following tables:

	Year Ended December 31,		
	Commodity Contracts	FTRs	Total
	(In millions)		
2015			
Unrealized Gain (Loss) Recognized in:			
Other Operating Expense[1]	$ 93	$ (20)	$ 73
Realized Gain (Loss) Reclassified to:			
Revenues[2]	$ 111	$ 50	$ 161
Purchased Power Expense[3]	(130)	—	(130)
Other Operating Expense[4]	—	(49)	(49)
Fuel Expense	(34)	—	(34)

[1] Includes $93 million for commodity contracts and ($19) million for FTRs associated with FES.
[2] Includes $111 million for commodity contracts and $49 million for FTRs associated with FES.
[3] Includes ($130) million for commodity contracts associated with FES.
[4] Includes ($49) million for FTRs associated with FES.

	Year Ended December 31,			
	Commodity Contracts	FTRs	Interest Rate Swaps	Total
	(In millions)			
2014				
Unrealized Gain (Loss) Recognized in:				
Other Operating Expense[5]	$ (86)	$ 22	$ —	$ (64)
Realized Gain (Loss) Reclassified to:				
Revenues[6]	$ (6)	$ 68	$ —	$ 62
Purchased Power Expense[7]	365	—	—	365
Other Operating Expense[8]	—	(44)	—	(44)
Fuel Expense	(6)	—	—	(6)
Interest Expense	—	—	14	14

[5] Includes ($86) million for commodity contracts and $21 million for FTRs associated with FES.
[6] Includes ($6) million for commodity contracts and $67 million for FTRs associated with FES.
[7] Realized losses on financially settled wholesale sales contracts of $252 million resulting from higher market prices were netted in purchased power. Includes $365 million for commodity contracts associated with FES.
[8] Includes ($43) million for FTRs associated with FES.

The following table provides a reconciliation of changes in the fair value of FirstEnergy's derivative instruments subject to regulatory accounting during 2015 and 2014. Changes in the value of these contracts are deferred for future recovery from (or credit to) customers:

	Year Ended December 31,		
Derivatives Not in a Hedging Relationship with Regulatory Offset	**NUGs**	**Regulated FTRs**	**Total**
		(In millions)	
Outstanding net asset (liability) as of January 1, 2015	$ (151)	$ 11	$ (140)
Unrealized loss	(47)	(9)	(56)
Purchases	—	12	12
Settlements	62	(13)	49
Outstanding net asset (liability) as of December 31, 2015	$ (136)	$ 1	$ (135)
Outstanding net liability as of January 1, 2014	$ (202)	$ —	$ (202)
Unrealized gain (loss)	(1)	13	12
Purchases	—	11	11
Settlements	52	(13)	39
Outstanding net asset (liability) as of December 31, 2014	$ (151)	$ 11	$ (140)

11. CAPITALIZATION

COMMON STOCK

Retained Earnings and Dividends

As of December 31, 2015, FirstEnergy's unrestricted retained earnings were $2.3 billion. Dividends declared in 2015 and 2014 were $1.44 per share, which included dividends of $0.36 per share paid in the first, second, third and fourth quarters. The amount and timing of all dividend declarations are subject to the discretion of the Board of Directors and its consideration of business conditions, results of operations, financial condition and other factors. On January 19, 2016 the Board of Directors declared a quarterly dividend of $0.36 per share to be paid in the first quarter of 2016.

In addition to paying dividends from retained earnings, OE, CEI, TE, Penn, JCP&L, ME and PN have authorization from the FERC to pay cash dividends to FirstEnergy from paid-in capital accounts, as long as their FERC-defined equity to total capitalization ratio remains above 35%. In addition, TrAIL and AGC have authorization from the FERC to pay cash dividends to their respective parents from paid-in capital accounts, as long as their FERC-defined equity to total capitalization ratio remains above 45%. The articles of incorporation, indentures, regulatory limitations and various other agreements relating to the long-term debt of certain FirstEnergy subsidiaries contain provisions that could further restrict the payment of dividends on their common stock. None of these provisions materially restricted FirstEnergy's subsidiaries' abilities to pay cash dividends to FirstEnergy as of December 31, 2015.

Stock Issuance

In each of 2015 and 2014, FE issued approximately 2.5 million shares of common stock to registered shareholders and its employees and the employees of its subsidiaries under its Stock Investment Plan and certain share-based benefit plans.

PREFERRED AND PREFERENCE STOCK

FirstEnergy and the Utilities were authorized to issue preferred stock and preference stock as of December 31, 2015, as follows:

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

As of December 31, 2015, and 2014, there were no preferred or preference shares outstanding.

LONG-TERM DEBT AND OTHER LONG-TERM OBLIGATIONS

The following tables present outstanding long-term debt and capital lease obligations for FirstEnergy and FES as of December 31, 2015 and 2014:

	As of December 31, 2015		As of December 31	
(Dollar amounts in millions)	Maturity Date	Interest Rate	2015	2014
FirstEnergy:				
FMBs	2016 - 2045	3.340% - 9.740%	$ 3,269	$ 3,190
Secured notes - fixed rate	2016 - 2037	0.679% - 12.000%	2,096	2,247
Secured notes - variable rate	2017 - 2017	3.500% - 3.500%	2	—
Total secured notes			2,098	2,247
Unsecured notes - fixed rate	2016 - 2045	2.150% - 7.700%	13,580	13,078
Unsecured notes - variable rate	2017 - 2020	0.010% - 2.180%	1,292	1,292
Total unsecured notes			14,872	14,370
Capital lease obligations			132	160
Unamortized debt discounts			(18)	(8)
Unamortized fair value adjustments			5	21
Currently payable long-term debt			(1,166)	(804)
Total long-term debt and other long-term obligations			$ 19,192	$ 19,176
FES:				
Secured notes - fixed rate	2016 - 2018	5.625% - 12.000%	$ 340	$ 437
Secured notes - variable rate	2017 - 2017	3.500% - 3.500%	2	—
Total secured notes			342	437
Unsecured notes - fixed rate	2016 - 2039	2.150% - 6.800%	2,593	2,568
Unsecured notes - variable rate	2017 - 2017	0.010% - 0.010%	92	92
Total unsecured notes			2,685	2,660
Capital lease obligations			13	18
Unamortized debt discounts			(1)	(1)
Currently payable long-term debt			(512)	(506)
Total long-term debt and other long-term obligations			$ 2,527	$ 2,608

During the second quarter of 2015, FE refinanced a $200 million variable interest term loan, maturing on December 31, 2016 with a new $200 million variable interest term loan maturing on May 29, 2020.

On July 1, 2015, FG and NG remarketed approximately $43 million and $296 million, respectively, of PCRBs. The PCRBs were remarketed with fixed interest rates ranging from 3.125% to 4.00% and mandatory put dates ranging from July 2, 2018 to July 1, 2021.

In August 2015, JCP&L issued $250 million of 4.30% senior notes due January 2026. The proceeds received from the issuance of the senior notes were used to repay a portion of JCP&L's short-term borrowings under the FirstEnergy regulated companies' money pool and an external revolving credit facility.

Also, in the second quarter of 2015, WP agreed to sell $150 million of new 4.45% FMBs due September 2045 and PE agreed to sell $145 million of new 4.47% FMBs due August 2045. The transactions closed on September 17, 2015 and August 17, 2015, respectively. The proceeds resulting from the issuance of the WP FMBs were used to repay WP's borrowings under the FirstEnergy regulated companies' money pool and for other general corporate purposes. The proceeds resulting from the issuance of the PE FMBs were used to repay PE's $145 million 5.125% FMBs that matured on August 15, 2015.

In October 2015, TrAIL issued $75 million of 3.76% senior notes due May 2025. The proceeds resulting from the issuance of the senior notes were used: (i) to fund capital expenditures, including with respect to TrAIL's transmission expansion plans; and (ii) for working capital needs and other general business purposes.

Additionally, in October 2015, ATSI issued in total $150 million of senior notes: $75 million of 4.00% senior notes due April 2026 and $75 million of 5.23% senior notes due October 2045. The proceeds resulting from the issuance of the senior notes were used:

(i) to fund capital expenditures, including with respect to ATSI's transmission expansion plans; (ii) for working capital needs and other general business purposes; and (iii) to repay borrowings under the FirstEnergy regulated companies' money pool.

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

Securitized Bonds

Environmental Control Bonds

The consolidated financial statements of FirstEnergy include environmental control bonds issued by two bankruptcy remote, special purpose limited liability companies that are indirect subsidiaries of MP and PE. Proceeds from the bonds were used to construct environmental control facilities. Principal and interest owed on the environmental control bonds is secured by, and payable solely from, the proceeds of the environmental control charges. As of December 31, 2015 and 2014, $429 million and $450 million of environmental control bonds were outstanding, respectively.

Transition Bonds

The consolidated financial statements of FirstEnergy and JCP&L include transition bonds issued by JCP&L Transition Funding and JCP&L Transition Funding II, wholly owned limited liability companies of JCP&L. The proceeds were used to securitize the recovery of JCP&L's bondable stranded costs associated with the previously divested Oyster Creek Nuclear Generating Station and to securitize the recovery of deferred costs associated with JCP&L's supply of BGS. As of December 31, 2015 and 2014, $128 million and $168 million of the transition bonds were outstanding, respectively.

Phase-In Recovery Bonds

In June 2013, the SPEs formed by the Ohio Companies issued approximately $445 million of pass-through trust certificates supported by phase-in recovery bonds to securitize the recovery of certain all electric customer heating discounts, fuel and purchased power regulatory assets. As of December 31, 2015 and 2014, $362 million and $386 million of the phase-in recovery bonds were outstanding, respectively.

See Note 8, Variable Interest Entities for additional information on securitized bonds.

Other Long-term Debt

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

Based on the amount of FMBs authenticated by the respective mortgage bond trustees as of December 31, 2015, the sinking fund requirement for all FMBs issued under the various mortgage indentures amounted to payments of $3 million in 2015, all of which relate to Penn. Penn expects to meet its 2016 annual sinking fund requirement with a replacement credit under its mortgage indenture.

As of December 31, 2015, FirstEnergy's currently payable long-term debt included approximately $92 million of FES variable interest rate PCRBs, the bondholders of which are entitled to the benefit of irrevocable direct pay bank LOCs. The interest rates on the PCRBs are reset daily or weekly. Bondholders can tender their PCRBs for mandatory purchase prior to maturity with the purchase price payable from remarketing proceeds or, if the PCRBs are not successfully remarketed, by drawings on the irrevocable direct pay LOCs. The subsidiary obligor is required to reimburse the applicable LOC bank for any such drawings or, if the LOC bank fails to honor its LOC for any reason, must itself pay the purchase price.

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

Year	FirstEnergy	FES
	(In millions)	
2016	$ 1,039	$ 414
2017	1,733	257
2018	1,702	516
2019	2,268	322
2020	1,231	667

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

Year	FirstEnergy	FES
	(In millions)	
2016	$ 391	$ 391
2017	222	222
2018	375	375
2019	232	232
2020	490	490

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

The amounts and annual fees for PCRB-related LOCs for FirstEnergy and FES as of December 31, 2015, are as follows:

	Aggregate LOC Amount (1)	Annual Fees
	(In millions)	
FirstEnergy	$ 93	1.25%
FES	93	1.25%

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

Debt Covenant Default Provisions

FirstEnergy has various debt covenants under certain financing arrangements, including its revolving credit facilities. The most restrictive of the debt covenants relate to the nonpayment of interest and/or principal on such debt and the maintenance of certain financial ratios. The failure by FirstEnergy to comply with the covenants contained in its financing arrangements could result in an event of default, which may have an adverse effect on its financial condition. As of December 31, 2015, FirstEnergy and FES remain in compliance with all debt covenant provisions.

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

12. SHORT-TERM BORROWINGS AND BANK LINES OF CREDIT

FE and certain of its subsidiaries participate in three five-year syndicated revolving credit facilities with aggregate commitments of $6.0 billion (Facilities), which are available until March 31, 2019. FirstEnergy had $1,708 million and $1,799 million of short-term borrowings as of December 31, 2015 and 2014, respectively. FirstEnergy's available liquidity under the Facilities as of January 31, 2016 was as follows:

Borrower(s)	Type	Maturity	Commitment	Available Liquidity
			(In millions)	
FirstEnergy[1]	Revolving	March 2019	$ 3,500	$ 1,595
FES / AE Supply	Revolving	March 2019	1,500	1,442
FET[2]	Revolving	March 2019	1,000	1,000
		Subtotal	$ 6,000	$ 4,037
		Cash	—	63
		Total	$ 6,000	$ 4,100

(1) FE and the Utilities
(2) Includes FET, ATSI and TrAIL as subsidiary borrowers

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

The following table summarizes the borrowing sub-limits for each borrower under the Facilities, the limitations on short-term indebtedness applicable to each borrower under current regulatory approvals and applicable statutory and/or charter limitations, as of December 31, 2015:

Borrower	Revolving Credit Facility Sub-Limits	Regulatory and Other Short-Term Debt Limitations
	(In millions)	
FE	$ 3,500	$ — [1]
FES	1,500	— [2]
AE Supply	1,000	— [2]
FET	1,000	— [1]
OE	500	500 [3]
CEI	500	500 [3]
TE	500	500 [3]
JCP&L	600	500 [3]
ME	300	500 [3]
PN	300	300 [3]
WP	200	200 [3]
MP	500	500 [3]
PE	150	150 [3]
ATSI	500	500 [3]
Penn	50	100 [3]
TrAIL	400	400 [3]

(1) No limitations.
(2) No limitation based upon blanket financing authorization from the FERC under existing market-based rate tariffs.
(3) Excluding amounts which may be borrowed under the regulated companies' money pool.

The entire amount of the FES/AE Supply Facility, $600 million of the FE Facility and $225 million of the FET Facility, subject to each borrower's sub-limit, is available for the issuance of LOCs (subject to borrowings drawn under the Facilities) expiring up to one year

from the date of issuance. The stated amount of outstanding LOCs will count against total commitments available under each of the Facilities and against the applicable borrower's borrowing sub-limit.

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

As of December 31, 2015, the borrowers were in compliance with the applicable debt to total capitalization ratio covenants under the respective Facilities.

Term Loans

FE has a $1 billion variable rate term loan credit agreement with a maturity date of March 31, 2019. The initial borrowing under the term loan, which took the form of a Eurodollar rate advance, may be converted from time to time, in whole or in part, to alternate base rate advances or other Eurodollar rate advances. The proceeds from this term loan reduced borrowings under the FE Facility. Additionally, FE has a $200 million variable rate term loan with a maturity date of May 29, 2020. Each of the term loans contains covenants and other terms and conditions substantially similar to those of the FE Facility described above, including the same consolidated debt to total capitalization ratio requirement.

As of December 31, 2015, FE was in compliance with the applicable consolidated debt to total capitalization ratio covenants under each of these term loans.

FirstEnergy Money Pools

FirstEnergy's utility operating subsidiary companies also have the ability to borrow from each other and the holding company to meet their short-term working capital requirements. A similar but separate arrangement exists among FirstEnergy's unregulated companies. FESC administers these two money pools and tracks surplus funds of FirstEnergy and the respective regulated and unregulated subsidiaries, as well as proceeds available from bank borrowings. Companies receiving a loan under the money pool agreements must repay the principal amount of the loan, together with accrued interest, within 364 days of borrowing the funds. The rate of interest is the same for each company receiving a loan from their respective pool and is based on the average cost of funds available through the pool. The average interest rate for borrowings in 2015 was 0.84% per annum for the regulated companies' money pool and 1.64% per annum for the unregulated companies' money pool.

Weighted Average Interest Rates

The weighted average interest rates on short-term borrowings outstanding, including borrowings under the FirstEnergy Money Pools, as of December 31, 2015 and 2014, were as follows:

	2015	2014
FirstEnergy	2.16%	1.96%
FES	—%	3.34%

13. ASSET RETIREMENT OBLIGATIONS

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

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

FirstEnergy and FES maintain NDTs that are legally restricted for purposes of settling the nuclear decommissioning ARO. The fair values of the decommissioning trust assets as of December 31, 2015 and 2014 were as follows:

	2015	2014
	(In millions)	
FirstEnergy	$ 2,282	$ 2,341
FES	$ 1,327	$ 1,365

The following table summarizes the changes to the ARO balances during 2015 and 2014:

ARO Reconciliation	FirstEnergy	FES
	(In millions)	
Balance, January 1, 2014	$ 1,678	$ 1,015
Liabilities settled	(9)	(7)
Accretion	113	66
Revisions in estimated cash flows	(395)	(233)
Balance, December 31, 2014	$ 1,387	$ 841
Liabilities settled	(13)	(8)
Accretion	92	55
Revisions in estimated cash flows	(56)	(57)
Balance, December 31, 2015	$ 1,410	$ 831

During 2015, FE and FES reduced its ARO by $57 million based on the results of decommissioning cost studies for the Davis-Besse and Perry nuclear generating stations.

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

14. REGULATORY MATTERS

STATE REGULATION

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

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

MARYLAND

PE provides SOS pursuant to a combination of settlement agreements, MDPSC orders and regulations, and statutory provisions. SOS supply is competitively procured in the form of rolling contracts of varying lengths through periodic auctions that are overseen by the MDPSC and a third party monitor. Although settlements with respect to 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 Maryland legislature adopted a statute in 2008 codifying the EmPOWER Maryland goals to reduce electric consumption by 10% and reduce electricity demand by 15%, in each case by 2015, and requiring each electric utility to file a plan every three years. PE's current plan, covering the three-year period 2015-2017, was approved by the MDPSC on December 23, 2014. The costs of the 2015-2017 plan are expected to be approximately $66 million for that three-year period, of which $19 million was incurred through December 2015. On July 16, 2015, the MDPSC issued an order setting new incremental energy savings goals for 2017 and beyond, beginning with the level of savings achieved under PE's current plan for 2016, and ramping up 0.2% per year thereafter to reach 2%. PE continues to recover program costs subject to a five-year amortization. Maryland law only allows for the utility to recover lost distribution revenue attributable to energy efficiency or demand reduction programs through a base rate case proceeding, and to date, such recovery has not been sought or obtained by PE. On January 28, 2016, PE filed a request to increase plan spending by $2 million in order to reach the new goals for 2017 set in the July 16, 2015 order.

On February 27, 2013, the MDPSC issued an order (the February 27 Order) requiring the Maryland electric utilities to submit analyses relating to the costs and benefits of making further system and staffing enhancements in order to attempt to reduce storm outage durations. The order further required the Staff of the MDPSC to report on possible performance-based rate structures and to propose additional rules relating to feeder performance standards, outage communication and reporting, and sharing of special needs customer information. PE's responsive filings discussed the steps needed to harden the utility's system in order to attempt

to achieve various levels of storm response speed described in the February 27 Order, and projected that it would require approximately $2.7 billion in infrastructure investments over 15 years to attempt to achieve the quickest level of response for the largest storm projected in the February 27 Order. On July 1, 2014, the Staff of the MDPSC issued a set of reports that recommended the imposition of extensive additional requirements in the areas of storm response, feeder performance, estimates of restoration times, and regulatory reporting. The Staff of the MDPSC also recommended the imposition of penalties, including customer rebates, for a utility's failure or inability to comply with the escalating standards of storm restoration speed proposed by the Staff of the MDPSC. In addition, the Staff of the MDPSC proposed that the utilities be required to develop and implement system hardening plans, up to a rate impact cap on cost. The MDPSC conducted a hearing September 15-18, 2014, to consider certain of these matters, and has not yet issued a ruling on any of those matters.

On March 3, 2014, pursuant to the MDPSC's regulations, PE filed its recommendations for SAIDI and SAIFI standards to apply during the period 2016-2019. The MDPSC directed the Staff of the MDPSC to file an analysis and recommendations with respect to the proposed 2016-2019 SAIDI and SAIFI standards and any related rule changes which the Staff of the MDPSC recommended. The Staff of the MDPSC made its filing on July 10, 2015, and recommended that PE be required to improve its SAIDI results by approximately 20% by 2019. The MDPSC held a hearing on the Staff's analysis and recommendations on September 1-2, 2015, and approved PE's revised proposal for an improvement of 8.6% in its SAIDI standard by 2019 and maintained its SAIFI standard at 2015 levels. The proposed regulations incorporating the new SAIDI and SAIFI standards were approved as final in December 2015.

On April 1, 2015, PE filed its annual report on its performance relative to various service reliability standards set forth in the MDPSC's regulations. The MDPSC conducted hearings on the reports filed by PE and the other electric utilities in Maryland on August 24, 2015 and subsequently closed its 2014 service reliability review.

NEW JERSEY

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

On March 26, 2015, the NJBPU entered final orders which together provided an overall reduction in JCP&L's annual revenues of approximately $34 million, effective April 1, 2015. The final order in JCP&L's base rate case proceeding directed an annual base rate revenue reduction of approximately $115 million, including recovery of 2011 storm costs and the application of the NJBPU's modified CTA policy approved in the generic CTA proceeding referred to below. Additionally, the final order in the generic proceeding established to review JCP&L's major storm events of 2011 and 2012 approved the recovery of 2012 storm costs of $580 million resulting in an increase in annual revenues of approximately $81 million. JCP&L is required to file another base rate case no later than April 1, 2017. The NJBPU also directed that certain studies be completed. On July 22, 2015, the NJBPU approved the NJBPU staff's recommendation to implement such studies, which will include operational and financial components and is expected to take approximately one year to complete.

In an Order issued October 22, 2014, in a generic proceeding to review its policies with respect to the use of a CTA in base rate cases (Generic CTA proceeding), the NJBPU stated that it would continue to apply its current CTA policy in base rate cases, subject to incorporating the following modifications: (i) calculating savings using a five-year look back from the beginning of the test year; (ii) allocating savings with 75% retained by the company and 25% allocated to rate payers; and (iii) excluding transmission assets of electric distribution companies in the savings calculation. On November 5, 2014, the Division of Rate Counsel appealed the NJBPU Order regarding the Generic CTA proceeding to the New Jersey Superior Court and JCP&L has filed to participate as a respondent in that proceeding. Briefing has been completed, and oral argument has not yet been scheduled.

On June 19, 2015, JCP&L, along with PN, ME, FET and MAIT made filings with FERC, the NJBPU, and the PPUC requesting authorization for JCP&L, PN and ME to contribute their transmission assets to MAIT, a new transmission-only subsidiary of FET. On January 8, 2016, the NJBPU President issued an Order granting Rate Counsel's Motion on the legal issue of whether MAIT can be designated as a public utility. The procedural schedule has been suspended until a decision is made on this issue. See Transfer of Transmission Assets to MAIT in FERC Matters below for further discussion of this transaction.

OHIO

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

- A base distribution rate freeze through May 31, 2016;
- Collection of lost distribution revenues associated with energy efficiency and peak demand reduction programs;
- Economic development and assistance to low-income customers for the two-year plan period at levels established in the prior ESP;
- A 6% generation rate discount to certain low income customers provided by the Ohio Companies through a bilateral wholesale contract with FES (FES is one of the wholesale suppliers to the Ohio Companies);

- A requirement to provide power to non-shopping customers at a market-based price set through an auction process;
- Rider DCR that allows continued investment in the distribution system for the benefit of customers;
- A commitment not to recover from retail customers certain costs related to transmission cost allocations for the longer of the five-year period from June 1, 2011 through May 31, 2016 or when the amount of costs avoided by customers for certain types of products totals $360 million, subject to the outcome of certain FERC proceedings;
- Securing generation supply for a longer period of time by conducting an auction for a three-year period rather than a one-year period, in each of October 2012 and January 2013, to mitigate any potential price spikes for the Ohio Companies' utility customers who do not switch to a competitive generation supplier; and
- Extending the recovery period for costs associated with purchasing RECs mandated by SB221, Ohio's renewable energy and energy efficiency standard, through the end of the new ESP 3 period. This is expected to initially reduce the monthly renewable energy charge for all non-shopping utility customers of the Ohio Companies by spreading out the costs over the entire ESP period.

Notices of appeal of the Ohio Companies' ESP 3 plan to the Supreme Court of Ohio were filed by the Northeast Ohio Public Energy Council and the ELPC. The oral argument in this matter occurred on January 6, 2016.

The Ohio Companies filed an application with the PUCO on August 4, 2014 seeking approval of their ESP IV entitled *Powering Ohio's Progress*. The Ohio Companies filed a Stipulation and Recommendation on December 22, 2014, and supplemental stipulations and recommendations on May 28, 2015, and June 4, 2015. The evidentiary hearing on the ESP IV commenced on August 31, 2015 and concluded on October 29, 2015. On December 1, 2015, the Ohio Companies filed a Third Supplemental Stipulation and Recommendation, which included PUCO Staff as a signatory party in addition to other signatories. The PUCO completed a hearing on the Third Supplemental Stipulation and Recommendation in January 2016. Initial briefs are due on February 16, 2016 and reply briefs are due on February 26, 2016. A final PUCO decision is expected in March 2016.

The proposed ESP IV supports FirstEnergy's strategic focus on regulated operations and better positions the Ohio Companies to deliver on their ongoing commitment to upgrade, modernize and maintain reliable electric service for customers while preserving electric security in Ohio. The material terms of the proposed ESP IV, as modified by the stipulations include:

- An eight-year term (June 1, 2016 - May 31, 2024);
- Contemplates continuing a base distribution rate freeze through May 31, 2024;
- An Economic Stability Program that flows through charges or credits through Rider RRS representing the net result of the price paid to FES through a proposed eight-year FERC-jurisdictional PPA for the output of the Sammis and Davis-Besse plants and FES' share of OVEC against the revenues received from selling such output into the PJM markets over the same period, subject to the PUCO's termination of Rider RRS charges/credits associated with any plants or units that may be sold or transferred;
- Continuing to provide power to non-shopping customers at a market-based price set through an auction process;
- Continuing Rider DCR with increased revenue caps of approximately $30 million per year from June 1, 2016 through May 31, 2019; $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 that supports continued investment related to the distribution system for the benefit of customers;
- Collection of lost distribution revenues associated with energy efficiency and peak demand reduction programs;
- A risk-sharing mechanism that would provide guaranteed credits under Rider RRS in years five through eight to customers as follows: $10 million in year five, $20 million in year six, $30 million in year seven and $40 million in year eight;
- A continuing commitment not to recover from retail customers certain costs related to transmission cost allocations for the longer of the five-year period from June 1, 2011 through May 31, 2016 or when the amount of such costs avoided by customers for certain types of products totals $360 million, including such costs from MISO along with such costs from PJM, subject to the outcome of certain FERC proceedings;
- Potential procurement of 100 MW of new Ohio wind or solar resources subject to a demonstrated need to procure new renewable energy resources as part of a strategy to further diversify Ohio's energy portfolio;
- An agreement to file a case with the PUCO by April 3, 2017, seeking to transition to decoupled base rates for residential customers;
- An agreement to file by February 29, 2016, a Grid Modernization Business Plan for PUCO consideration and approval;
- A contribution of $3 million per year ($24 million over the eight year term) to fund energy conservation programs, economic development and job retention in the Ohio Companies service territory;
- Contributions of $2.4 million per year ($19 million over the eight year term) to fund a fuel-fund in each of the Ohio Companies service territories to assist low-income customers; and
- A contribution of $1 million per year ($8 million over the eight year term) to establish a Customary Advisory Council to ensure preservation and growth of the competitive market in Ohio.

On January 27, 2016, certain parties filed a complaint at FERC against FES, OE, CEI, and TE that requests FERC review of the ESP IV PPA under Section 205 of the FPA. In addition to such proceeding, parties have expressed an intention to challenge in the courts and/or before FERC, the PPA or PUCO approval of the ESP IV, if approved. Management intends to vigorously defend against such challenges.

Under Ohio's energy efficiency standards (SB221 and SB310), and based on the Ohio Companies' amended energy efficiency plans, the Ohio Companies are required to implement energy efficiency programs that achieve a total annual energy savings equivalent of 2,266 GWHs in 2015 and 2,288 GWHs in 2016, and then begin to increase by 1% each year in 2017, subject to

legislative amendments to the energy efficiency standards discussed below. The Ohio Companies are also required to retain the 2014 peak demand reduction level for 2015 and 2016 and then increase the benchmark by an additional 0.75% thereafter through 2020, subject to legislative amendments to the peak demand reduction standards discussed below.

On September 30, 2015, the Energy Mandates Study Committee issued its report related to energy efficiency and renewable energy mandates, recommending that the current level of mandates remain in place indefinitely. The report also recommended: (i) an expedited process for review of utility proposed energy efficiency plans; (ii) ensuring maximum credit for all of Ohio's Energy Initiatives; (iii) a switch from energy mandates to energy incentives; and (iv) a declaration be made that the General Assembly may determine energy policy of the state. No legislation has yet been introduced to change the standards described above.

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

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

Ohio law requires electric utilities and electric service companies in Ohio to serve part of their load from renewable energy resources measured by an annually increasing percentage amount through 2026, subject to legislative amendments discussed above, except 2015 and 2016 that remain at the 2014 level. The Ohio Companies conducted RFPs in 2009, 2010 and 2011 to secure RECs to help meet these renewable energy requirements. In September 2011, the PUCO opened a docket to review the Ohio Companies' alternative energy recovery rider through which the Ohio Companies recover the costs of acquiring these RECs. The PUCO issued an Opinion and Order on August 7, 2013, approving the Ohio Companies' acquisition process and their purchases of RECs to meet statutory mandates in all instances except for certain purchases arising from one auction and directed the Ohio Companies to credit non-shopping customers in the amount of $43.4 million, plus interest, on the basis that the Ohio Companies did not prove such purchases were prudent. On December 24, 2013, following the denial of their application for rehearing, the Ohio Companies filed a notice of appeal and a motion for stay of the PUCO's order with the Supreme Court of Ohio, which was granted. On February 18, 2014, the OCC and the ELPC also filed appeals of the PUCO's order. The Ohio Companies timely filed their merit brief with the Supreme Court of Ohio and the briefing process has concluded. The matter is not yet scheduled for oral argument.

On April 9, 2014, the PUCO initiated a generic investigation of marketing practices in the competitive retail electric service market, with a focus on the marketing of fixed-price or guaranteed percent-off SSO rate contracts where there is a provision that permits the pass-through of new or additional charges. On November 18, 2015, the PUCO ruled that on a going-forward basis, pass-through clauses may not be included in fixed-price contracts for all customer classes. On December 18, 2015, FES filed an Application for Rehearing seeking to change the ruling or have it only apply to residential and small commercial customers.

PENNSYLVANIA

The Pennsylvania Companies currently operate under DSPs that expire on May 31, 2017, and provide for the competitive procurement of generation supply for customers that do not choose an alternative EGS or for customers of alternative EGSs that fail to provide the contracted service. The default service supply is currently provided by wholesale suppliers through a mix of long-term and short-term contracts procured through spot market purchases, quarterly descending clock auctions for 3, 12- and 24-month energy contracts, and one RFP seeking 2-year contracts to serve SRECs for ME, PN and Penn.

On November 3, 2015, the Pennsylvania Companies filed their proposed DSPs for the June 1, 2017 through May 31, 2019 delivery period, which would 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 proposed programs, the supply would be provided by wholesale suppliers though a mix of 12 and 24-month energy contracts, as well as one RFP for 2-year SREC contracts for ME, PN and Penn. In addition, the proposal includes modifications to the Pennsylvania Companies' existing POR programs in order to reduce the level of uncollectibles the Pennsylvania Companies experience associated with alternative EGS charges.

Pursuant to Pennsylvania's EE&C legislation (Act 129 of 2008) and PPUC orders, Pennsylvania EDCs implement energy efficiency and peak demand reduction programs. The Pennsylvania Companies' Phase II EE&C Plans are effective through May 31, 2016.

Total costs of these plans are expected to be approximately $234 million and recoverable through the Pennsylvania Companies' reconcilable EE&C riders. On June 19, 2015, the PPUC issued a Phase III Final Implementation Order setting: demand reduction targets, relative to each Pennsylvania Companies' 2007-2008 peak demand (in MW), at 1.8% for ME, 1.7% for Penn, 1.8% for WP, and 0% for PN; and energy consumption reduction targets, as a percentage of each Pennsylvania Companies' historic 2010 forecasts (in MWH), at 4.0% for ME, 3.9% for PN, 3.3% for Penn, and 2.6% for WP. The Pennsylvania Companies filed their Phase III EE&C plans for the June 2016 through May 2021 period on November 23, 2015, which are designed to achieve the targets established in the PPUC's Phase III Final Implementation Order. EDCs are permitted to recover costs for implementing their EE&C plans. On February 10, 2016, the Pennsylvania Companies and the parties intervening in the PPUC's Phase III proceeding filed a joint settlement that resolves all issues in the proceeding and is subject to PPUC approval.

Pursuant to Act 11 of 2012, Pennsylvania EDCs may establish a DSIC to recover costs of infrastructure improvements and costs related to highway relocation projects with PPUC approval. Pennsylvania EDCs must file LTIIPs outlining infrastructure improvement plans for PPUC review and approval prior to approval of a DSIC. On October 19, 2015, each of the Pennsylvania Companies filed LTIIPs with the PPUC for infrastructure improvement over the five-year period of 2016 to 2020 for the following costs: WP $88.34 million; PN $56.74 million; Penn $56.35 million; and ME $43.44 million. These amounts include all qualifying distribution capital additions identified in the revised implementation plan for the recent focused management and operations audit of the Pennsylvania Companies as discussed below. On February 11, 2016, the PPUC approved the Pennsylvania Companies' LTIIPs. On February 16, 2016, the Pennsylvania Companies filed DSIC riders for PPUC approval for quarterly cost recovery associated with the capital projects approved in the LTIIPs. The DSIC riders are expected to be effective July 1, 2016.

Each of the Pennsylvania Companies currently offer distribution rates under their respective Joint Petitions for Settlement approved on April 9, 2015 by the PPUC, which, among other things, provided for a total increase in annual revenues for all Pennsylvania Companies of $292.8 million, ($89.3 million for ME, $90.8 million for PN, $15.9 million for Penn and $96.8 million for WP), including the recovery of $87.7 million of additional annual operating expenses, including costs associated with service reliability enhancements to the distribution system, amortization of deferred storm costs and the remaining net book value of legacy meters, assistance for providing service to low-income customers, and the creation of a storm reserve for each utility. Additionally, the approved settlements include commitments to meet certain wait times for call centers and service reliability standards. The new rates were effective May 3, 2015.

On July 16, 2013, the PPUC's Bureau of Audits initiated a focused management and operations audit of the Pennsylvania Companies as required every eight years by statute. The PPUC issued a report on its findings and recommendations on February 12, 2015, at which time the Pennsylvania Companies' associated implementation plan was also made public. In an order issued on March 30, 2015, the Pennsylvania Companies were directed to develop and file by May 29, 2015 a revised implementation plan regarding certain of the operational topics addressed in the report, including addressing certain reliability matters. The Pennsylvania Companies filed their revised implementation plan in compliance with this order. A final order adopting the plan, as revised, was entered on November 5, 2015. The cost of compliance for the Pennsylvania Companies is currently expected to range from approximately $200 million to $230 million.

On June 19, 2015, ME and PN, along with JCP&L, FET and MAIT made filings with FERC, the NJBPU, and the PPUC requesting authorization for JCP&L, PN and ME to contribute their transmission assets to MAIT, a new transmission-only subsidiary of FET. Evidentiary hearings are scheduled to commence before the PPUC on February 29, 2016. A final decision from the PPUC is expected by mid-2016. See Transfer of Transmission Assets to MAIT in FERC Matters below for further discussion of this transaction.

WEST VIRGINIA

MP and PE currently operate under a Joint Stipulation and Agreement of Settlement approved by the WVPSC on February 3, 2015, that provided for: a $15 million increase in annual base rate revenues effective February 25, 2015; the implementation of a Vegetation Management Surcharge to recover all costs related to both new and existing vegetation maintenance programs; authority to establish a regulatory asset for MATS investments placed into service in 2016 and 2017; authority to defer, amortize and recover over a five- year period through base rates approximately $46 million of storm restoration costs; and elimination of the TTS for costs associated with MP's acquisition of the Harrison plant in October 2013 and movement of those costs into base rates.

On August 14, 2015, MP and PE filed their annual ENEC case with the WVPSC proposing an approximate $165.1 million annual increase in rates effective January 1, 2016 or before, which would be a 12.5% overall increase over existing rates. The original proposed increase was comprised of a $97 million under-recovered balance as of June 30, 2015, a projected $23.7 million under-recovery for the 2016 calendar year, and an actual under-recovered balance from MP and PE's TTS for Harrison Power Station of $44.4 million. On September 10, 2015, MP and PE filed an amendment addressing the results of the recent PJM Transitional Auctions for Capacity Performance, which resulted in a net decrease of $20.6 million from the initial requested increase to $144.5 million. A settlement was reached among all the parties increasing revenues $96.9 million and deferring other costs for recovery into 2017. The settlement was presented to the WVPSC on November 19, 2015, and a final order approving the settlement without changes was issued on December 22, 2015, with rates effective on January 1, 2016.

On August 31, 2015, MP and PE filed with the WVPSC their biennial petition for reconciliation of the Vegetation Management Program Surcharge and regular review of the program proposing an approximate $37.7 million annual increase in rates over a two year period, which is a 2.8% overall increase over existing rates. The proposed increase was comprised of a $2.1 million under-

recovered balance as of June 30, 2015, a projected $23.9 million in under-recovery for the 2016/2017 rate effective period, and recovery of previously authorized deferred vegetation management costs from April 14, 2014 through February 24, 2015 in the amount of $49.9 million. A settlement was reached among all the parties increasing revenues $36.7 million annually for the 2016-2017 two year rate recovery period, and was presented to the WVPSC on November 19, 2015. A final order approving the settlement without changes was issued on December 21, 2015, with rates effective on January 1, 2016.

RELIABILITY MATTERS

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

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

FERC MATTERS

PJM Transmission Rates

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

In a series of orders in certain Order No. 1000 dockets, FERC asserted that the PJM transmission owners do not hold an incumbent "right of first refusal" to construct, own and operate transmission projects within their respective footprints that are approved as part of PJM's RTEP process. FirstEnergy and other PJM transmission owners have appealed these rulings, and the question of whether FirstEnergy and the PJM transmission owners have a "right of first refusal" is now pending before the U.S. Court of Appeals for the D.C. Circuit in an appeal of FERC's order approving PJM's Order No. 1000 compliance filing.

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

RTO Realignment

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

Separately, the question of ATSI's responsibility for certain costs for the "Michigan Thumb" transmission project continues to be disputed. Potential responsibility arises under the MISO MVP tariff, which has been litigated in complex proceedings before FERC and certain United States appellate courts. On October 29, 2015, FERC issued an order finding that ATSI and the ATSI zone do not have to pay MISO MVP charges for the Michigan Thumb transmission project. MISO and the MISO TOs filed a request for

rehearing, which is pending at FERC. In the event of a final non-appealable order that rules that ATSI must pay these charges, ATSI will seek recovery of these charges through its formula rate. On a related issue, FirstEnergy joined certain other PJM transmission owners in a protest of MISO's proposal to allocate MVP costs to energy transactions that cross MISO's borders into the PJM Region. On January 22, 2015, FERC issued an order establishing a paper hearing on remand from the Seventh Circuit of the issue of whether any limitation on "export pricing" for sales of energy from MISO into PJM is justified in light of applicable FERC precedent. Certain PJM transmission owners, including FirstEnergy, filed an initial brief asserting that FERC's prior ruling rejecting MISO's proposed MVP export charge on transactions into PJM was correct and should be re-affirmed on remand. The briefs and replies thereto are now before FERC for consideration.

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

The outcome of the proceedings that address the remaining open issues related to costs for the "Michigan Thumb" transmission project and "legacy RTEP" transmission projects cannot be predicted at this time.

2014 ATSI Formula Rate Filing

On October 31, 2014, ATSI filed a proposal with FERC to change the structure of its formula rate from an "historical looking" approach, where transmission rates reflect actual costs for the prior year, to a "forward looking" approach, where transmission rates would be based on the estimated costs for the coming year, with an annual true up. On December 31, 2014, FERC issued an order accepting ATSI's filing effective January 1, 2015, subject to refund and the outcome of hearing and settlement proceedings. FERC subsequently issued an order on October 29, 2015, accepting a settlement agreement on the forward-looking formula rate, subject to minor compliance requirements. The settlement agreement provides for certain changes to ATSI's formula rate template and protocols, and also changes ATSI's ROE from 12.38% to the following values: (i) 12.38% from January 1, 2015 through June 30, 2015; (ii) 11.06% from July 1, 2015 through December 31, 2015; and (iii) 10.38% from January 1, 2016, unless changed pursuant to section 205 or 206 of the FPA, provided the effective date for any change cannot be earlier than January 1, 2018.

Transfer of Transmission Assets to MAIT

On June 10, 2015, MAIT, a Delaware limited liability company, was formed as a new transmission-only subsidiary of FET for the purposes of owning and operating all FERC-jurisdictional transmission assets of JCP&L, ME and PN following the receipt of all necessary state and federal regulatory approvals. On June 19, 2015, JCP&L, PN, ME, FET, and MAIT made filings with FERC, the NJBPU, and the PPUC requesting authorization for JCP&L, PN and ME to contribute their transmission assets to MAIT. Additionally, the filings requested approval from the NJBPU and PPUC, as applicable, of: (i) a lease to MAIT of real property and rights-of-way associated with the utilities' transmission assets; (ii) a Mutual Assistance Agreement; (iii) MAIT being deemed a public utility under state law; (iv) MAIT's participation in FE's regulated companies' money pool; and (v) certain affiliated interest agreements. If approved, JCP&L, ME, and PN will contribute their transmission assets at net book value and an allocated portion of goodwill in a tax-free exchange to MAIT, which will operate similar to FET's two existing stand-alone transmission subsidiaries, ATSI and TrAIL. MAIT's transmission facilities will remain under the functional control of PJM, and PJM will provide transmission service using these facilities under the PJM Tariff. During the third quarter of 2015, FirstEnergy responded to FERC Staff's request for additional information regarding the application. FERC approval is expected during the first quarter of 2016 with final decisions expected from the NJBPU and PPUC by mid-2016. Following FERC approval of the transfer, MAIT expects to file a Section 204 application with FERC, and other necessary filings with the PPUC and the NJBPU, seeking authorization to issue equity to FET, JCP&L, PN and ME for their respective contributions, and to issue debt. MAIT will also make a Section 205 formula rate application with FERC to establish its transmission rate. See New Jersey and Pennsylvania in State Regulation above for further discussion of this transaction.

California Claims Matters

In October 2006, several California governmental and utility parties presented AE Supply with a settlement proposal to resolve alleged overcharges for power sales by AE Supply to the California Energy Resource Scheduling division of the CDWR during 2001. The settlement proposal claims that CDWR is owed approximately $190 million for these alleged overcharges. This proposal was made in the context of mediation efforts by FERC and the Ninth Circuit in several pending proceedings to resolve all outstanding refund and other claims, including claims of alleged price manipulation in the California energy markets during 2000 and 2001. The Ninth Circuit had previously remanded one of those proceedings to FERC, which dismissed the claims of the California parties in May 2011. The California parties appealed FERC's decision back to the Ninth Circuit. AE Supply joined with other intervenors in the case and filed a brief in support of FERC's dismissal of the case. On April 29, 2015, the Ninth Circuit remanded the case to FERC for further proceedings. On November 3, 2015, FERC set for hearing and settlement procedures the remanded issue of whether any individual public utility seller's violation of FERC's market-based rate quarterly reporting requirement led to an unjust and unreasonable rate for that particular seller in California during the 2000-2001 period. Settlement discussions under a FERC-appointed settlement judge are ongoing. Requests for rehearing or clarification of FERC's November 3, 2015 order by various parties, including AE Supply, remain pending.

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

The outcome of either of the above matters or estimate of loss or range of loss cannot be predicted at this time.

PATH Transmission Project

On August 24, 2012, the PJM Board of Managers canceled the PATH project, a proposed transmission line from West Virginia through Virginia and into Maryland which PJM had previously suspended in February 2011. As a result of PJM canceling the project, approximately $62 million and approximately $59 million in costs incurred by PATH-Allegheny and PATH-WV (an equity method investment for FE), respectively, were reclassified from net property, plant and equipment to a regulatory asset for future recovery. PATH-Allegheny and PATH-WV requested authorization from FERC to recover the costs with a proposed ROE of 10.9% (10.4% base plus 0.5% for RTO membership) from PJM customers over five years. FERC issued an order denying the 0.5% ROE adder for RTO membership and allowing the tariff changes enabling recovery of these costs to become effective on December 1, 2012, subject to settlement proceedings and hearing if the parties could not agree to a settlement. On March 24, 2014, the FERC Chief ALJ terminated settlement proceedings and appointed an ALJ to preside over the hearing phase of the case, including discovery and additional pleadings leading up to hearing, which subsequently included the parties addressing the application of FERC's Opinion No. 531, discussed below, to the PATH proceeding. On September 14, 2015, the ALJ issued his initial decision, disallowing recovery of certain costs. The initial decision and exceptions thereto are now before FERC for review and a final order. FirstEnergy continues to believe the costs are recoverable, subject to final ruling from FERC.

FERC Opinion No. 531

On June 19, 2014, FERC issued Opinion No. 531, in which FERC revised its approach for calculating the discounted cash flow element of FERC's ROE methodology, and announced the potential for a qualitative adjustment to the ROE methodology results. Under the old methodology, FERC used a five-year forecast for the dividend growth variable, whereas going forward the growth variable will consist of two parts: (a) a five-year forecast for dividend growth (2/3 weight); and (b) a long-term dividend growth forecast based on a forecast for the U.S. economy (1/3 weight). Regarding the qualitative adjustment, for single-utility rate cases FERC formerly pegged ROE at the median of the "zone of reasonableness" that came out of the ROE formula, whereas going forward, FERC may rely on record evidence to make qualitative adjustments to the outcome of the ROE methodology in order to reach a level sufficient to attract future investment. On October 16, 2014, FERC issued its Opinion No. 531-A, applying the revised ROE methodology to certain ISO New England transmission owners, and on March 3, 2015, FERC issued Opinion No. 531-B affirming its prior rulings. Appeals of Opinion Nos. 531, 532-A and 531-B are pending before the U.S. Court of Appeals for the D.C. Circuit. FirstEnergy is evaluating the potential impact of Opinion No. 531 on the authorized ROE of our FERC-regulated transmission utilities and the cost-of-service wholesale power generation transactions of MP.

MISO Capacity Portability

On June 11, 2012, in response to certain arguments advanced by MISO, FERC requested comments regarding whether existing rules on transfer capability act as barriers to the delivery of capacity between MISO and PJM. FirstEnergy and other parties submitted filings arguing that MISO's concerns largely are without foundation. FERC did not mandate a solution in response to MISO's concerns. At FERC's direction, in May, 2015, PJM, MISO, and their respective independent market monitors provided additional information on their various joint issues surrounding the PJM/MISO seam to assist FERC's understanding of the issues and what, if any, additional steps FERC should take to improve the efficiency of operations at the PJM/MISO seam. Stakeholders, including FESC on behalf of certain of its affiliates and as part of a coalition of certain other PJM utilities, filed responses to the RTO submissions. The various submissions and responses are now before FERC for consideration.

Changes to the criteria and qualifications for participation in the PJM RPM capacity auctions could have a significant impact on the outcome of those auctions, including a negative impact on the prices at which those auctions would clear.

FTR Underfunding Complaint

In PJM, FTRs are a mechanism to hedge congestion and operate as a financial replacement for physical firm transmission service. FTRs are financially-settled instruments that entitle the holder to a stream of revenues based on the hourly congestion price differences across a specific transmission path in the PJM Day-ahead Energy Market. Due to certain language in the PJM Tariff, the funds that are set aside to pay FTRs can be diverted to other uses, which may result in "underfunding" of FTR payments. On February 15, 2013, FES and AE Supply filed a renewed complaint with FERC for the purpose of changing the PJM Tariff to eliminate FTR underfunding. On June 5, 2013, FERC issued an order denying the complaint, and on June 8, 2015, denied a request for rehearing of the June 5, 2013 order.

PJM Market Reform: PJM Capacity Performance Proposal

In December 2014, PJM submitted proposed "Capacity Performance" reforms of its RPM capacity and energy markets. On June 9, 2015, FERC issued an order conditionally approving the bulk of the proposed Capacity Performance reforms with an effective date of April 1, 2015, and directed PJM to make a compliance filing reflecting the mandate of FERC's order. On July 9, 2015, several parties, including FESC on behalf of certain of its affiliates, submitted requests for rehearing for FERC's June 9, 2015 order, and PJM submitted its compliance filing as directed by the order. The requests for rehearing and PJM's compliance filing are pending before FERC.

In August and September 2015, PJM conducted RPM auctions pursuant to the new Capacity Performance rules. FirstEnergy's net competitive capacity position as a result of the BRA and Capacity Performance transition auctions is as follows:

	2016 - 2017				2017 - 2018				2018 - 2019*			
	Legacy Obligation		Capacity Performance		Legacy Obligation		Capacity Performance		Base Generation		Capacity Performance	
	(MW)	($/MWD)	(MW)	($/MWD)	(MW)	($/MWD)	(MW)	($/MWD)	(MW)	($/MWD)	(MW)	($/MWD)
ATSI	2,765	$114.23	4,210	$134.00	375	$120.00	6,245	$151.50	—	$149.98	6,245	$164.77
RTO	875	$59.37	3,675	$134.00	985	$120.00	3,565	$151.50	240	$149.98	3,930	$164.77
All Other Zones	135	$119.13	—	$134.00	150	$120.00	—	$151.50	35	**	20	**
	3,775		7,885		1,510		9,810		275		10,195	

*Approximately 885 MWs remain uncommitted for the 2018/2019 delivery year.

**Base Generation: 10 MWs cleared at $200.21/MWD and 25 MWs cleared at $149.98/MWD. Capacity Performance: 5 MWs cleared at $215.00/MWD and 15 MWs cleared at $164.77/MWD.

PJM Market Reform: FERC Order No. 745 - DR

On May 23, 2014, a divided three-judge panel of the U.S. Court of Appeals for the D.C. Circuit issued an opinion vacating FERC Order No. 745, which required that, under certain parameters, DR participating in organized wholesale energy markets be compensated at LMP. The majority concluded that DR is a retail service, and therefore falls under state, and not federal, jurisdiction, and that FERC, therefore, lacks jurisdiction to regulate DR. The majority also found that even if FERC had jurisdiction over DR, Order No. 745 would be arbitrary and capricious because, under its requirements, DR was inappropriately receiving a double payment (LMP plus the savings of foregone energy purchases). On January 25, 2016, the United States Supreme Court reversed the opinion of the U.S. Court of Appeals for the D.C. Circuit and remanded for further action, finding FERC has statutory authority under the FPA to regulate compensation of demand response resources in FERC-jurisdictional wholesale power markets. The United States Supreme Court also reversed the holding that FERC's Order No. 745 was arbitrary and capricious, finding that the order included detailed support of the chosen compensation method.

On May 23, 2014, as amended September 22, 2014, FESC, on behalf of its affiliates with market-based rate authorization, filed a complaint asking FERC to issue an order requiring the removal of all portions of the PJM Tariff allowing or requiring DR to be included in the PJM capacity market, with a refund effective date of May 23, 2014. FESC also requested that the results of the May 2014 PJM BRA be considered void and legally invalid to the extent that DR cleared that auction because the participation of DR in that auction was unlawful. However, in light of the United States Supreme Court's January 25, 2016 decision discussed above, on January 29, 2016, FESC withdrew the complaint.

15. COMMITMENTS, GUARANTEES AND CONTINGENCIES

NUCLEAR INSURANCE

The Price-Anderson Act limits the public liability which can be assessed with respect to a nuclear power plant to $13.5 billion (assuming 103 units licensed to operate) for a single nuclear incident, which amount is covered by: (i) private insurance amounting to $375 million; and (ii) $13.1 billion provided by an industry retrospective rating plan required by the NRC pursuant thereto. Under such retrospective rating plan, in the event of a nuclear incident at any unit in the United States resulting in losses in excess of private insurance, up to $127 million (but not more than $19 million per unit per year in the event of more than one incident) must be contributed for each nuclear unit licensed to operate in the country by the licensees thereof to cover liabilities arising out of the incident. Based on their present nuclear ownership and leasehold interests, FirstEnergy's maximum potential assessment under these provisions would be $509 million (NG-$501 million) per incident but not more than $76 million (NG-$75 million) in any one year for each incident.

In addition to the public liability insurance provided pursuant to the Price-Anderson Act, FirstEnergy has also obtained insurance coverage in limited amounts for economic loss and property damage arising out of nuclear incidents. FirstEnergy is a member of NEIL, which provides coverage (NEIL I) for the extra expense of replacement power incurred due to prolonged accidental outages of nuclear units. Under NEIL I, FirstEnergy's subsidiaries have policies, renewable annually, corresponding to their respective

nuclear interests, which provide an aggregate indemnity of up to approximately $1.96 billion (NG-$1.93 billion) for replacement power costs incurred during an outage after an initial 20-week waiting period. Members of NEIL I pay annual premiums and are subject to assessments if losses exceed the accumulated funds available to the insurer. FirstEnergy's present maximum aggregate assessment for incidents at any covered nuclear facility occurring during a policy year would be approximately $15 million (NG-$15 million).

FirstEnergy is insured as to its respective nuclear interests under property damage insurance provided by NEIL to the operating company for each plant. Under these arrangements, up to $2.75 billion of coverage for decontamination costs, decommissioning costs, debris removal and repair and/or replacement of property is provided. FirstEnergy pays annual premiums for this coverage and is liable for retrospective assessments of up to approximately $83 million (NG-$81 million).

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

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

GUARANTEES AND OTHER ASSURANCES

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

As of December 31, 2015, outstanding guarantees and other assurances aggregated approximately $3.7 billion, consisting of parental guarantees ($583 million), subsidiaries' guarantees ($2,137 million), other guarantees ($300 million) and other assurances ($667 million).

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

COLLATERAL AND CONTINGENT-RELATED FEATURES

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

Bilateral agreements and derivative instruments entered into by FE and its subsidiaries have margining provisions that require posting of collateral. Based on FES' power portfolio exposure as of December 31, 2015, FES has posted collateral of $188 million and AE Supply has posted no collateral. The Regulated Distribution segment has posted collateral of $1 million.

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

Subsequent to the occurrence of a senior unsecured credit rating downgrade to below S&P's BBB- and Moody's Baa3, or a "material adverse event," the immediate posting of collateral or accelerated payments may be required of FE or its subsidiaries. The following table discloses the additional credit contingent contractual obligations that may be required under certain events as of December 31, 2015:

Collateral Provisions		FES		AE Supply		Utilities		Total
				(In millions)				
Split Rating (One rating agency's rating below investment grade)	$	198	$	6	$	41	$	245
BB+/Ba1 Credit Ratings	$	231	$	6	$	41	$	278
Full impact of credit contingent contractual obligations	$	363	$	16	$	41	$	420

Excluded from the preceding chart are the potential collateral obligations due to affiliate transactions between the Regulated Distribution segment and CES segment. As of December 31, 2015, neither FES nor AE Supply had any collateral posted with their affiliates. In the event of a senior unsecured credit rating downgrade to below S&P's BB- or Moody's Ba3, FES would be required to post $8 million with affiliated parties.

OTHER COMMITMENTS AND CONTINGENCIES

FirstEnergy is a guarantor under a syndicated senior secured term loan facility due March 3, 2020, under which Global Holding borrowed $300 million. In addition to FirstEnergy, Signal Peak, Global Rail, Global Mining Group, LLC and Global Coal Sales Group, LLC, each being a direct or indirect subsidiary of Global Holding, have also provided their joint and several guaranties of the obligations of Global Holding under the facility.

In connection with Global Holding's term loan facility, a portion of Global Holding's direct and indirect membership interests in Signal Peak, Global Rail and their affiliates along with each of FEV's and WMB Marketing Ventures,LLC's 33-1/3% membership interests in Global Holding, are pledged to the lenders under Global Holding's facility as collateral. Failure by Global Holding to meet the terms and conditions under its term loan facility could require FirstEnergy to be obligated under the provisions of its guarantee, resulting in consolidation of Global Holding by FE.

During the first quarter of 2015, a subsidiary of Global Holding eliminated its right to put 2 million tons annually through 2024 from the Signal Peak mine to FG in exchange for FirstEnergy extending its guarantee under Global Holding's $300 million senior secured term loan facility through 2020, resulting in a pre-tax charge of $24 million. See Note 8, Variable Interest Entities, and Note 1, Organization, Basis of Presentation and Significant Accounting Policies - Investments, for additional information regarding FEV's investment in Global Holding.

ENVIRONMENTAL MATTERS

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

Clean Air Act

FirstEnergy complies with 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, generating more electricity from lower or non-emitting plants 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. The U.S. Court of Appeals for the D.C. Circuit ordered the EPA on July 28, 2015, to reconsider the CSAPR caps on NOx and SO_2 emissions from power plants in 13 states, including Ohio, Pennsylvania and West Virginia. This follows the 2014 U.S. Supreme Court ruling generally upholding EPA's regulatory approach under CSAPR, but questioning whether EPA required upwind states to reduce emissions by more than their contribution to air pollution in downwind states. EPA proposed a CSAPR update rule on November 16, 2015, that would reduce summertime NOx emissions from power plants in 23 states in the eastern U.S., including Ohio, Pennsylvania and West Virginia, beginning in 2017. Depending on how the EPA and the states implement CSAPR, the future cost of compliance may be substantial and changes to FirstEnergy's and FES' operations may result.

EPA tightened the primary and secondary NAAQS for ozone from the 2008 standard levels of 75 PPB to 70 PPB on October 1, 2015. EPA stated the vast majority of U.S. counties will meet the new 70 PPB standard by 2025 due to other federal and state rules and programs but EPA will designate those counties that fail to attain the new 2015 ozone NAAQS by October 1, 2017. States will then have roughly three years to develop implementation plans to attain the new 2015 ozone NAAQS. Depending on how the EPA and the states implement the new 2015 ozone NAAQS, the future cost of compliance may be substantial and changes to FirstEnergy's and FES' operations may result.

MATS imposes emission limits for mercury, PM, and HCl for all existing and new fossil fuel fired electric generating units effective in April 2015 with averaging of emissions from multiple units located at a single plant. Under the CAA, state permitting authorities

can grant an additional compliance year through April 2016, as needed, including instances when necessary to maintain reliability where electric generating units are being closed. On December 28, 2012, the WVDEP granted a conditional extension through April 16, 2016 for MATS compliance at the Fort Martin, Harrison and Pleasants plants. On March 20, 2013, the PA DEP granted an extension through April 16, 2016 for MATS compliance at the Hatfield's Ferry and Bruce Mansfield plants. On February 5, 2015, the OEPA granted an extension through April 16, 2016 for MATS compliance at the Bay Shore and Sammis plants. Nearly all spending for MATS compliance at Bay Shore and Sammis has been completed through 2014. In addition, an EPA enforcement policy document contemplates up to an additional year to achieve compliance, through April 2017, under certain circumstances for reliability critical units. On June 29, 2015, the United States Supreme Court reversed a U.S. Court of Appeals for the D.C. Circuit decision that upheld MATS, rejecting EPA's regulatory approach that costs are not relevant to the decision of whether or not to regulate power plant emissions under Section 112 of the Clean Air Act and remanded the case back to the U.S. Court of Appeals for the D.C. Circuit for further proceedings. The U.S. Court of Appeals for the D.C. Circuit later remanded MATS back to EPA, who represented to such court that the EPA is on track to issue a finalized MATS by April 15, 2016. Subject to the outcome of any further proceedings before the U.S. Court of Appeals for the D.C. Circuit and how the MATS are ultimately implemented, FirstEnergy's total capital cost for compliance (over the 2012 to 2018 time period) is currently expected to be approximately $345 million (CES segment of $168 million and Regulated Distribution segment of $177 million), of which $202 million has been spent through December 31, 2015 ($80 million at CES and $122 million at Regulated Distribution).

As a result of MATS, Eastlake Units 1-3, Ashtabula Unit 5 and Lake Shore Unit 18 were deactivated in April 2015, which completes the deactivation of 5,429 MW of coal-fired plants since 2012.

On August 3, 2015, FG, a subsidiary of FES, submitted to the AAA office in New York, N.Y., a demand for arbitration and statement of claim against BNSF and CSX seeking a declaration that MATS constituted a force majeure that excuses FG's performance under its coal transportation contract with these parties. Specifically, the dispute arises from a contract for the transportation by BNSF and CSX of a minimum of 3.5 million tons of coal annually through 2025 to certain coal-fired power plants owned by FG that are located in Ohio. As a result of and in compliance with MATS, those plants were deactivated by April 16, 2015. In January 2012, FG notified BNSF and CSX that MATS constituted a force majeure event under the contract that excused FG's further performance. Separately, on August 4, 2015, BNSF and CSX submitted to the AAA office in Washington, D.C., a demand for arbitration and statement of claim against FG alleging that FG breached the contract and that FG's declaration of a force majeure under the contract is not valid and seeking damages including, but not limited to, lost profits under the contract through 2025. As part of its statement of claim, a right to liquidated damages is alleged. The arbitration panel has determined to consolidate the claims with a liability hearing expected to begin in November 2016, and, if necessary, a damages hearing is expected to begin in May 2017. The decision on liability is expected to be issued within sixty days from the end of the liability hearings. FirstEnergy and FES continue to believe that MATS constitutes a force majeure event under the contract as it relates to the deactivated plants and that FG's performance under the contract is therefore excused. FirstEnergy and FES intend to vigorously assert their position in the arbitration proceedings. If, however, the arbitration panel rules in favor of BNSF and CSX, the results of operations and financial condition of both FirstEnergy and FES could be materially adversely impacted. FirstEnergy and FES are unable to estimate the loss or range of loss.

FG is also a party to another coal transportation contract covering the delivery of 2.5 million tons annually through 2025, a portion of which is to be delivered to another coal-fired plant owned by FG that was deactivated as a result of MATS. FG has asserted a defense of force majeure in response to delivery shortfalls to such plant under this contract as well. If FirstEnergy and FES fail to reach a resolution with the applicable counterparties to the contract, and if it were ultimately determined that, contrary to FirstEnergy's and FES' belief, the force majeure provisions of that contract do not excuse the delivery shortfalls to the deactivated plant, the results of operations and financial condition of both FirstEnergy and FES could be materially adversely impacted. FirstEnergy and FES are unable to estimate the loss or range of loss.

As to both coal transportation agreements referenced above, FES paid in settlement approximately $70 million in liquidated damages for delivery shortfalls in 2014 related to its deactivated plants.

As to a specific coal supply agreement, FirstEnergy and AE Supply have asserted termination rights effective in 2015. In response to notification of the termination, the coal supplier commenced litigation alleging FirstEnergy and AE Supply do not have sufficient justification to terminate the agreement. FirstEnergy and AE Supply have filed an answer denying any liability related to the termination. This matter is currently in the discovery phase of litigation and no trial date has been established. There are 6 million tons remaining under the contract for delivery. At this time, FirstEnergy cannot estimate the loss or range of loss regarding the on-going litigation with respect to this agreement.

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

Climate Change

There are a number of initiatives to reduce GHG emissions at the state, federal and international level. Certain northeastern states are participating in the RGGI and western states led by California, have implemented programs, primarily cap and trade mechanisms, to control emissions of certain GHGs. Additional policies reducing GHG emissions, such as demand reduction programs, renewable portfolio standards and renewable subsidies have been implemented across the nation. A June 2013, Presidential Climate Action Plan outlined goals to: (i) cut carbon pollution in America by 17% by 2020 (from 2005 levels); (ii) prepare the United States for the impacts of climate change; and (iii) lead international efforts to combat global climate change and prepare for its impacts. GHG emissions have already been reduced by 10% between 2005 and 2012 according to an April, 2014 EPA Report. Due to plant deactivations and increased efficiencies, FirstEnergy anticipates its CO_2 emissions will be reduced 25% below 2005 levels by 2015, exceeding the President's Climate Action Plan goals both in terms of timing and reduction levels.

The EPA released its final "Endangerment and Cause or Contribute Findings for Greenhouse Gases under the Clean Air Act" in December 2009, concluding that concentrations of several key GHGs constitutes an "endangerment" and may be regulated as "air pollutants" under the CAA and mandated measurement and reporting of GHG emissions from certain sources, including electric generating plants. The EPA released its final regulations in August 2015, to reduce CO_2 emissions from existing fossil fuel fired electric generating units that would require each state to develop SIPs by September 6, 2016, to meet the EPA's state specific CO_2 emission rate goals. The EPA's CPP allows states to request a two-year extension to finalize SIPs by September 6, 2018. If states fail to develop SIPs, the EPA also proposed a federal implementation plan that can be implemented by the EPA that included model emissions trading rules which states can also adopt in their SIPs. The EPA also finalized separate regulations imposing CO_2 emission limits for new, modified, and reconstructed fossil fuel fired electric generating units. On June 23, 2014, the United States Supreme Court decided that CO_2 or other GHG emissions alone cannot trigger permitting requirements under the CAA, but that air emission sources that need PSD permits due to other regulated air pollutants can be required by the EPA to install GHG control technologies. Numerous states and private parties filed appeals and motions to stay the CPP with the U.S. Court of Appeals for the D.C. Circuit in October 2015. On January 21, 2015, a panel of the D.C. Circuit denied the motions for stay and set an expedited schedule for briefing and argument. 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. Depending on the outcome of further appeals and how any final rules are ultimately implemented, the future cost of compliance may be substantial.

At the international level, the United Nations Framework Convention on Climate Change resulted in the Kyoto Protocol requiring participating countries, which does not include the U.S., to reduce GHGs commencing in 2008 and has been extended through 2020. The Obama Administration submitted in March 2015, a formal pledge for the U.S. to reduce its economy-wide greenhouse gas emissions by 26 to 28 percent below 2005 levels by 2025 and joined in adopting the agreement reached on December 12, 2015 at the United Nations Framework Convention on Climate Change meetings in Paris. The Paris Agreement must be ratified by at least 55 countries representing at least 55% of global GHG emissions before its non-binding obligations to limit global warming to well below two degrees Celsius become effective. FirstEnergy cannot currently estimate the financial impact of climate change policies, although potential legislative or regulatory programs restricting CO_2 emissions, or litigation alleging damages from GHG emissions, could require significant capital and other expenditures or result in changes to its operations. The CO_2 emissions per KWH of electricity generated by FirstEnergy is lower than many of its regional competitors due to its diversified generation sources, which include low or non-CO_2 emitting gas-fired and nuclear generators.

Clean Water Act

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

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

The EPA proposed updates to the waste water effluent limitations guidelines and standards for the Steam Electric Power Generating category (40 CFR Part 423) in April 2013. On September 30, 2015, the EPA finalized new, more stringent effluent limits for arsenic, mercury, selenium and nitrogen for wastewater from wet scrubber systems and zero discharge of pollutants in ash transport water. The treatment obligations will phase-in as permits are renewed on a five-year cycle from 2018 to 2023. The final rule also allows plants to commit to more stringent effluent limits for wet scrubber systems based on evaporative technology and in return have until the end of 2023 to meet the more stringent limits. Depending on the outcome of appeals and how any final rules are ultimately implemented, the future costs of compliance with these standards may be substantial and changes to FirstEnergy's and FES' operations may result.

In October 2009, the WVDEP issued an NPDES water discharge permit for the Fort Martin plant, which imposes TDS, sulfate concentrations and other effluent limitations for heavy metals, as well as temperature limitations. Concurrent with the issuance of the Fort Martin NPDES permit, WVDEP also issued an administrative order setting deadlines for MP to meet certain of the effluent limits that were effective immediately under the terms of the NPDES permit. MP appealed, and a stay of certain conditions of the NPDES permit and order have been granted pending a final decision on the appeal and subject to WVDEP moving to dissolve the stay. The Fort Martin NPDES permit could require an initial capital investment ranging from $150 million to $300 million in order to install technology to meet the TDS and sulfate limits, which technology may also meet certain of the other effluent limits. Additional technology may be needed to meet certain other limits in the Fort Martin NPDES permit. MP intends to vigorously pursue these issues but cannot predict the outcome of the appeal or estimate the possible loss or range of loss.

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

Regulation of Waste Disposal

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

In December 2014, the EPA finalized regulations for the disposal of CCRs (non-hazardous), establishing national standards regarding landfill design, structural integrity design and assessment criteria for surface impoundments, groundwater monitoring and protection procedures and other operational and reporting procedures to assure the safe disposal of CCRs from electric generating plants. Based on an assessment of the finalized regulations, the future cost of compliance and expected timing of spend had no significant impact on FirstEnergy's or FES' existing AROs associated with CCRs. Although unexpected, changes in timing and closure plan requirements in the future could impact our asset retirement obligations significantly.

Pursuant to a 2013 consent decree, PA DEP issued a 2014 permit requiring FE to provide bonding for 45 years of closure and post-closure activities and to complete closure within a 12-year period, but authorizing FE to seek a permit modification based on "unexpected site conditions that have or will slow closure progress." The permit does not require active dewatering of the CCRs, but does require a groundwater assessment for arsenic and abatement if certain conditions in the permit are met. The Bruce Mansfield plant is pursuing several options for disposal of CCRs following December 31, 2016 and expects beneficial reuse and disposal options will be sufficient for the ongoing operation of the plant. On May 22, 2015 and September 21, 2015, the PA DEP reissued a permit for the Hatfield's Ferry CCR disposal facility and then modified that permit to allow disposal of Bruce Mansfield plant CCR. On July 6, 2015 and October 22, 2015, the Sierra Club filed Notice of Appeals with the Pennsylvania Environmental Hearing Board challenging the renewal, reissuance and modification of the permit for the Hatfield's Ferry CCR disposal facility.

FirstEnergy 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 December 31, 2015 based on estimates of the total costs of cleanup, FE's and its subsidiaries' proportionate responsibility for such costs and the financial ability of other unaffiliated entities to pay. Total liabilities of approximately $126 million have been accrued through December 31, 2015. Included in the total are accrued liabilities of approximately $87 million for environmental remediation of former manufactured gas plants and gas holder facilities in New Jersey, which are being recovered by JCP&L through a non-bypassable SBC. FirstEnergy or its subsidiaries could be found potentially responsible for additional amounts or additional sites, but the loss or range of losses cannot be determined or reasonably estimated at this time.

OTHER LEGAL PROCEEDINGS

Nuclear Plant Matters

Under NRC regulations, FirstEnergy must ensure that adequate funds will be available to decommission its nuclear facilities. As of December 31, 2015, FirstEnergy had approximately $2.3 billion invested in external trusts to be used for the decommissioning and environmental remediation of Davis-Besse, Beaver Valley, Perry and TMI-2. The values of FirstEnergy's NDTs fluctuate based on market conditions. If the value of the trusts decline by a material amount, FirstEnergy's obligation to fund the trusts may increase. Disruptions in the capital markets and their effects on particular businesses and the economy could also affect the values of the NDTs. FE and FES have also entered into a total of $24.5 million in parental guarantees in support of the decommissioning of the spent fuel storage facilities located at the nuclear facilities. As required by the NRC, FirstEnergy annually recalculates and adjusts the amount of its parental guaranties, as appropriate.

In August 2010, FENOC submitted an application to the NRC for renewal of the Davis-Besse operating license for an additional twenty years. On December 8, 2015, the NRC renewed the operating license for Davis-Besse, which is now authorized to continue operation through April 22, 2037. Prior to that decision, the NRC Commissioners denied an intervenor's request to reopen the record and admit a contention on the NRC's Continued Storage Rule. On August 6, 2015, this intervenor sought review of the NRC Commissioners' decision before the U.S. Court of Appeals for the DC Circuit. FENOC has moved to intervene in that proceeding.

As part of routine inspections of the concrete shield building at Davis-Besse in 2013, FENOC identified changes to the subsurface laminar cracking condition originally discovered in 2011. These inspections revealed that the cracking condition had propagated a small amount in select areas. FENOC's analysis confirms that the building continues to maintain its structural integrity, and its ability to safely perform all of its functions. In a May 28, 2015, Inspection Report regarding the apparent cause evaluation on crack propagation, the NRC issued a non-cited violation for FENOC's failure to request and obtain a license amendment for its method of evaluating the significance of the shield building cracking. The NRC also concluded that the shield building remained capable of performing its design safety functions despite the identified laminar cracking and that this issue was of very low safety significance. FENOC plans to submit a license amendment application related to the Shield Building analysis in 2016.

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

Other Legal Matters

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

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

16. TRANSACTIONS WITH AFFILIATED COMPANIES

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

FirstEnergy's competitive companies at times provide power through affiliated company power sales to meet a portion of the Utilities' POLR and default service requirements. The primary affiliated company transactions for FES during the three years ended December 31, 2015 are as follows:

FES	**2015**	**2014**	**2013**
		(In millions)	
Revenues:			
Electric sales to affiliates	$ 664	$ 861	$ 652
Other	6	6	6
Expenses:			
Purchased power from affiliates	353	271	486
Fuel	1	1	—
Support services	705	619	619
Investment Income:			
Interest income from FE	2	3	2
Interest Expense:			
Interest expense to affiliates	4	3	4
Interest expense to FE	3	4	6

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

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

17. SUPPLEMENTAL GUARANTOR INFORMATION

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

The Condensed Consolidating Statements of Income (Loss) and Comprehensive Income (Loss) for the years ended December 31, 2015, 2014, and 2013, Condensed Consolidating Balance Sheets as of December 31, 2015 and December 31, 2014, and Condensed Consolidating Statements of Cash Flows for the years ended December 31, 2015, 2014, and 2013, for FES (parent and guarantor), FG and NG (non-guarantor) are presented below. These statements are provided as FES fully and unconditionally guarantees outstanding registered securities of FG as well as FG's obligations under the facility lease for the Bruce Mansfield sale and leaseback that underlie outstanding registered pass-through trust certificates. Investments in wholly owned subsidiaries are accounted for by FES using the equity method. Results of operations for FG and NG are, therefore, reflected in FES' investment accounts and earnings as if operating lease treatment was achieved. The principal elimination entries eliminate investments in subsidiaries and intercompany balances and transactions and the entries required to reflect operating lease treatment associated with the 2007 Bruce Mansfield Unit 1 sale and leaseback transaction.

FIRSTENERGY SOLUTIONS CORP.
CONDENSED CONSOLIDATING STATEMENTS OF INCOME AND COMPREHENSIVE INCOME

For the Year Ended December 31, 2015	FES	FG	NG	Eliminations	Consolidated
			(In millions)		
STATEMENTS OF INCOME					
REVENUES	$ 4,824	$ 1,801	$ 2,138	$ (3,758)	$ 5,005
OPERATING EXPENSES:					
Fuel	—	679	192	—	871
Purchased power from affiliates	3,826	—	285	(3,758)	353
Purchased power from non-affiliates	1,684	—	—	—	1,684
Other operating expenses	399	275	618	49	1,341
Pension and OPEB mark-to-market adjustment	(8)	10	55	—	57
Provision for depreciation	12	124	191	(3)	324
General taxes	45	26	27	—	98
Total operating expenses	5,958	1,114	1,368	(3,712)	4,728
OPERATING INCOME (LOSS)	(1,134)	687	770	(46)	277
OTHER INCOME (EXPENSE):					
Investment income (loss), including net income from equity investees	844	17	(5)	(870)	(14)
Miscellaneous income	1	2	—	—	3
Interest expense — affiliates	(29)	(8)	(4)	34	(7)
Interest expense — other	(52)	(104)	(49)	58	(147)
Capitalized interest	—	6	29	—	35
Total other income (expense)	764	(87)	(29)	(778)	(130)
INCOME (LOSS) BEFORE INCOME TAXES (BENEFITS)	(370)	600	741	(824)	147
INCOME TAXES (BENEFITS)	(452)	224	278	15	65
NET INCOME	$ 82	$ 376	$ 463	$ (839)	$ 82
STATEMENTS OF COMPREHENSIVE INCOME					
NET INCOME	$ 82	$ 376	$ 463	$ (839)	$ 82
OTHER COMPREHENSIVE LOSS:					
Pension and OPEB prior service costs	(6)	(5)	—	5	(6)
Amortized gain on derivative hedges	(3)	—	—	—	(3)
Change in unrealized gain on available-for-sale securities	(9)	—	(8)	8	(9)
Other comprehensive loss	(18)	(5)	(8)	13	(18)
Income tax benefits on other comprehensive loss	(7)	(2)	(3)	5	(7)
Other comprehensive loss, net of tax	(11)	(3)	(5)	8	(11)
COMPREHENSIVE INCOME	$ 71	$ 373	$ 458	$ (831)	$ 71

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

For the Year Ended December 31, 2014	FES	FG	NG	Eliminations	Consolidated
			(In millions)		
STATEMENTS OF INCOME (LOSS)					
REVENUES	$ 5,990	$ 1,902	$ 2,172	$ (3,920)	$ 6,144
OPERATING EXPENSES:					
Fuel	—	1,055	198	—	1,253
Purchased power from affiliates	3,920	—	271	(3,920)	271
Purchased power from non-affiliates	2,767	4	—	—	2,771
Other operating expenses	790	269	527	49	1,635
Pension and OPEB mark-to-market adjustment	19	90	188	—	297
Provision for depreciation	10	119	193	(3)	319
General taxes	72	31	25	—	128
Total operating expenses	7,578	1,568	1,402	(3,874)	6,674
OPERATING INCOME (LOSS)	(1,588)	334	770	(46)	(530)
OTHER INCOME (EXPENSE):					
Loss on debt redemptions	(3)	(1)	(2)	—	(6)
Investment income, including net income from equity investees	791	8	61	(799)	61
Miscellaneous income	2	4	—	—	6
Interest expense — affiliates	(12)	(6)	(4)	15	(7)
Interest expense — other	(53)	(101)	(52)	60	(146)
Capitalized interest	—	4	30	—	34
Total other income (expense)	725	(92)	33	(724)	(58)
INCOME (LOSS) FROM CONTINUING OPERATIONS BEFORE INCOME TAXES (BENEFITS)	(863)	242	803	(770)	(588)
INCOME TAXES (BENEFITS)	(619)	87	298	6	(228)
INCOME (LOSS) FROM CONTINUING OPERATIONS	(244)	155	505	(776)	(360)
Discontinued operations (net of income taxes of $70)	—	116	—	—	116
NET INCOME (LOSS)	$ (244)	$ 271	$ 505	$ (776)	$ (244)
STATEMENTS OF COMPREHENSIVE INCOME (LOSS)					
NET INCOME (LOSS)	$ (244)	$ 271	$ 505	$ (776)	$ (244)
OTHER COMPREHENSIVE INCOME (LOSS):					
Pension and OPEB prior service costs	(6)	(5)	—	5	(6)
Amortized gain on derivative hedges	(10)	—	—	—	(10)
Change in unrealized gain on available-for-sale securities	21	—	21	(21)	21
Other comprehensive income (loss)	5	(5)	21	(16)	5
Income taxes (benefits) on other comprehensive income (loss)	2	(2)	8	(6)	2
Other comprehensive income (loss), net of tax	3	(3)	13	(10)	3
COMPREHENSIVE INCOME (LOSS)	$ (241)	$ 268	$ 518	$ (786)	$ (241)

FIRSTENERGY SOLUTIONS CORP.
CONDENSED CONSOLIDATING STATEMENTS OF INCOME AND COMPREHENSIVE INCOME

For the Year Ended December 31, 2013	FES	FG	NG	Eliminations	Consolidated
			(In millions)		
STATEMENTS OF INCOME					
REVENUES	$ 6,068	$ 2,399	$ 1,634	$ (3,928)	$ 6,173
OPERATING EXPENSES:					
Fuel	—	1,056	206	—	1,262
Purchased power from affiliates	4,148	—	266	(3,928)	486
Purchased power from non-affiliates	2,326	7	—	—	2,333
Other operating expenses	635	275	529	48	1,487
Pension and OPEB mark-to-market adjustment	(8)	(37)	(36)	—	(81)
Provision for depreciation	6	127	178	(5)	306
General taxes	80	34	24	—	138
Total operating expenses	7,187	1,462	1,167	(3,885)	5,931
OPERATING INCOME (LOSS)	(1,119)	937	467	(43)	242
OTHER INCOME (EXPENSE):					
Loss on debt redemptions	(103)	—	—	—	(103)
Investment income, including net income from equity investees	847	1	25	(857)	16
Miscellaneous income	4	24	—	—	28
Interest expense — affiliates	(13)	(5)	(6)	14	(10)
Interest expense — other	(63)	(104)	(54)	61	(160)
Capitalized interest	1	2	36	—	39
Total other income (expense)	673	(82)	1	(782)	(190)
INCOME (LOSS) FROM CONTINUING OPERATIONS BEFORE INCOME TAXES (BENEFITS)	(446)	855	468	(825)	52
INCOME TAXES (BENEFITS)	(506)	365	135	12	6
INCOME FROM CONTINUING OPERATIONS	60	490	333	(837)	46
Discontinued operations (net of income taxes of $8)	—	14	—	—	14
NET INCOME	$ 60	$ 504	$ 333	$ (837)	$ 60
STATEMENTS OF COMPREHENSIVE INCOME					
NET INCOME	$ 60	$ 504	$ 333	$ (837)	$ 60
OTHER COMPREHENSIVE LOSS:					
Pension and OPEB prior service costs	(15)	(13)	—	13	(15)
Amortized gain on derivative hedges	(6)	—	—	—	(6)
Change in unrealized gain on available-for-sale securities	(8)	—	(8)	8	(8)
Other comprehensive loss	(29)	(13)	(8)	21	(29)
Income tax benefits on other comprehensive loss	(11)	(5)	(3)	8	(11)
Other comprehensive loss, net of tax	(18)	(8)	(5)	13	(18)
COMPREHENSIVE INCOME	$ 42	$ 496	$ 328	$ (824)	$ 42

FIRSTENERGY SOLUTIONS CORP.
CONDENSED CONSOLIDATING BALANCE SHEETS

As of December 31, 2015	FES	FG	NG	Eliminations	Consolidated
			(In millions)		
ASSETS					
CURRENT ASSETS:					
Cash and cash equivalents	$ —	$ 2	$ —	$ —	$ 2
Receivables-					
Customers	275	—	—	—	275
Affiliated companies	433	403	461	(846)	451
Other	36	4	19	—	59
Notes receivable from affiliated companies	406	1,210	805	(2,410)	11
Materials and supplies	53	204	213	—	470
Derivatives	154	—	—	—	154
Collateral	70	—	—	—	70
Prepayments and other	48	18	—	—	66
	1,475	1,841	1,498	(3,256)	1,558
PROPERTY, PLANT AND EQUIPMENT:					
In service	93	6,367	8,233	(382)	14,311
Less — Accumulated provision for depreciation	40	2,144	3,775	(194)	5,765
	53	4,223	4,458	(188)	8,546
Construction work in progress	30	249	878	—	1,157
	83	4,472	5,336	(188)	9,703
INVESTMENTS:					
Nuclear plant decommissioning trusts	—	—	1,327	—	1,327
Investment in affiliated companies	7,452	—	—	(7,452)	—
Other	—	10	—	—	10
	7,452	10	1,327	(7,452)	1,337
DEFERRED CHARGES AND OTHER ASSETS:					
Accumulated deferred income tax benefits	300	16	—	(316)	—
Customer intangibles	61	—	—	—	61
Goodwill	23	—	—	—	23
Property taxes	—	12	28	—	40
Derivatives	79	—	—	—	79
Other	33	318	21	12	384
	496	346	49	(304)	587
	$ 9,506	$ 6,669	$ 8,210	$ (11,200)	$ 13,185
LIABILITIES AND CAPITALIZATION					
CURRENT LIABILITIES:					
Currently payable long-term debt	$ —	$ 229	$ 308	$ (25)	$ 512
Short-term borrowings-					
Affiliated companies	2,021	389	—	(2,410)	—
Other	—	8	—	—	8
Accounts payable-					
Affiliated companies	884	146	368	(856)	542
Other	21	118	—	—	139
Accrued taxes	7	93	62	(86)	76
Derivatives	103	1	—	—	104
Other	66	61	9	45	181
	3,102	1,045	747	(3,332)	1,562
CAPITALIZATION:					
Total equity	5,605	2,944	4,476	(7,420)	5,605
Long-term debt and other long-term obligations	694	2,122	847	(1,136)	2,527
	6,299	5,066	5,323	(8,556)	8,132
NONCURRENT LIABILITIES:					
Deferred gain on sale and leaseback transaction	—	—	—	791	791
Accumulated deferred income taxes	6	—	697	(103)	600
Asset retirement obligations	—	191	640	—	831
Retirement benefits	27	305	—	—	332
Derivatives	37	1	—	—	38
Other	35	61	803	—	899
	105	558	2,140	688	3,491
	$ 9,506	$ 6,669	$ 8,210	$ (11,200)	$ 13,185

FIRSTENERGY SOLUTIONS CORP.
CONDENSED CONSOLIDATING BALANCE SHEETS

As of December 31, 2014	FES	FG	NG	Eliminations	Consolidated
			(In millions)		
ASSETS					
CURRENT ASSETS:					
Cash and cash equivalents	$ —	$ 2	$ —	$ —	$ 2
Receivables-					
Customers	415	—	—	—	415
Affiliated companies	484	487	674	(1,120)	525
Other	66	21	20	—	107
Notes receivable from affiliated companies	339	838	272	(1,449)	—
Materials and supplies	67	202	223	—	492
Derivatives	147	—	—	—	147
Collateral	229	—	—	—	229
Prepayments and other	48	19	—	1	68
	1,795	1,569	1,189	(2,568)	1,985
PROPERTY, PLANT AND EQUIPMENT:					
In service	133	6,217	7,628	(382)	13,596
Less — Accumulated provision for depreciation	36	2,058	3,305	(191)	5,208
	97	4,159	4,323	(191)	8,388
Construction work in progress	3	206	801	—	1,010
	100	4,365	5,124	(191)	9,398
INVESTMENTS:					
Nuclear plant decommissioning trusts	—	—	1,365	—	1,365
Investment in affiliated companies	6,607	—	—	(6,607)	—
Other	—	10	—	—	10
	6,607	10	1,365	(6,607)	1,375
DEFERRED CHARGES AND OTHER ASSETS:					
Accumulated deferred income tax benefits	284	98	—	(382)	—
Customer intangibles	78	—	—	—	78
Goodwill	23	—	—	—	23
Property taxes	—	14	27	—	41
Unamortized sale and leaseback costs	—	—	—	—	—
Derivatives	52	—	—	—	52
Other	34	277	7	13	331
	471	389	34	(369)	525
	$ 8,973	$ 6,333	$ 7,712	$ (9,735)	$ 13,283
LIABILITIES AND CAPITALIZATION					
CURRENT LIABILITIES:					
Currently payable long-term debt	$ 18	$ 164	$ 348	$ (24)	$ 506
Short-term borrowings-					
Affiliated companies	1,135	321	28	(1,449)	35
Other	90	9	—	—	99
Accounts payable-					
Affiliated companies	1,068	197	219	(1,068)	416
Other	46	202	—	—	248
Accrued taxes	2	62	161	(123)	102
Derivatives	166	—	—	—	166
Other	72	56	9	47	184
	2,597	1,011	765	(2,617)	1,756
CAPITALIZATION:					
Total equity	5,585	2,561	4,014	(6,575)	5,585
Long-term debt and other long-term obligations	695	2,215	859	(1,161)	2,608
	6,280	4,776	4,873	(7,736)	8,193
NONCURRENT LIABILITIES:					
Deferred gain on sale and leaseback transaction	—	—	—	824	824
Accumulated deferred income taxes	13	—	678	(207)	484
Asset retirement obligations	—	189	652	—	841
Retirement benefits	36	288	—	—	324
Derivatives	14	—	—	—	14
Other	33	69	744	1	847
	96	546	2,074	618	3,334
	$ 8,973	$ 6,333	$ 7,712	$ (9,735)	$ 13,283

FIRSTENERGY SOLUTIONS CORP.
CONDENSED CONSOLIDATING STATEMENTS OF CASH FLOWS

For the Year Ended December 31, 2015	FES	FG	NG	Eliminations	Consolidated
			(In millions)		
NET CASH PROVIDED FROM (USED FOR) OPERATING ACTIVITIES	$ (637)	$ 551	$ 1,261	$ (24)	$ 1,151
CASH FLOWS FROM FINANCING ACTIVITIES:					
New Financing-					
Long-term debt	—	45	296	—	341
Short-term borrowings, net	796	67	—	(863)	—
Redemptions and Repayments-					
Long-term debt	(17)	(70)	(348)	24	(411)
Short-term borrowings, net	—	—	(28)	(98)	(126)
Common stock dividend payment	(70)	—	—	—	(70)
Other	—	(5)	(1)	—	(6)
Net cash provided from (used for) financing activities	709	37	(81)	(937)	(272)
CASH FLOWS FROM INVESTING ACTIVITIES:					
Property additions	(5)	(223)	(399)	—	(627)
Nuclear fuel	—	—	(190)	—	(190)
Proceeds from asset sales	10	3	—	—	13
Sales of investment securities held in trusts	—	—	733	—	733
Purchases of investment securities held in trusts	—	—	(791)	—	(791)
Cash Investments	(10)	—	—	—	(10)
Loans to affiliated companies, net	(67)	(372)	(533)	961	(11)
Other	—	4	—	—	4
Net cash used for investing activities	(72)	(588)	(1,180)	961	(879)
Net change in cash and cash equivalents	—	—	—	—	—
Cash and cash equivalents at beginning of period	—	2	—	—	2
Cash and cash equivalents at end of period	$ —	$ 2	$ —	$ —	$ 2

FIRSTENERGY SOLUTIONS CORP.
CONDENSED CONSOLIDATING STATEMENTS OF CASH FLOWS

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

FIRSTENERGY SOLUTIONS CORP.
CONDENSED CONSOLIDATING STATEMENTS OF CASH FLOWS

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

18. SEGMENT INFORMATION

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

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

During the fourth quarter of 2015, management concluded that FEV's 33-1/3% equity investment in Global Holding was no longer a strategic asset to CES. Because of this decision, the segment reporting was modified to reflect how management now views and makes investment decisions regarding CES and Global Holding. The external segment reporting is consistent with the internal financial reports used by FirstEnergy's Chief Executive Officer (its chief operating decision maker) to regularly assess performance of the business and allocate resources. Disclosures for FirstEnergy's reportable operating segments for 2014 and 2013 have been reclassified to conform to the current presentation reflecting the activity of FEV's investment in Global Holding in Corporate/Other.

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

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

The **CES** segment, through FES and AE Supply, primarily supplies electricity to end-use customers through retail and wholesale arrangements, including competitive retail sales to customers primarily in Ohio, Pennsylvania, Illinois, Michigan, New Jersey and Maryland, and the provision of partial POLR and default service for some utilities in Ohio, Pennsylvania and Maryland, including the Utilities. This business segment currently controls 13,162 MWs of capacity. The CES segment's net income is primarily derived from electric generation sales less the related costs of electricity generation, including fuel, purchased power and net transmission (including congestion) and ancillary costs and capacity costs charged by PJM to deliver energy to the segment's customers.

Corporate support and other businesses that do not constitute an operating segment, interest expense on stand-alone holding company debt and corporate income taxes are categorized as Corporate/Other for reportable business segment purposes. Additionally, reconciling adjustments for the elimination of inter-segment transactions are included in Corporate/Other. As of December 31, 2015, Corporate/Other had $4.2 billion of stand-alone holding company long-term debt, of which 28% was subject to variable-interest rates and $1.7 billion was borrowed under the FE revolving credit facility.

Segment Financial Information

For the Years Ended December 31,	Regulated Distribution	Regulated Transmission	Competitive Energy Services	Corporate/ Other	Reconciling Adjustments	Consolidated
			(In millions)			
2015						
External revenues	$ 9,625	$ 1,011	$ 4,698	$ (168)	$ (140)	$ 15,026
Internal revenues	—	—	686	—	(686)	—
Total revenues	9,625	1,011	5,384	(168)	(826)	15,026
Depreciation	672	156	394	60	—	1,282
Amortization of regulatory assets, net	261	7	—	—	—	268
Impairment of long-lived assets	8	—	34	—	—	42
Investment income (loss)	42	—	(16)	(9)	(39)	(22)
Impairment of equity method investment	—	—	—	362	—	362
Interest expense	586	161	192	193	—	1,132
Income taxes (benefits)	342	174	50	(262)	11	315
Income (loss) from continuing operations	618	298	89	(427)	—	578
Discontinued operations, net of tax	—	—	—	—	—	—
Net income (loss)	618	298	89	(427)	—	578
Total assets	27,876	7,439	16,365	507	—	52,187
Total goodwill	5,092	526	800	—	—	6,418
Property additions	1,108	952	588	56	—	2,704
2014						
External revenues	$ 9,102	$ 769	$ 5,470	$ (146)	$ (146)	$ 15,049
Internal revenues	—	—	819	—	(819)	—
Total revenues	9,102	769	6,289	(146)	(965)	15,049
Depreciation	658	127	387	48	—	1,220
Amortization of regulatory assets, net	1	11	—	—	—	12
Impairment of long-lived assets	—	—	—	—	—	—
Investment income (loss)	56	—	54	2	(40)	72
Impairment of equity method investment	—	—	—	—	—	—
Interest expense	589	131	189	168	(4)	1,073
Income taxes (benefits)	227	121	(223)	(178)	11	(42)
Income (loss) from continuing operations	465	223	(417)	(58)	—	213
Discontinued operations, net of tax	—	—	86	—	—	86
Net income (loss)	465	223	(331)	(58)	—	299
Total assets	28,085	6,252	16,518	793	—	51,648
Total goodwill	5,092	526	800	—	—	6,418
Property additions	972	1,329	939	72	—	3,312
2013						
External revenues	$ 8,720	$ 731	$ 5,728	$ (121)	$ (166)	$ 14,892
Internal revenues	—	—	770	—	(770)	—
Total revenues	8,720	731	6,498	(121)	(936)	14,892
Depreciation	606	114	439	43	—	1,202
Amortization of regulatory assets, net	529	10	—	—	—	539
Impairment of long-lived assets	322	—	473	—	—	795
Investment income (loss)	57	—	14	6	(44)	33
Impairment of equity method investment	—	—	—	—	—	—
Interest expense	543	93	222	148	10	1,016
Income taxes (benefits)	301	129	(140)	(105)	10	195
Income (loss) from continuing operations	501	214	(235)	(105)	—	375
Discontinued operations, net of tax	—	—	17	—	—	17
Net income (loss)	501	214	(218)	(105)	—	392
Total assets	27,683	5,247	16,782	712	—	50,424
Total goodwill	5,092	526	800	—	—	6,418
Property additions	1,272	461	827	78	—	2,638

19. DISCONTINUED OPERATIONS

On February 12, 2014, certain of FirstEnergy's subsidiaries sold eleven hydroelectric power stations to a subsidiary of LS Power for approximately $394 million (FES - $307 million). The carrying value of the assets sold was $235 million (FES - $122 million), including goodwill of $29 million (FES - $1 million). Pre-tax income for the hydroelectric facilities of $155 million and $26 million (FES - $186 million and $22 million) for the years ended December 31, 2014 and 2013, respectively, was included in discontinued operations in the Consolidated Statement of Income. Included in income for discontinued operations in the year ended December 31, 2014, was a pre-tax gain on the sale of assets of $142 million (FES - $177 million). Revenues for the hydroelectric facilities of $5 million and $33 million (FES - $5 million and $31 million) for years ended December 31, 2014 and 2013, respectively, were included in discontinued operations in the Consolidated Statement of Income.

20. SUMMARY OF QUARTERLY FINANCIAL DATA (UNAUDITED)

The following summarizes certain consolidated operating results by quarter for 2015 and 2014.

FirstEnergy

CONSOLIDATED STATEMENTS OF INCOME

(In millions, except per share amounts)	2015				2014			
	Dec. 31	Sept. 30	June 30	Mar. 31	Dec. 31	Sept. 30	June 30	Mar. 31
Revenues	$ 3,541	$ 4,123	$ 3,465	$ 3,897	$ 3,483	$ 3,888	$ 3,496	$ 4,182
Other operating expense	952	850	916	1,057	901	858	1,021	1,182
Pension and OPEB mark-to-market adjustment	242	—	—	—	835	—	—	—
Provision for depreciation	313	328	322	319	316	308	302	294
Operating Income (Loss)	236	908	554	594	(337)	716	292	391
Income (loss) from continuing operations before income taxes (benefits)	(396)	621	302	366	(574)	485	90	170
Income taxes (benefits) (1)	(170)	226	115	144	(268)	152	26	48
Income (loss) from continuing operations	(226)	395	187	222	(306)	333	64	122
Discontinued operations (net of income taxes)	—	—	—	—	—	—	—	86
Net Income (Loss)	(226)	395	187	222	(306)	333	64	208
Earnings (loss) per share of common stock (2)								
Basic - Continuing Operations	(0.53)	0.94	0.44	0.53	(0.73)	0.79	0.16	0.29
Basic - Discontinued Operations (Note 19)	—	—	—	—	—	—	—	0.21
Basic - Earnings Available to FirstEnergy Corp.	(0.53)	0.94	0.44	0.53	(0.73)	0.79	0.16	0.50
Diluted - Continuing Operations	(0.53)	0.93	0.44	0.53	(0.73)	0.79	0.15	0.29
Diluted - Discontinued Operations (Note 19)	—	—	—	—	—	—	—	0.20
Diluted - Earnings Available to FirstEnergy Corp.	(0.53)	0.93	0.44	0.53	(0.73)	0.79	0.15	0.49

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

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

FES

CONSOLIDATED STATEMENTS OF INCOME

(In millions)	2015				2014			
	Dec. 31	Sept. 30	June 30	Mar. 31	Dec. 31	Sept. 30	June 30	Mar. 31
Revenues	$ 1,171	$ 1,338	$ 1,119	$ 1,377	$ 1,342	$ 1,521	$ 1,452	$ 1,829
Other operating expense	329	246	353	413	359	356	468	452
Pension and OPEB mark-to-market adjustment	57	—	—	—	297	—	—	—
Provision for depreciation	84	79	81	80	83	83	79	74
Operating Income (Loss)	25	240	—	12	(321)	90	(151)	(148)
Income (loss) from continuing operations before income taxes (benefits)	(13)	190	(25)	(5)	(347)	72	(154)	(159)
Income taxes (benefits)	1	70	(4)	(2)	(133)	28	(67)	(56)
Income (loss) from continuing operations	(14)	120	(21)	(3)	(214)	44	(87)	(103)
Discontinued operations (net of income taxes)	—	—	—	—	—	—	—	116
Net Income (Loss)	(14)	120	(21)	(3)	(214)	44	(87)	13

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

None.

ITEM 9A. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

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

Management's Report on Internal Control over Financial Reporting

Management is responsible for establishing and maintaining adequate internal control over financial reporting as defined in Rules 13a-15(f) and 15d-15(f) of the Securities Exchange Act of 1934. Using the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission in *Internal Control — Integrated Framework* published in 2013, the respective management of each registrant conducted an evaluation of the effectiveness of their registrant's internal control over financial reporting under the supervision of each respective registrant's Chief Executive Officer and Chief Financial Officer. Based on that evaluation, the respective management of each registrant concluded that their registrant's internal control over financial reporting was effective as of December 31, 2015. The effectiveness of FirstEnergy's internal control over financial reporting, as of December 31, 2015, has been audited by PricewaterhouseCoopers LLP, an independent registered public accounting firm, as stated in their report included herein. The effectiveness of internal control over financial reporting of FES as of December 31, 2015, has not been audited by the registrant's independent registered public accounting firm.

Changes in Internal Control over Financial Reporting

During the quarter ended December 31, 2015, there were no changes in internal control over financial reporting that have materially affected, or are reasonably likely to materially affect, FirstEnergy's or FES' internal control over financial reporting.

ITEM 9B. OTHER INFORMATION

On February 16, 2016, upon recommendation of its Compensation Committee, the FE Board of Directors (Board) adopted the ESTIP. The ESTIP is a component of the ICP 2015, which was approved by shareholders at the 2015 Annual Meeting of Shareholders. ESTIP awards are cash-based awards granted pursuant to the terms and conditions of the ICP 2015 and payment is based on the successful achievement of corporate financial and operational KPIs. Participants in the ESTIP consist of the executive officers of FE who are deemed to be "covered persons" under Section 162(m) of the Internal Revenue Code of 1986, as amended, and any regulations promulgated thereunder and any other officer or employee selected by the Compensation Committee of the Board (Compensation Committee), which administers the ESTIP. Participants in the ESTIP are ineligible to participate in any other short-term incentive program sponsored by FE, except as provided for in the ICP 2015.

Financial and operational KPIs for the ESTIP are developed in accordance with the performance measures identified in the ICP 2015, and the performance period for awards is January 1st to December 31st of a given year, unless otherwise determined by the Compensation Committee. The Compensation Committee establishes (i) the KPIs that must be satisfied in order for a participant to receive an award for such performance period, including the relative weightings for each KPI with respect to each participant, and (ii) the threshold, target and maximum award opportunity for each participant, which are expressed as a percentage of the participant's base salary. The ESTIP payout will be zero if FE performance is below threshold. Executives are evaluated based on KPIs applicable to FE and their responsibilities within FE.

ESTIP awards are paid no later than March 15th of the year following the year in which the award is earned. If the participant's employment terminates prior to the end of the performance period due to Retirement (as defined in the ESTIP), Disability (as defined in the ICP 2015), death, or termination by FE without Cause (as defined in the ICP 2015), the participant is entitled to receive a pro-rated portion of his or her ESTIP award that would have been earned, based on actual KPI performance, had he or she remained employed through the performance period. However, if the participant is entitled to receive all or a portion of his or her ESTIP award pursuant to an individual agreement or separate severance or change in control plan in which he or she participates, then his or her ESTIP award would be paid pursuant to such individual agreement or plan to avoid any duplication of payments.

The Compensation Committee has the discretion to adjust the payment amount under any award granted under the ESTIP downward (but not upward) without the participant's consent, notwithstanding FE's or the participant's actual performance against the award's performance goals, either on a formula or discretionary basis, or a combination of the two. Subject to the foregoing, the Board or the Compensation Committee may at any time amend, suspend, discontinue, or terminate the ESTIP, so long as no such amendment,

suspension, discontinuance or termination materially and adversely affects the rights of any participant in respect of any performance period that has already commenced.

The foregoing description of the ESTIP is qualified in its entirety by reference to the full and complete terms of the ESTIP, which is attached as Exhibit 10-56 to this Annual Report on Form 10-K and incorporated herein by reference, and the ICP 2015, which was filed as Appendix A to FE's Definitive Proxy Statement filed April 1, 2015 and is incorporated herein by reference.

PART III

ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE

The information required by Item 10 is incorporated herein by reference to FirstEnergy's 2016 Proxy Statement to be filed with the SEC pursuant to Regulation 14A under the Securities Exchange Act of 1934.

ITEM 11. EXECUTIVE COMPENSATION

The information required by Item 11 is incorporated herein by reference to FirstEnergy's 2016 Proxy Statement to be filed with the SEC pursuant to Regulation 14A under the Securities Exchange Act of 1934.

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

The information required by Item 12 is incorporated herein by reference to FirstEnergy's 2016 Proxy Statement to be filed with the SEC pursuant to Regulation 14A under the Securities Exchange Act of 1934.

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

The information required by Item 13 is incorporated herein by reference to FirstEnergy's 2016 Proxy Statement to be filed with the SEC pursuant to Regulation 14A under the Securities Exchange Act of 1934.

ITEM 14. PRINCIPAL ACCOUNTING FEES AND SERVICES

A summary of the audit and audit-related fees for services rendered by PricewaterhouseCoopers LLP for the years ended December 31, 2015 and 2014, are as follows:

	Audit Fees(1)		Audit-Related Fees(2)	
Company	**2015**	**2014**	**2015**	**2014**
		(In thousands)		
FES	$ 1,810	$ 1,700	$ —	$ —
FE and other subsidiaries	5,812	6,001	150	117
Total FirstEnergy	$ 7,622	$ 7,701	$ 150	$ 117

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

(2) Professional services rendered in 2015 and 2014 related to SEC Regulation AB. Also, in 2014, professional services rendered related to additional agreed upon procedures for the audit of compliance with certain DOE grants, risk assurance and the audit of PE's cost allocation manual.

Tax Fees and All Other Fees

There were no tax services performed by PricewaterhouseCoopers LLP in 2015 or 2014. PricewaterhouseCoopers LLP performed no other services in 2015 or 2014, however, the registrants paid approximately $15,000 (fifteen-thousand) and $5,000 (five-thousand) in software subscription fees to PricewaterhouseCoopers LLP for 2015 and 2014, respectively.

Additional information required by this item is incorporated herein by reference to FirstEnergy's 2016 Proxy Statement to be filed with the SEC pursuant to Regulation 14A under the Securities Exchange Act of 1934.

PART IV

ITEM 15. EXHIBITS, FINANCIAL STATEMENT SCHEDULES

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

1. Financial Statements:

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

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

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

2. Financial Statement Schedules:

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

	Page
FirstEnergy	110
FES	111

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

	Page
FirstEnergy	209
FES	210

3. Exhibits — FirstEnergy

Exhibit Number	
2-1 †	Agreement and Plan of Merger, dated as of February 10, 2010, by and among FirstEnergy Corp., Element Merger Sub, Inc. and Allegheny Energy, Inc. (incorporated by reference to FE's Form 8-K filed February 11, 2010, Exhibit 2.1, File No. 333-21011).
3-1	Amended Articles of Incorporation of FirstEnergy Corp. (incorporated by reference to FE's Form 10-K filed February 19, 2010, Exhibit 3-1, File No. 333-21011).
3-2	Amendment to the Amended Articles of Incorporation of FirstEnergy Corp. dated as of February 25, 2011 (incorporated by reference to FE's Form 8-K filed February 25, 2011, Exhibit 3.1, File No. 333-21011).
3-3	FirstEnergy Corp. Amended Code of Regulations. (incorporated by reference to FE's Form 10-K filed February 25, 2009, Exhibit 3.1, File No. 333-21011).
3-4	Amendment to the FirstEnergy Corp. Amended Code of Regulations (incorporated by reference to FirstEnergy's Definitive Proxy Statement filed April 1, 2011, Appendix 1, File No. 333-21011).
4-1	Indenture, dated November 15, 2001, between FirstEnergy Corp. and The Bank of New York Mellon, as Trustee. (incorporated by reference to FE's Form S-3 filed September 21, 2001, Exhibit 4(a), File No. 333-69856).
4-2	Officer's Certificate relating to $650 million aggregate principal amount of the Company's 2.75% Notes, Series A, due 2018 (the "Series A Notes") and $850 million aggregate principal amount of the Company's 4.25% Notes, Series B, due 2023 (the "Series B Notes") (incorporated by reference to FE's Form 8-K filed March 5, 2013, Exhibit 4.1, File No. 333-21011.)
4-2	(a) Form of Series A Note (incorporated by reference to FE's Form 8-K filed March 5, 2013, Exhibit 4.2, File No. 333-21011)
4-2	(b) Form of Series B Note, (incorporated by reference to FE's Form 8-K filed March 5, 2013, Exhibit 4.3, File No. 333-21011).
4-3	Agreement of Resignation, Appointment and Acceptance Among The Bank of New York Mellon, as Resigning Trustee, The Bank of New York Mellon Trust Company, N.A., as Successor Trustee and FirstEnergy Corp., dated May 16, 2012 (incorporated by reference to FE's Form S-3 filed May 18, 2012, Exhibit 4(h), file No. 333-181519).
(B) 10-1	FirstEnergy Corp. 2007 Incentive Plan, effective May 15, 2007. (incorporated by reference to FE's Form 10-K filed February 25, 2009, Exhibit 10.1, File No. 333-21011).
(B) 10-2	Amendment to FirstEnergy Corp. 2007 Incentive Plan, effective January 1, 2011. (incorporated by reference to FE's Form 10-Q filed May 3, 2011, Exhibit 10.5, File No. 333-21011).
(B) 10-3	Amendment No. 2 to FirstEnergy Corp. 2007 Incentive Plan, effective January 1, 2014 (incorporated by reference to FE's Form 10-K filed February 27, 2014, Exhibit 10-3 File No. 333-21011).
(B) 10-4	Form of 2014-2016 Performance Share Award Agreement (incorporated by reference to FE's Form 10-K filed February 27, 2014, Exhibit 10-4 File No. 333-21011).
(B) 10-5	Form of 2014-2016 Performance-Adjusted Restricted Stock Unit Award Agreement (incorporated by reference to FE's Form 10-K filed February 27, 2014, Exhibit 10-5 File No. 333-21011).
(B) 10-6	FirstEnergy Corp. Deferred Compensation Plan for Outside Directors, amended and restated January 1, 2005, further amended December 31, 2010 (incorporated by reference to FE's Form 10-K filed February 27, 2014, Exhibit 10-6 File No. 333-21011).
(B) 10-7	Amendment No. 1 to FirstEnergy Corp. Deferred Compensation Plan for Outside Directors, effective as of January 1, 2012 (incorporated by reference to FE's Form 10-Q filed May 3, 2011, Exhibit 10.7, File No. 333-21011).
(B) 10-8	Amendment No. 2 to FirstEnergy Corp. Deferred Compensation Plan for Outside Directors, effective January 21, 2014 (incorporated by reference to FE's Form 10-K filed February 27, 2014, Exhibit 10-8 File No. 333-21011).
(B) 10-9	FirstEnergy Corp. Supplemental Executive Retirement Plan, amended and restated January 1, 2005, further amended December 31, 2010 (incorporated by reference to FE's Form 10-K filed February 27, 2014, Exhibit 10-9 File No. 333-21011).
(B) 10-10	Amendment to FirstEnergy Corp. Supplemental Executive Retirement Plan, effective January 1, 2012 (incorporated by reference to FE's Form 10-Q filed May 3, 2011, Exhibit 10.8, File No. 333-21011).
(B) 10-11	FirstEnergy Corp. Cash Balance Restoration Plan, effective January 1, 2014 (incorporated by reference to FE's Form 10-K filed February 27, 2014, Exhibit 10-11 File No. 333-21011).

Exhibit Number	
(B) 10-12	FirstEnergy Corp. Executive Deferred Compensation Plan, Amended and Restated as of January 1, 2014 (incorporated by reference to FE's Form 10-K filed February 27, 2014, Exhibit 10-12 File No. 333-21011)
(B) 10-13	Retirement Plan for Outside Directors of GPU, Inc. as amended and restated as of August 8, 2000 (incorporated by reference to GPU, Inc. Form 10-K filed March 21, 2001, Exhibit 10-N, File No. 001-06047).
10-14	Consent Decree dated March 18, 2005. (incorporated by reference to FE's Form 8-K filed March 18, 2005, Exhibit 10-1, File No. 333-21011).
(B) 10-15	Form of 2010-2012 Performance Share Award Agreement effective January 1, 2010 (incorporated by reference to FE's Form 10-K filed February 19, 2010, Exhibit 10-48, File No. 333-21011).
(B) 10-16	Form of Performance-Adjusted Restricted Stock Unit Award Agreement as of March 8, 2010 (incorporated by reference to FE's Form 10-K filed February 19, 2010, Exhibit 10-49, File No. 333-21011).
(B) 10-17	Form of Director Indemnification Agreement (incorporated by reference to FE's 10-Q filed May 7, 2009, Exhibit 10.1, File No. 333-21011).
(B) 10-18	Form of Management Director Indemnification Agreement (incorporated by reference to FE's 10-Q filed May 7, 2009, Exhibit 10.2, File No. 333-21011).
(B) 10-19	FirstEnergy Corp. Change in Control Severance Plan (incorporated by reference to FE's Form 10-Q filed May 3, 2011, Exhibit 10.9, File No. 333-21011).
(B) 10-20	Allegheny Energy, Inc. 1998 Long-Term Incentive Plan (incorporated by reference to FirstEnergy's Form 8-K filed February 25, 2011, Exhibit 10.2, File No. 21011).
(B) 10-21	Amendment No. 1 to Allegheny Energy, Inc. 1998 Long-Term Incentive Plan (incorporated by reference to FE's Form 10-K filed February 27, 2014, Exhibit 10-25 File No. 333-21011).
(B) 10-22	Allegheny Energy, Inc. 2008 Long-Term Incentive Plan (incorporated by reference to FirstEnergy's Form 8-K filed February 25, 2011, Exhibit 10.3, File No. 21011).
(B) 10-23	Amendment No. 1 to Allegheny Energy, Inc. 2008 Long-Term Incentive Plan (incorporated by reference to FE's Form 10-K filed February 27, 2014, Exhibit 10-27 File No. 333-21011).
(B) 10-24	Allegheny Energy, Inc. Non-Employee Director Stock Plan (incorporated by reference to FirstEnergy's Form 8-K filed February 25, 2011, Exhibit 10.4, File No. 21011).
(B) 10-25	Allegheny Energy, Inc. Amended and Restated Revised Plan for Deferral of Compensation of Directors (incorporated by reference to FE's Form 10-K filed February 27, 2014, Exhibit 10-29 File No. 333-21011).
(B) 10-26	Amendment No. 1 to Allegheny Energy, Inc. Amended and Restated Revised Plan for Deferral of Compensation of Directors (incorporated by reference to FE's Form 10-K filed February 27, 2014, Exhibit 10-30 File No. 333-21011).
10-27	Credit Agreement, dated as of June 17, 2011, among FirstEnergy Corp., The Cleveland Electric Illuminating Company, Metropolitan Edison Company, Ohio Edison Company, Pennsylvania Power Company, The Toledo Edison Company, American Transmission Systems, Incorporated, Jersey Central Power & Light Company, Monongahela Power Company, Pennsylvania Electric Company, the Potomac Edison Company and West Penn Power Company, as borrowers, The Royal Bank of Scotland plc, as administrative agent, and the lending banks, fronting banks and swing line lenders identified therein. (incorporated by reference to FE's Form 10-Q filed August 2, 2011, Exhibit 10.1, File No. 333-21011).
10-28	Amendment, dated as of May 8, 2012, to the Credit Agreement, dated as of June 17, 2011, among FirstEnergy Corp., The Cleveland Electric Illuminating Company, Metropolitan Edison Company, Ohio Edison Company, Pennsylvania Power Company, The Toledo Edison Company, American Transmission Systems, Incorporated, Jersey Central Power & Light Company, Monongahela Power Company, Pennsylvania Electric Company, the Potomac Edison Company and West Penn Power Company, as borrowers, The Royal Bank of Scotland plc, as administrative agent, and the lending banks, fronting banks and swing line lenders identified therein (incorporated by reference to FE's Form 8-K filed May 11, 2012, Exhibit 10.2, File No. 333-21011).
10-29	Amendment, dated as of May 8, 2013, to the Credit Agreement, dated as of June 17, 2011, as amended as of May 8, 2012, among FirstEnergy, The Cleveland Electric Illuminating Company, Metropolitan Edison Company, Ohio Edison Company, Pennsylvania Power Company, The Toledo Edison Company, Jersey Central Power & Light Company, Monongahela Power Company, Pennsylvania Electric Company, the Potomac Edison Company and West Penn Power Company, as borrowers, The Royal Bank of Scotland plc, as administrative agent, and the lending banks, fronting banks and swing line lenders identified therein (incorporated by reference to FE' s Form 8-K filed May 13, 2013, Exhibit 10.1, File No. 333-21011).

Exhibit Number	
10-30	Amendment, dated as of October 31, 2013, to the Credit Agreement, dated as of June 17, 2011, as amended as of May 8, 2012, among FirstEnergy, The Cleveland Electric Illuminating Company, Metropolitan Edison Company, Ohio Edison Company, Pennsylvania Power Company, The Toledo Edison Company, Jersey Central Power & Light Company, Monongahela Power Company, Pennsylvania Electric Company, the Potomac Edison Company and West Penn Power Company, as borrowers, The Royal Bank of Scotland plc, as administrative agent, and the lending banks, fronting banks and swing line lenders identified therein (incorporated by reference to FE' s Form 10-Q filed November 5, 2013, Exhibit 10.1(a), File No. 333-21011).
10-31	Amendment, dated as of March 31, 2014, to the Credit Agreement, dated as of June 17, 2011, as amended as of May 8, 2012, May 8, 2013 and October 31, 2013, among FirstEnergy, The Cleveland Electric Illuminating Company, Metropolitan Edison Company, Ohio Edison Company, Pennsylvania Power Company, The Toledo Edison Company, Jersey Central Power & Light Company, Monongahela Power Company, Pennsylvania Electric Company, the Potomac Edison Company and West Penn Power Company, as borrowers, The Royal Bank of Scotland plc, as administrative agent, and the lending banks, fronting banks and swing line lenders identified therein (incorporated by reference to FE' s Form 8-K filed April 4, 2014, Exhibit 10.1, File No. 333-21011).
(B) 10-32	Employment Agreement between FirstEnergy Corp. and Anthony J. Alexander, dated March 20, 2012. (incorporated by reference to FE's Form 10-Q filed March 31, 2012, Exhibit 10.1, File No. 333-21011).
(B) 10-33	Form of Officer Indemnification Agreement (incorporated by reference to FirstEnergy's Form 8-K filed July 23, 2012, Exhibit 10.1, File No. 333-21011).
(B) 10-34	Amendment No.1 to the FirstEnergy Corp. Change in Control Severance Plan, amended and restated as of September 18, 2012 (incorporated by reference to FE's Form 10-Q filed November 8, 2012, Exhibit 10.1, File No. 333-21011).
10-35	U.S. $1,000,000,000 Credit Agreement, dated as of May 8, 2012, among FirstEnergy Transmission, LLC, American Transmission Systems, Incorporated and Trans-Allegheny Interstate Line Company, as borrowers, PNC Bank, National Association, as administrative agent, and the lending banks and fronting banks identified therein (incorporated by reference to FE's Form 8-K filed May 11, 2012, Exhibit 10.3, File No. 333-21011).
10-36	Amendment, dated as of May 8, 2013, to the Credit Agreement, dated as of May 8, 2012, among FirstEnergy Transmission, LLC, American Transmission Systems, Incorporated and Trans-Allegheny Interstate Line Company, as borrowers, and PNC Bank, National Association, as administrative agent, and the lending banks and fronting banks identified therein (incorporated by reference to FE's Form 8-K filed May 13, 2013, Exhibit 10.3, File No. 333-21011).
10-37	Amendment, dated as of March 31, 2014 to the Credit Agreement, dated as of May 8, 2012, and as amended as of May 8, 2013, among FirstEnergy Transmission, LLC, American Transmission Systems, Incorporated and Trans-Allegheny Interstate Line Company, as borrowers, and PNC Bank, National Association, as administrative agent, and the lending banks and fronting banks identified therein (incorporated by reference to FE's Form 8-K filed April 4, 2014, Exhibit 10.3, File No. 333-21011).
10-38	Term Loan Credit Agreement, dated as of March 31, 2014, among FE, as borrower, the banks named therein and The Royal Bank of Scotland, plc, as administrative agent (incorporated by reference to FE's Form 8-K filed April 4, 2014, Exhibit 10.4, File No. 333-21011).
10-39	Guarantee, dated as of September 16, 2013 by FirstEnergy Corp. in favor of participants under the FirstEnergy Corp. Executive Deferred Compensation Plan (incorporated by reference to FE's Form 10-Q filed November 5, 2013, Exhibit 10.2, File No. 333-21011).
(B) 10-40	Executive Severance Benefits Plan (incorporated by reference to FE's Form 10-K filed February 27, 2014, Exhibit 10-44 File No. 333-21011).
(B) 10-41	Amendment No. 2 to the FirstEnergy Corp. Change in Control Severance Plan (incorporated by reference to FE's Form 10-K filed February 17, 2015, Exhibit 10-44, File No. 333-21011).
(B) 10-42	Amendment No. 1 to the FirstEnergy Corp. Executive Deferred Compensation Plan, dated as of January 23, 2014 (incorporated by reference to FE's Form 10-K filed February 17, 2015, Exhibit 10-45, File No. 333-21011).
(B) 10-43	Executive Short-Term Incentive Program (incorporated by reference to FE's Form 10-K filed February 17, 2015, Exhibit 10-46, File No. 333-21011).
(B) 10-44	Form of 2015-2017 Cash-Based Performance-Adjusted Restricted Stock Unit Award Agreement (incorporated by reference to FE's Form 10-K filed February 17, 2015, Exhibit 10-47, File No. 333-21011).
(B) 10-45	Form of 2015-2017 Stock-Based Performance-Adjusted Restricted Stock Unit Award Agreement (incorporated by reference to FE's Form 10-K filed February 17, 2015, Exhibit 10-48, File No. 333-21011).

Exhibit Number	
(B) 10-46	Form of Restricted Stock Agreement (incorporated by reference to FE's Form 10-K filed February 17, 2015, Exhibit 10-49, File No. 333-21011).
(B) 10-47	FirstEnergy Corp. Amended and Restated Executive Deferred Compensation Plan, dated July 20, 2015, and effective as of November 1, 2015 (incorporated by reference to FE's Form 8-K filed July 24, 2015, Exhibit 10.1, File No. 333-21011).
(B) 10-48	Performance-Earned Restricted Stock Award Agreement, effective August 10, 2015, by and between FirstEnergy Corp. and James F. Pearson (incorporated by reference to FE's Form 8-K filed August 7, 2015, Exhibit 10.1, File No. 333-21011).
(B) 10-49	Performance-Earned Cash Award Agreement, effective August 10, 2015, by and between FirstEnergy Corp. and James H. Lash (incorporated by reference to FE's Form 8-K filed August 7, 2015, Exhibit 10.2, File No. 333-21011).
(B) 10-50	FirstEnergy Corp. 2017 Change in Control Severance Plan, dated as of September 15, 2015, and effective as of January 1, 2017 (incorporated by reference to FE's Form 8-K filed September 18, 2015, Exhibit 10.1, File No. 333-21011).
(B) 10-51	Waiver of Participation in the FirstEnergy Corp. Change in Control Severance Plan, entered into by Charles E. Jones dated as of September 15, 2015 (incorporated by reference to FE's Form 8-K filed September 18, 2015, Exhibit 10.2, File No. 333-21011).
(B) 10-52	Non-Competition and Non-Disparagement Agreement, dated as of September 15, 2015 (incorporated by reference to FE's Form 8-K filed September 18, 2015, Exhibit 10.3, File No. 333-21011).
(B) 10-53	2015-2017 Cash-Based Performance-Adjusted Restricted Stock Unit Award Agreement between FirstEnergy Corp. and Anthony J. Alexander, effective March 2, 2015 (incorporated by reference to FE's Form 10-Q filed May 1, 2015, Exhibit 10.1, File No. 333-21011).
(B) 10-54	2015-2017 Stock-Based Performance-Adjusted Restricted Stock Unit Award Agreement between FirstEnergy Corp. and Anthony J. Alexander, effective March 2, 2015 (incorporated by reference to FE's Form 10-Q filed May 1, 2015, Exhibit 10.2, File No. 333-21011).
(B) 10-55	FirstEnergy Corp. 2015 Incentive Compensation Plan (incorporated by reference to FirstEnergy's Definitive Proxy Statement filed April 1, 2015, Appendix A, File No. 333-21011).
(A)(B) 10-56	Executive Short-Term Incentive Program, effective February 16, 2016.
(A)(B) 10-57	Form of 2016-2018 Cash-Based Performance-Adjusted Restricted Stock Unit Award Agreement.
(A)(B) 10-58	Form of 2016-2018 Stock-Based Performance-Adjusted Restricted Stock Unit Award Agreement.
(A)(B) 10-59	Form of 2016 Restricted Stock Award Agreement
(A) 12	Consolidated ratios of earnings to fixed charges.
(A) 21	List of Subsidiaries of the Registrant at December 31, 2015.
(A) 23	Consent of Independent Registered Public Accounting Firm.
(A) 31-1	Certification of chief executive officer, as adopted pursuant to Rule 13a-15(e)/15d-15(e).
(A) 31-2	Certification of chief financial officer, as adopted pursuant to Rule 13a-15(e)/15d-15(e).
(A) 32	Certification of chief executive officer and chief financial officer, pursuant to 18 U.S.C. §1350.
101	The following materials from the Annual Report on Form 10-K for FirstEnergy Corp. for the period ended December 31, 2015, formatted in XBRL (Extensible Business Reporting Language): (i) Consolidated Statements of Income and Consolidated Statements of Comprehensive Income, (ii) Consolidated Balance Sheets, (iii) Consolidated Statements of Cash Flows, (iv) related notes to these financial statements and (v) document and entity information.

† Schedules have been omitted pursuant to Item 601(b)(2) of Regulation S-K. The Registrant will furnish the omitted schedules to the Securities and Exchange Commission upon request by the Commission.

(A) Provided herein in electronic format as an exhibit.

(B) Management contract or compensatory plan contract or arrangement filed pursuant to Item 601 of Regulation S-K.

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

3. Exhibits — FES

Exhibit Number		
3-1		Articles of Incorporation of FirstEnergy Solutions Corp., as amended August 31, 2001. (incorporated by reference to FES' Form S-4 filed August 6, 2007, Exhibit 3.2, File No. 333-145140-01).
3-2		Amended and Restated Code of Regulations of FirstEnergy Solutions Corp. effective as of August 26, 2009 (incorporated by reference to FES' Form 8-K filed August 27, 2009, Exhibit 3.1, File No. 000-53742).
4-1		Open-End Mortgage, General Mortgage Indenture and Deed of Trust, dated as of June 19, 2008, of FirstEnergy Generation, LLC (f/k/a FirstEnergy Generation Corp.) to The Bank of New York Mellon Trust Company, N.A., as Trustee (incorporated by reference to FES' 10-Q filed May 7, 2009, Exhibit 4.1, File No. 333-145140-01).
4-1	(a)	First Supplemental Indenture dated as of June 25, 2008 (including Form of First Mortgage Bonds, Guarantee Series A of 2008 due 2009 and Form of First Mortgage Bonds, Guarantee Series B of 2008 due 2009). (incorporated by reference to FES' 10-Q filed May 7, 2009, Exhibit 4.1(a), File No. 333-145140-01).
4-1	(b)	Second Supplemental Indenture dated as of March 1, 2009 (including Form of First Mortgage Bonds, Guarantee Series A of 2009 due 2014 and Form of First Mortgage Bonds, Guarantee Series B of 2009 due 2023). (incorporated by reference to FES' 10-Q filed May 7, 2009, Exhibit 4.1(b), File No. 333-145140-01).
4-1	(c)	Third Supplemental Indenture dated as of March 31, 2009 (including Form of First Mortgage Bonds, Collateral Series A of 2009 due 2011). (incorporated by reference to FES' 10-Q filed May 7, 2009, Exhibit 4.1(c), File No. 333-145140-01).
4-1	(d)	Fourth Supplemental Indenture, dated as of June 15, 2009 (including Form of First Mortgage Bonds, Guarantee Series C of 2009 due 2018, Form of First Mortgage Bonds, Guarantee Series D of 2009 due 2029, Form of First Mortgage Bonds, Guarantee Series E of 2009 due 2029, Form of First Mortgage Bonds, Collateral Series B of 2009 due 2011 and Form of First Mortgage Bonds, Collateral Series C of 2009 due 2011). (incorporated by reference to FES' Form 8-K filed June 19, 2009, Exhibit 4.3, File No. 333-145140-01).
4-1	(e)	Fifth Supplemental Indenture, dated as of June 30, 2009 (including Form of First Mortgage Bonds, Guarantee Series F of 2009 due 2047, Form of First Mortgage Bonds, Guarantee Series G of 2009 due 2018 and Form of First Mortgage Bonds, Guarantee Series H of 2009 due 2018). (incorporated by reference to FES' Form 8-K filed July 6, 2009, Exhibit 4.2, File No. 333-145140-01).
4-1	(f)	Sixth Supplemental Indenture, dated as of December 1, 2009 (including Form of First Mortgage Bonds, Collateral Series D of 2009 due 2012) (incorporated by reference to FES' Form 8-K filed December 4, 2009, Exhibit 4.2, File No. 000-53742).
4-1	(g)	Seventh Supplemental Indenture dated as of February 14, 2012 (including Form of First Mortgage Bonds, Collateral Series D of 2009 due 2012) (incorporated by reference to FES' Form 10-Q filed May 1, 2012, Exhibit 4.1(g), File No. 000-53742).
4-2		Open-End Mortgage, General Mortgage Indenture and Deed of Trust, dated as of June 1, 2009, by and between FirstEnergy Nuclear Generation, LLC (f/k/a FirstEnergy Nuclear Generation Corp.) and The Bank of New York Mellon Trust Company, N.A., as trustee (incorporated by reference to FES' Form 8-K filed June 19, 2009, Exhibit 4.1, File No. 333-145140-01).
4-2	(a)	First Supplemental Indenture, dated as of June 15, 2009 (including Form of First Mortgage Bonds, Guarantee Series A of 2009 due 2033, Form of First Mortgage Bonds, Guarantee Series B of 2009 due 2011, Form of First Mortgage Bonds, Collateral Series A of 2009 due 2010, Form of First Mortgage Bonds, Collateral Series B of 2009 due 2010, Form of First Mortgage Bonds, Collateral Series C of 2009 due 2010, Form of First Mortgage Bonds, Collateral Series D of 2009 due 2010, Form of First Mortgage Bonds, Collateral Series E of 2009 due 2010, Form of First Mortgage Bonds, Collateral Series F of 2009 due 2011 and Form of First Mortgage Bonds, Collateral Series G of 2009 due 2011). (incorporated by reference to FES' Form 8-K filed June 19, 2009, Exhibit 4.2(i), File No. 333-145140-01).
4-2	(b)	Second Supplemental Indenture, dated as of June 30, 2009 (including Form of First Mortgage Bonds, Guarantee Series C of 2009 due 2033, Form of First Mortgage Bonds, Guarantee Series D of 2009 due 2033, Form of First Mortgage Bonds, Guarantee Series E of 2009 due 2033, Form of First Mortgage Bonds, Collateral Series H of 2009 due 2011, Form of First Mortgage Bonds, Collateral Series I of 2009 due 2011 and Form of First Mortgage Bonds, Collateral Series J of 2009 due 2010). (incorporated by reference to FES' Form 8-K filed July 6, 2009, Exhibit 4.1, File No. 333-145140-01).
4-2	(c)	Third Supplemental Indenture, dated as of December 1, 2009 (including Form of First Mortgage Bonds, Collateral Series K of 2009 due 2012). (incorporated by reference to FES' Form 8-K filed December 4, 2009, Exhibit 4.1, File No. 000-53742).

Exhibit Number	
4-2 (d)	Fourth Supplemental Indenture, dated as of February 14, 2012 (including Form of First Mortgage Bonds, Collateral Series K of 2009 due 2012). (incorporated by reference to FES' Form 10-Q filed May 1, 2012, Exhibit 4.2(d), File No. 000-53742).
4-3	Indenture, dated as of August 1, 2009, between FirstEnergy Solutions Corp. and The Bank of New York Mellon Trust Company, N.A. (incorporated by reference to FES' Form 8-K filed August 7, 2009, Exhibit 4.1, File No. 000-53742).
4-3 (a)	First Supplemental Indenture, dated as of August 1, 2009 (including Form of 4.80% Senior Notes due 2015, Form of 6.05% Senior Notes due 2021 and Form of 6.80% Senior Notes due 2039). (incorporated by reference to FES' Form 8-K filed August 7, 2009, Exhibit 4.2, File No. 000-53742).
10-1	Form of 6.85% Exchange Certificate due 2034. (incorporated by reference to FES' Form S-4 filed August 6, 2007, Exhibit 4.1, File No. 333-145140-01).
10-2	Guaranty of FirstEnergy Solutions Corp., dated as of July 1, 2007. (incorporated by reference to FE's Form 8-K/A filed August 2, 2007, Exhibit 10-9, File No. 333-21011).
10-3	Indenture of Trust, Open-End Mortgage and Security Agreement, dated as of July 1, 2007, between the applicable Lessor and The Bank of New York Trust Company, N.A., as Indenture Trustee. (incorporated by reference to FE's Form 8-K/A filed August 2, 2007, Exhibit 10-3, File No. 333-21011).
10-4	6.85% Lessor Note due 2034. (incorporated by reference to FE's Form 8-K/A filed August 2, 2007, Exhibit 10-3, File No. 333-21011).
10-5	Participation Agreement, dated as of June 26, 2007, among FirstEnergy Generation, LLC (f/k/a FirstEnergy Generation Corp.), as Lessee, FirstEnergy Solutions Corp., as Guarantor, the applicable Lessor, U.S. Bank Trust National Association, as Trust Company, the applicable Owner Participant, The Bank of New York Trust Company, N.A., as Indenture Trustee, and The Bank of New York Trust Company, N.A., as Pass Through Trustee. (incorporated by reference to FE's Form 8-K/A filed August 2, 2007, Exhibit 10-1, File No. 333-21011).
10-6	Trust Agreement, dated as of June 26, 2007, between the applicable Owner Participant and U.S. Bank Trust National Association, as Owner Trustee. (incorporated by reference to FE's Form 8-K/A filed August 2, 2007, Exhibit 10-2, File No. 333-21011).
10-7	Pass Through Trust Agreement, dated as of June 26, 2007, among FirstEnergy Generation, LLC (f/k/a FirstEnergy Generation Corp.), FirstEnergy Solutions Corp., and The Bank of New York Trust Company, N.A., as Pass Through Trustee. (incorporated by reference to FE's Form 8-K/A filed August 2, 2007, Exhibit 10-12, File No. 333-21011).
10-8	Bill of Sale and Transfer, dated as of July 1, 2007, between FirstEnergy Generation, LLC (f/k/a FirstEnergy Generation Corp.) and the applicable Lessor. (incorporated by reference to FE's Form 8-K/A filed August 2, 2007, Exhibit 10-5, File No. 333-21011).
10-9	Facility Lease Agreement, dated as of July 1, 2007, between FirstEnergy Generation, LLC (f/k/a FirstEnergy Generation Corp.) and the applicable Lessor. (incorporated by reference to FE's Form 8-K/A filed August 2, 2007, Exhibit 10-6, File No. 333-21011).
10-10	Site Lease, dated as of July 1, 2007, between FirstEnergy Generation, LLC (f/k/a FirstEnergy Generation Corp.) and the applicable Lessor. (incorporated by reference to FE's Form 8-K/A filed August 2, 2007, Exhibit 10-7, File No. 333-21011).
10-11	Site Sublease, dated as of July 1, 2007, between FirstEnergy Generation, LLC (f/k/a FirstEnergy Generation Corp.) and the applicable Lessor. (incorporated by reference to FE's Form 8-K/A filed August 2, 2007, Exhibit 10-8, File No. 333-21011).
10-12	Support Agreement, dated as of July 1, 2007, between FirstEnergy Generation, LLC (f/k/a FirstEnergy Generation Corp.) and the applicable Lessor. (incorporated by reference to FE's Form 8-K/A filed August 2, 2007, Exhibit 10-10, File No. 333-21011).
10-13	Second Amendment to the Bruce Mansfield Units 1, 2, and 3 Operating Agreement, dated as of July 1, 2007, between FirstEnergy Generation, LLC (f/k/a FirstEnergy Generation Corp.), The Cleveland Electric Illuminating Company and The Toledo Edison Company. (incorporated by reference to FE's Form 8-K/A filed August 2, 2007, Exhibit 10-11, File No. 333-21011).
10-14	Guaranty, dated as of March 26, 2007, by FirstEnergy Generation, LLC (f/k/a FirstEnergy Generation Corp.) on behalf of FirstEnergy Solutions Corp. (incorporated by reference to FES' Form S-4/A filed August 20, 2007, Exhibit 10.39, File No. 333-145140-01).

Exhibit Number	
10-15	Guaranty, dated as of March 26, 2007, by FirstEnergy Solutions Corp. on behalf of FirstEnergy Generation, LLC (f/k/a FirstEnergy Generation Corp.) (incorporated by reference to FES' Form S-4/A filed August 20, 2007, Exhibit 10.40, File No. 333-145140-01).
10-16	Guaranty, dated as of March 26, 2007, by FirstEnergy Solutions Corp. on behalf of FirstEnergy Nuclear Generation, LLC (f/k/a FirstEnergy Nuclear Generation Corp.) (incorporated by reference to FES' Form S-4/A filed August 20, 2007, Exhibit 10.41, File No. 333-145140-01).
10-17	Guaranty, dated as of March 26, 2007, by FirstEnergy Nuclear Generation, LLC (f/k/a FirstEnergy Nuclear Generation Corp.) on behalf of FirstEnergy Solutions Corp. (incorporated by reference to FES' Form S-4/A filed August 20, 2007, Exhibit 10.42, File No. 333-145140-01).
(B) 10-18	Form of Trust Indenture dated as of December 1, 2005 between Ohio Water Development Authority and JP Morgan Trust Company, as Trustee, related to issuance of FirstEnergy Nuclear Generation, LLC (f/k/a FirstEnergy Nuclear Generation Corp.) pollution control revenue refunding bonds. (incorporated by reference to FE's Form 10-K filed March 2, 2006, Exhibit 10-59, File No. 333-21011).
(B) 10-19	Form of Waste Water Facilities and Solid Waste Facilities Loan Agreement between Ohio Water Development Authority and FirstEnergy Nuclear Generation, LLC (f/k/a FirstEnergy Nuclear Generation Corp.), dated as of December 1, 2005. (incorporated by reference to FE's Form 10-K filed March 2, 2006, Exhibit 10-63, File No. 333-21011).
(C) 10-20	Form of Trust Indenture dated as of April 1, 2006 between the Ohio Water Development Authority and The Bank of New York Trust Company, N.A. as Trustee securing pollution control revenue refunding bonds issued on behalf of FirstEnergy Generation, LLC (f/k/a FirstEnergy Generation Corp.) (incorporated by reference to FE's Form 10-Q filed May 9, 2006, Exhibit 10-3, File No. 333-21011).
(C) 10-21	Form of Waste Water Facilities Loan Agreement between the Ohio Water Development Authority and FirstEnergy Generation, LLC (f/k/a FirstEnergy Generation Corp.) dated as of April 1, 2006. (incorporated by reference to FE's Form 10-Q filed May 9, 2006, Exhibit 10-4, File No. 333-21011).
(D) 10-22	Form of Trust Indenture dated as of December 1, 2006 between the Ohio Water Development Authority and The Bank of New York Trust Company, N.A. as Trustee securing State of Ohio Pollution Control Revenue Refunding Bonds (FirstEnergy Nuclear Generation, LLC (f/k/a FirstEnergy Nuclear Generation Corp.)) (FirstEnergy Nuclear Generation Project). (incorporated by reference to FE's Form 10-K filed February 28, 2007, Exhibit 10-77, File No. 333-21011).
(D) 10-23	Form of Waste Water Facilities and Solid Waste Facilities Loan Agreement between the Ohio Water Development Authority and FirstEnergy Nuclear Generation, LLC (f/k/a FirstEnergy Nuclear Generation Corp.) dated as of December 1, 2006. (incorporated by reference to FE's Form 10-K filed February 28, 2007, Exhibit 10-80, File No. 333-21011).
(B) 10-24	First Amendment to Loan Agreement, dated as of February 14, 2012, between the Ohio Water Development Authority, as issuer, and FirstEnergy Nuclear Generation, LLC (f/k/a FirstEnergy Generation Corp.). (incorporated by reference to FES' Form 10-Q filed May 1, 2012, Exhibit 10.1, File No. 000-53742).
(B) 10-25	First Amendment to Loan Agreement, dated as of February 14, 2012, between the Ohio Air Quality Development Authority, as issuer, and FirstEnergy Generation, LLC (f/k/a FirstEnergy Generation Corp.). (incorporated by reference to FES' Form 10-Q filed May 1, 2012, Exhibit 10.2, File No. 000-53742).
10-26	First Supplemental Trust Indenture, dated April 2, 2012, supplementing and amending that certain Trust Indenture dated as of April 1, 2006 between the Ohio Water Development Authority and The Bank of New York Mellon Trust Company, N.A. as Trustee securing pollution control revenue refunding bonds issued on behalf of FirstEnergy Generation, LLC (f/k/a FirstEnergy Generation Corp.) (FirstEnergy Generation Project), which trust indenture, as amended, is substantially similar to various other PCRB trust indentures of FirstEnergy Generation, LLC (incorporated by reference to FES' Form 10-Q filed August 7, 2012, Exhibit 10.1, File No. 000-53742).
10-27	First Amendment to Loan Agreement dated April 2, 2012, amending the Waste Water Facilities Loan Agreement between the Ohio Water Development Authority and FirstEnergy Generation, LLC (f/k/a FirstEnergy Generation Corp.), dated as of April 1, 2006, which loan agreement, as amended, is substantially similar to various other PCRB loan agreements of FirstEnergy Generation, LLC (f/k/a FirstEnergy Generation Corp.) (incorporated by reference to FES' Form 10-Q filed August 7, 2012, Exhibit 10.2, File No. 000-53742).
10-28	First Supplemental Trust Indenture, dated April 2, 2012, supplementing and amending that certain Trust Indenture dated as of December 1, 2006 between the Ohio Water Development Authority and The Bank of New York Mellon Trust Company, N.A., as Trustee securing State of Ohio Pollution Control Revenue Refunding Bonds (FirstEnergy Nuclear Generation, LLC (f/k/a FirstEnergy Nuclear Generation Corp.)) (FirstEnergy Nuclear Generation Project), which trust indenture, as amended, is substantially similar to various other PCRB trust indentures of FirstEnergy Nuclear Generation, LLC (incorporated by reference to FES' Form 10-Q filed August 7, 2012, Exhibit 10.3, File No. 000-53742).

Exhibit Number	
10-29	First Amendment to Loan Agreement dated April 2, 2012, amending the Waste Water Facilities and Solid Waste Facilities Loan Agreement between the Ohio Water Development Authority and FirstEnergy Nuclear Generation, LLC (f/k/a FirstEnergy Nuclear Generation Corp.), dated as of December 1, 2006, which loan agreement, as amended, is substantially similar to various other PCRB loan agreements of FirstEnergy Nuclear Generation, LLC (f/k/a FirstEnergy Nuclear Generation Corp.) (incorporated by reference to FES' Form 10-Q filed August 7, 2012, Exhibit 10.4, File No. 000-53742).
10-30	Credit Agreement, dated as of June 17, 2011, among FirstEnergy Solutions Corp., and Allegheny Energy Supply Company, LLC, as borrowers, JPMorgan Chase Bank, N.A., as administrative agent, and the lending banks, fronting banks and swing line lenders identified therein. (incorporated by reference to FES' Form 10-Q filed August 2, 2011, Exhibit 10.1, File No. 000-53742).
10-31	Amendment, dated as of May 8, 2012, to the Credit Agreement, dated as of June 17, 2011, among FirstEnergy Solutions Corp., and Allegheny Energy Supply Company, LLC, as borrowers, JP Morgan Chase Bank, N.A., as administrative agent, and the lending banks, fronting banks and swing line lenders identified therein (incorporated by reference to FES' Form 8-K filed May 11, 2012, Exhibit 10.3, File No. 000-53742).
10-32	Amendment, dated as of May 8, 2013, to the Credit Agreement, dated as of June 17, 2011, as amended as of October 3, 2011 and May 8, 2012, among FirstEnergy Solutions Corp. and Allegheny Energy Supply Company, LLC, as borrowers, and JPMorgan Chase Bank, N.A., as administrative agent, and the lending banks, fronting banks and swing line lenders identified therein (incorporated by reference to FES' Form 8-K filed May 13, 2013, Exhibit 10.2, File No. 000-53742).
10-33	Amendment, dated as of October 31, 2013, to the Credit Agreement, dated as of June 17, 2011, as amended as of October 3, 2011 and May 8, 2012 and May 8, 2013, among FirstEnergy Solutions Corp. and Allegheny Energy Supply Company, LLC, as borrowers, and JPMorgan Chase Bank, N.A., as administrative agent, and the lending banks, fronting banks and swing line lenders identified therein (incorporated by reference to FES' Form 10-Q filed November 5, 2013, Exhibit 10.1(b), File No. 000-53742).
10-34	Amendment, dated as of March 31, 2014, to the Credit Agreement, dated as of June 17, 2011, as amended as of October 3, 2011, May 8, 2012 and May 8, 2013 and October 31, 2013, among FirstEnergy Solutions Corp. and Allegheny Energy Supply Company, LLC, as borrowers, and JPMorgan Chase Bank, N.A., as administrative agent, and the lending banks, fronting banks and swing line lenders identified therein (incorporated by reference to FES' Form 8-K filed April 4, 2014, Exhibit 10.2, File No. 000-53742).
(A) 31-1	Certification of chief executive officer, as adopted pursuant to Rule 13a-15(e)/15d-15(e).
(A) 31-2	Certification of chief financial officer, as adopted pursuant to Rule 13a-15(e)/15d-15(e).
(A) 32	Certification of chief executive officer and chief financial officer, pursuant to 18 U.S.C. §1350.
101	The following materials from the Annual Report on Form 10-K for FirstEnergy Solutions Corp. for the period ended December 31, 2015, formatted in XBRL (Extensible Business Reporting Language): (i) Consolidated Statements of Income and Consolidated Statements of Comprehensive Income, (ii) Consolidated Balance Sheets, (iii) Consolidated Statements of Cash Flows, (iv) related notes to these financial statements and (v) document and entity information.
(A)	Provided herein in electronic format as an exhibit.
(B)	Four substantially similar agreements, each dated as of the same date, were executed and delivered by the registrant and its affiliates with respect to four other series of pollution control revenue refunding bonds issued by the Ohio Water Development Authority, the Ohio Air Quality Authority and Beaver County Industrial Development Authority, Pennsylvania, relating to pollution control notes of FirstEnergy Nuclear Generation, LLC (f/k/a FirstEnergy Nuclear Generation Corp.).
(C)	Three substantially similar agreements, each dated as of the same date, were executed and delivered by the registrant and its affiliates with respect to three other series of pollution control revenue refunding bonds issued by the Ohio Water Development Authority and the Beaver County Industrial Development Authority relating to pollution control notes of FirstEnergy Generation, LLC (f/k/a FirstEnergy Generation Corp.) and FirstEnergy Nuclear Generation, LLC (f/k/a FirstEnergy Nuclear Generation Corp.).
(D)	Seven substantially similar agreements, each dated as of the same date, were executed and delivered by the registrant and its affiliates with respect to one other series of pollution control revenue refunding bonds issued by the Ohio Water Development Authority, three other series of pollution control bonds issued by the Ohio Air Quality Development Authority and the three other series of pollution control bonds issued by the Beaver County Industrial Development Authority, relating to pollution control notes of FirstEnergy Generation, LLC (f/k/a FirstEnergy Generation Corp.) and FirstEnergy Nuclear Generation, LLC (f/k/a FirstEnergy Nuclear Generation Corp.).

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

FIRSTENERGY CORP.

CONSOLIDATED VALUATION AND QUALIFYING ACCOUNTS
FOR THE YEARS ENDED DECEMBER 31, 2015, 2014 AND 2013

Description	Beginning Balance	Additions: Charged to Income	Additions: Charged to Other Accounts (1)	Deductions (2)	Ending Balance
			(In thousands)		
Year Ended December 31, 2015:					
Accumulated provision for uncollectible accounts — customers	$ 59,266	$ 114,249	$ 54,199	$ 158,939	$ 68,775
— other	$ 5,197	$ 899	$ 4,189	$ 5,054	$ 5,231
Loss carryforward tax valuation reserve	$ 174,004	$ 18,393	$ —	$ —	$ 192,397
Year Ended December 31, 2014:					
Accumulated provision for uncollectible accounts — customers	$ 51,630	$ 90,144	$ 36,373	$ 118,881	$ 59,266
— other	$ 2,976	$ 3,469	$ 8,264	$ 9,512	$ 5,197
Loss carryforward tax valuation reserve	$ 125,360	$ 48,644	$ —	$ —	$ 174,004
Year Ended December 31, 2013:					
Accumulated provision for uncollectible accounts — customers	$ 40,354	$ 68,733	$ 39,775	$ 97,232	$ 51,630
— other	$ 4,013	$ (1,464)	$ 5,208	$ 4,781	$ 2,976
Loss carryforward tax valuation reserve	$ 101,697	$ 23,663	$ —	$ —	$ 125,360

(1) Represents recoveries and reinstatements of accounts previously written off.
(2) Represents the write-off of accounts considered to be uncollectible.

FIRSTENERGY SOLUTIONS CORP.

CONSOLIDATED VALUATION AND QUALIFYING ACCOUNTS FOR THE YEARS ENDED DECEMBER 31, 2015, 2014 AND 2013

		Additions			
Description	Beginning Balance	Charged to Income	Charged to Other Accounts (1)	Deductions (2)	Ending Balance
			(In thousands)		
Year Ended December 31, 2015:					
Accumulated provision for uncollectible accounts — customers	$ 17,862	$ 7,411	$ —	$ 16,807	$ 8,466
— other	$ 2,500	$ —	$ —	$ —	$ 2,500
Loss carryforward tax valuation reserve	$ 32,126	$ 13,682	$ —	$ —	$ 45,808
Year Ended December 31, 2014:					
Accumulated provision for uncollectible accounts — customers	$ 11,073	$ 21,942	$ —	$ 15,153	$ 17,862
— other	$ 2,523	$ 9	$ —	$ 32	$ 2,500
Loss carryforward tax valuation reserve	$ 26,875	$ 5,251	$ —	$ —	$ 32,126
Year Ended December 31, 2013:					
Accumulated provision for uncollectible accounts — customers	$ 16,188	$ 14,294	$ —	$ 19,409	$ 11,073
— other	$ 2,500	$ 28	$ —	$ 5	$ 2,523
Loss carryforward tax valuation reserve	$ 15,810	$ 11,065	$ —	$ —	$ 26,875

(1) Represents recoveries and reinstatements of accounts previously written off.
(2) Represents the write-off of accounts considered to be uncollectible.

SIGNATURES

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

FIRSTENERGY CORP.

BY: /s/ Charles E. Jones

Charles E. Jones

President and Chief Executive Officer

Date: February 16, 2016

SIGNATURES

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

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

/s/ George M. Smart
George M. Smart
Director
(Non-Executive Chairman of Board)

/s/ James F. Pearson
James F. Pearson
Executive Vice President and Chief Financial Officer
(Principal Financial Officer)

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

/s/ Paul T. Addison
Paul T. Addison
Director

/s/ Donald T. Misheff
Donald T. Misheff
Director

/s/ Michael J. Anderson
Michael J. Anderson
Director

/s/ Thomas N. Mitchell
Thomas N. Mitchell
Director

/s/ William T. Cottle
William T. Cottle
Director

/s/ Ernest J. Novak, Jr.
Ernest J. Novak, Jr.
Director

/s/ Robert B. Heisler, Jr.
Robert B. Heisler, Jr.
Director

/s/ Christopher D. Pappas
Christopher D. Pappas
Director

/s/ Julia L. Johnson
Julia L. Johnson
Director

/s/ Luis A. Reyes
Luis A. Reyes
Director

/s/ Ted J. Kleisner
Ted J. Kleisner
Director

/s/ Jerry Sue Thornton
Jerry Sue Thornton
Director

Date: February 16, 2016

SIGNATURES

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

FIRSTENERGY SOLUTIONS CORP.

BY: /s/ Donald R. Schneider

Donald R. Schneider

President

Date: February 16, 2016

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

/s/ Donald R. Schneider

Donald R. Schneider

President

(Principal Executive Officer)

/s/ James F. Pearson

James F. Pearson

Executive Vice President and Chief Financial Officer, Director

(Principal Financial Officer)

/s/ Charles E. Jones

Charles E. Jones

Director

/s/ K. Jon Taylor

K. Jon Taylor

Vice President and Controller

(Principal Accounting Officer)

/s/ James H. Lash

James H. Lash

Director

Date: February 16, 2016

Exhibit Index

FirstEnergy

Exhibit Number	
2-1 †	Agreement and Plan of Merger, dated as of February 10, 2010, by and among FirstEnergy Corp., Element Merger Sub, Inc. and Allegheny Energy, Inc. (incorporated by reference to FE's Form 8-K filed February 11, 2010, Exhibit 2.1, File No. 333-21011).
3-1	Amended Articles of Incorporation of FirstEnergy Corp. (incorporated by reference to FE's Form 10-K filed February 19, 2010, Exhibit 3-1, File No. 333-21011).
3-2	Amendment to the Amended Articles of Incorporation of FirstEnergy Corp. dated as of February 25, 2011 (incorporated by reference to FE's Form 8-K filed February 25, 2011, Exhibit 3.1, File No. 333-21011).
3-3	FirstEnergy Corp. Amended Code of Regulations. (incorporated by reference to FE's Form 10-K filed February 25, 2009, Exhibit 3.1, File No. 333-21011).
3-4	Amendment to the FirstEnergy Corp. Amended Code of Regulations (incorporated by reference to FirstEnergy's Definitive Proxy Statement filed April 1, 2011, Appendix 1, File No. 333-21011).
4-1	Indenture, dated November 15, 2001, between FirstEnergy Corp. and The Bank of New York Mellon, as Trustee. (incorporated by reference to FE's Form S-3 filed September 21, 2001, Exhibit 4(a), File No. 333-69856).
4-2	Officer's Certificate relating to $650 million aggregate principal amount of the Company's 2.75% Notes, Series A, due 2018 (the "Series A Notes") and $850 million aggregate principal amount of the Company's 4.25% Notes, Series B, due 2023 (the "Series B Notes") (incorporated by reference to FE's Form 8-K filed March 5, 2013, Exhibit 4.1, File No. 333-21011.)
4-2 (a)	Form of Series A Note (incorporated by reference to FE's Form 8-K filed March 5, 2013, Exhibit 4.2, File No. 333-21011)
4-2 (b)	Form of Series B Note, (incorporated by reference to FE's Form 8-K filed March 5, 2013, Exhibit 4.3, File No. 333-21011).
4-3	Agreement of Resignation, Appointment and Acceptance Among The Bank of New York Mellon, as Resigning Trustee, The Bank of New York Mellon Trust Company, N.A., as Successor Trustee and FirstEnergy Corp., dated May 16, 2012 (incorporated by reference to FE's Form S-3 filed May 18, 2012, Exhibit 4(h), file No. 333-181519).
(B) 10-1	FirstEnergy Corp. 2007 Incentive Plan, effective May 15, 2007. (incorporated by reference to FE's Form 10-K filed February 25, 2009, Exhibit 10.1, File No. 333-21011).
(B) 10-2	Amendment to FirstEnergy Corp. 2007 Incentive Plan, effective January 1, 2011. (incorporated by reference to FE's Form 10-Q filed May 3, 2011, Exhibit 10.5, File No. 333-21011).
(B) 10-3	Amendment No. 2 to FirstEnergy Corp. 2007 Incentive Plan, effective January 1, 2014 (incorporated by reference to FE's Form 10-K filed February 27, 2014, Exhibit 10-3 File No. 333-21011).
(B) 10-4	Form of 2014-2016 Performance Share Award Agreement (incorporated by reference to FE's Form 10-K filed February 27, 2014, Exhibit 10-4 File No. 333-21011).
(B) 10-5	Form of 2014-2016 Performance-Adjusted Restricted Stock Unit Award Agreement (incorporated by reference to FE's Form 10-K filed February 27, 2014, Exhibit 10-5 File No. 333-21011).
(B) 10-6	FirstEnergy Corp. Deferred Compensation Plan for Outside Directors, amended and restated January 1, 2005, further amended December 31, 2010 (incorporated by reference to FE's Form 10-K filed February 27, 2014, Exhibit 10-6 File No. 333-21011).
(B) 10-7	Amendment No. 1 to FirstEnergy Corp. Deferred Compensation Plan for Outside Directors, effective as of January 1, 2012 (incorporated by reference to FE's Form 10-Q filed May 3, 2011, Exhibit 10.7, File No. 333-21011).
(B) 10-8	Amendment No. 2 to FirstEnergy Corp. Deferred Compensation Plan for Outside Directors, effective January 21, 2014 (incorporated by reference to FE's Form 10-K filed February 27, 2014, Exhibit 10-8 File No. 333-21011).
(B) 10-9	FirstEnergy Corp. Supplemental Executive Retirement Plan, amended and restated January 1, 2005, further amended December 31, 2010 (incorporated by reference to FE's Form 10-K filed February 27, 2014, Exhibit 10-9 File No. 333-21011).
(B) 10-10	Amendment to FirstEnergy Corp. Supplemental Executive Retirement Plan, effective January 1, 2012 (incorporated by reference to FE's Form 10-Q filed May 3, 2011, Exhibit 10.8, File No. 333-21011).

(B) 10-11	FirstEnergy Corp. Cash Balance Restoration Plan, effective January 1, 2014 (incorporated by reference to FE's Form 10-K filed February 27, 2014, Exhibit 10-11 File No. 333-21011).
(B) 10-12	FirstEnergy Corp. Executive Deferred Compensation Plan, Amended and Restated as of January 1, 2014 (incorporated by reference to FE's Form 10-K filed February 27, 2014, Exhibit 10-12 File No. 333-21011)
(B) 10-13	Retirement Plan for Outside Directors of GPU, Inc. as amended and restated as of August 8, 2000 (incorporated by reference to GPU, Inc. Form 10-K filed March 21, 2001, Exhibit 10-N, File No. 001-06047).
10-14	Consent Decree dated March 18, 2005. (incorporated by reference to FE's Form 8-K filed March 18, 2005, Exhibit 10-1, File No. 333-21011).
(B) 10-15	Form of 2010-2012 Performance Share Award Agreement effective January 1, 2010 (incorporated by reference to FE's Form 10-K filed February 19, 2010, Exhibit 10-48, File No. 333-21011).
(B) 10-16	Form of Performance-Adjusted Restricted Stock Unit Award Agreement as of March 8, 2010 (incorporated by reference to FE's Form 10-K filed February 19, 2010, Exhibit 10-49, File No. 333-21011).
(B) 10-17	Form of Director Indemnification Agreement (incorporated by reference to FE's 10-Q filed May 7, 2009, Exhibit 10.1, File No. 333-21011).
(B) 10-18	Form of Management Director Indemnification Agreement (incorporated by reference to FE's 10-Q filed May 7, 2009, Exhibit 10.2, File No. 333-21011).
(B) 10-19	FirstEnergy Corp. Change in Control Severance Plan (incorporated by reference to FE's Form 10-Q filed May 3, 2011, Exhibit 10.9, File No. 333-21011).
(B) 10-20	Allegheny Energy, Inc. 1998 Long-Term Incentive Plan (incorporated by reference to FirstEnergy's Form 8-K filed February 25, 2011, Exhibit 10.2, File No. 21011).
(B) 10-21	Amendment No. 1 to Allegheny Energy, Inc. 1998 Long-Term Incentive Plan (incorporated by reference to FE's Form 10-K filed February 27, 2014, Exhibit 10-25 File No. 333-21011).
(B) 10-22	Allegheny Energy, Inc. 2008 Long-Term Incentive Plan (incorporated by reference to FirstEnergy's Form 8-K filed February 25, 2011, Exhibit 10.3, File No. 21011).
(B) 10-23	Amendment No. 1 to Allegheny Energy, Inc. 2008 Long-Term Incentive Plan (incorporated by reference to FE's Form 10-K filed February 27, 2014, Exhibit 10-27 File No. 333-21011).
(B) 10-24	Allegheny Energy, Inc. Non-Employee Director Stock Plan (incorporated by reference to FirstEnergy's Form 8-K filed February 25, 2011, Exhibit 10.4, File No. 21011).
(B) 10-25	Allegheny Energy, Inc. Amended and Restated Revised Plan for Deferral of Compensation of Directors (incorporated by reference to FE's Form 10-K filed February 27, 2014, Exhibit 10-29 File No. 333-21011).
(B) 10-26	Amendment No. 1 to Allegheny Energy, Inc. Amended and Restated Revised Plan for Deferral of Compensation of Directors (incorporated by reference to FE's Form 10-K filed February 27, 2014, Exhibit 10-30 File No. 333-21011).
10-27	Credit Agreement, dated as of June 17, 2011, among FirstEnergy Corp., The Cleveland Electric Illuminating Company, Metropolitan Edison Company, Ohio Edison Company, Pennsylvania Power Company, The Toledo Edison Company, American Transmission Systems, Incorporated, Jersey Central Power & Light Company, Monongahela Power Company, Pennsylvania Electric Company, the Potomac Edison Company and West Penn Power Company, as borrowers, The Royal Bank of Scotland plc, as administrative agent, and the lending banks, fronting banks and swing line lenders identified therein. (incorporated by reference to FE's Form 10-Q filed August 2, 2011, Exhibit 10.1, File No. 333-21011).
10-28	Amendment, dated as of May 8, 2012, to the Credit Agreement, dated as of June 17, 2011, among FirstEnergy Corp., The Cleveland Electric Illuminating Company, Metropolitan Edison Company, Ohio Edison Company, Pennsylvania Power Company, The Toledo Edison Company, American Transmission Systems, Incorporated, Jersey Central Power & Light Company, Monongahela Power Company, Pennsylvania Electric Company, the Potomac Edison Company and West Penn Power Company, as borrowers, The Royal Bank of Scotland plc, as administrative agent, and the lending banks, fronting banks and swing line lenders identified therein (incorporated by reference to FE's Form 8-K filed May 11, 2012, Exhibit 10.2, File No. 333-21011).
10-29	Amendment, dated as of May 8, 2013, to the Credit Agreement, dated as of June 17, 2011, as amended as of May 8, 2012, among FirstEnergy, The Cleveland Electric Illuminating Company, Metropolitan Edison Company, Ohio Edison Company, Pennsylvania Power Company, The Toledo Edison Company, Jersey Central Power & Light Company, Monongahela Power Company, Pennsylvania Electric Company, the Potomac Edison Company and West Penn Power Company, as borrowers, The Royal Bank of Scotland plc, as administrative agent, and the lending banks, fronting banks and swing line lenders identified therein (incorporated by reference to FE' s Form 8-K filed May 13, 2013, Exhibit 10.1, File No. 333-21011).

10-30	Amendment, dated as of October 31, 2013, to the Credit Agreement, dated as of June 17, 2011, as amended as of May 8, 2012, among FirstEnergy, The Cleveland Electric Illuminating Company, Metropolitan Edison Company, Ohio Edison Company, Pennsylvania Power Company, The Toledo Edison Company, Jersey Central Power & Light Company, Monongahela Power Company, Pennsylvania Electric Company, the Potomac Edison Company and West Penn Power Company, as borrowers, The Royal Bank of Scotland plc, as administrative agent, and the lending banks, fronting banks and swing line lenders identified therein (incorporated by reference to FE' s Form 10-Q filed November 5, 2013, Exhibit 10.1(a), File No. 333-21011).
10-31	Amendment, dated as of March 31, 2014, to the Credit Agreement, dated as of June 17, 2011, as amended as of May 8, 2012, May 8, 2013 and October 31, 2013, among FirstEnergy, The Cleveland Electric Illuminating Company, Metropolitan Edison Company, Ohio Edison Company, Pennsylvania Power Company, The Toledo Edison Company, Jersey Central Power & Light Company, Monongahela Power Company, Pennsylvania Electric Company, the Potomac Edison Company and West Penn Power Company, as borrowers, The Royal Bank of Scotland plc, as administrative agent, and the lending banks, fronting banks and swing line lenders identified therein (incorporated by reference to FE' s Form 8-K filed April 4, 2014, Exhibit 10.1, File No. 333-21011).
(B) 10-32	Employment Agreement between FirstEnergy Corp. and Anthony J. Alexander, dated March 20, 2012. (incorporated by reference to FE's Form 10-Q filed March 31, 2012, Exhibit 10.1, File No. 333-21011).
(B) 10-33	Form of Officer Indemnification Agreement (incorporated by reference to FirstEnergy's Form 8-K filed July 23, 2012, Exhibit 10.1, File No. 333-21011).
(B) 10-34	Amendment No.1 to the FirstEnergy Corp. Change in Control Severance Plan, amended and restated as of September 18, 2012 (incorporated by reference to FE's Form 10-Q filed November 8, 2012, Exhibit 10.1, File No. 333-21011).
10-35	U.S. $1,000,000,000 Credit Agreement, dated as of May 8, 2012, among FirstEnergy Transmission, LLC, American Transmission Systems, Incorporated and Trans-Allegheny Interstate Line Company, as borrowers, PNC Bank, National Association, as administrative agent, and the lending banks and fronting banks identified therein (incorporated by reference to FE's Form 8-K filed May 11, 2012, Exhibit 10.3, File No. 333-21011).
10-36	Amendment, dated as of May 8, 2013, to the Credit Agreement, dated as of May 8, 2012, among FirstEnergy Transmission, LLC, American Transmission Systems, Incorporated and Trans-Allegheny Interstate Line Company, as borrowers, and PNC Bank, National Association, as administrative agent, and the lending banks and fronting banks identified therein (incorporated by reference to FE's Form 8-K filed May 13, 2013, Exhibit 10.3, File No. 333-21011).
10-37	Amendment, dated as of March 31, 2014 to the Credit Agreement, dated as of May 8, 2012, and as amended as of May 8, 2013, among FirstEnergy Transmission, LLC, American Transmission Systems, Incorporated and Trans-Allegheny Interstate Line Company, as borrowers, and PNC Bank, National Association, as administrative agent, and the lending banks and fronting banks identified therein (incorporated by reference to FE's Form 8-K filed April 4, 2014, Exhibit 10.3, File No. 333-21011).
10-38	Term Loan Credit Agreement, dated as of March 31, 2014, among FE, as borrower, the banks named therein and The Royal Bank of Scotland, plc, as administrative agent (incorporated by reference to FE's Form 8-K filed April 4, 2014, Exhibit 10.4, File No. 333-21011).
10-39	Guarantee, dated as of September 16, 2013 by FirstEnergy Corp. in favor of participants under the FirstEnergy Corp. Executive Deferred Compensation Plan (incorporated by reference to FE's Form 10-Q filed November 5, 2013, Exhibit 10.2, File No. 333-21011).
(B) 10-40	Executive Severance Benefits Plan (incorporated by reference to FE's Form 10-K filed February 27, 2014, Exhibit 10-44 File No. 333-21011).
(B) 10-41	Amendment No. 2 to the FirstEnergy Corp. Change in Control Severance Plan (incorporated by reference to FE's Form 10-K filed February 17, 2015, Exhibit 10-44, File No. 333-21011).
(B) 10-42	Amendment No. 1 to the FirstEnergy Corp. Executive Deferred Compensation Plan, dated as of January 23, 2014 (incorporated by reference to FE's Form 10-K filed February 17, 2015, Exhibit 10-45, File No. 333-21011).
(B) 10-43	Executive Short-Term Incentive Program (incorporated by reference to FE's Form 10-K filed February 17, 2015, Exhibit 10-46, File No. 333-21011).
(B) 10-44	Form of 2015-2017 Cash-Based Performance-Adjusted Restricted Stock Unit Award Agreement (incorporated by reference to FE's Form 10-K filed February 17, 2015, Exhibit 10-47, File No. 333-21011).
(B) 10-45	Form of 2015-2017 Stock-Based Performance-Adjusted Restricted Stock Unit Award Agreement (incorporated by reference to FE's Form 10-K filed February 17, 2015, Exhibit 10-48, File No. 333-21011).
(B) 10-46	Form of Restricted Stock Agreement (incorporated by reference to FE's Form 10-K filed February 17, 2015, Exhibit 10-49, File No. 333-21011).
(B) 10-47	FirstEnergy Corp. Amended and Restated Executive Deferred Compensation Plan, dated July 20, 2015, and effective as of November 1, 2015 (incorporated by reference to FE's Form 8-K filed July 24, 2015, Exhibit 10.1, File No. 333-21011).

(B) 10-48	Performance-Earned Restricted Stock Award Agreement, effective August 10, 2015, by and between FirstEnergy Corp. and James F. Pearson (incorporated by reference to FE's Form 8-K filed August 7, 2015, Exhibit 10.1, File No. 333-21011).
(B) 10-49	Performance-Earned Cash Award Agreement, effective August 10, 2015, by and between FirstEnergy Corp. and James H. Lash (incorporated by reference to FE's Form 8-K filed August 7, 2015, Exhibit 10.2, File No. 333-21011).
(B) 10-50	FirstEnergy Corp. 2017 Change in Control Severance Plan, dated as of September 15, 2015, and effective as of January 1, 2017 (incorporated by reference to FE's Form 8-K filed September 18, 2015, Exhibit 10.1, File No. 333-21011).
(B) 10-51	Waiver of Participation in the FirstEnergy Corp. Change in Control Severance Plan, entered into by Charles E. Jones dated as of September 15, 2015 (incorporated by reference to FE's Form 8-K filed September 18, 2015, Exhibit 10.2, File No. 333-21011).
(B) 10-52	Non-Competition and Non-Disparagement Agreement, dated as of September 15, 2015 (incorporated by reference to FE's Form 8-K filed September 18, 2015, Exhibit 10.3, File No. 333-21011).
(B) 10-53	2015-2017 Cash-Based Performance-Adjusted Restricted Stock Unit Award Agreement between FirstEnergy Corp. and Anthony J. Alexander, effective March 2, 2015 (incorporated by reference to FE's Form 10-Q filed May 1, 2015, Exhibit 10.1, File No. 333-21011).
(B) 10-54	2015-2017 Stock-Based Performance-Adjusted Restricted Stock Unit Award Agreement between FirstEnergy Corp. and Anthony J. Alexander, effective March 2, 2015 (incorporated by reference to FE's Form 10-Q filed May 1, 2015, Exhibit 10.2, File No. 333-21011).
(B) 10-55	FirstEnergy Corp. 2015 Incentive Compensation Plan (incorporated by reference to FirstEnergy's Definitive Proxy Statement filed April 1, 2015, Appendix A, File No. 333-21011).
(A)(B) 10-56	Executive Short-Term Incentive Program, effective February 16, 2016.
(A)(B) 10-57	Form of 2016-2018 Cash-Based Performance-Adjusted Restricted Stock Unit Award Agreement.
(A)(B) 10-58	Form of 2016-2018 Stock-Based Performance-Adjusted Restricted Stock Unit Award Agreement.
(A)(B) 10-59	Form of 2016 Restricted Stock Award Agreement
(A) 12	Consolidated ratios of earnings to fixed charges.
(A) 21	List of Subsidiaries of the Registrant at December 31, 2015.
(A) 23	Consent of Independent Registered Public Accounting Firm.
(A) 31-1	Certification of chief executive officer, as adopted pursuant to Rule 13a-15(e)/15d-15(e).
(A) 31-2	Certification of chief financial officer, as adopted pursuant to Rule 13a-15(e)/15d-15(e).
(A) 32	Certification of chief executive officer and chief financial officer, pursuant to 18 U.S.C. §1350.
101	The following materials from the Annual Report on Form 10-K for FirstEnergy Corp. for the period ended December 31, 2015, formatted in XBRL (Extensible Business Reporting Language): (i) Consolidated Statements of Income and Consolidated Statements of Comprehensive Income, (ii) Consolidated Balance Sheets, (iii) Consolidated Statements of Cash Flows, (iv) related notes to these financial statements and (v) document and entity information.

†	Schedules have been omitted pursuant to Item 601(b)(2) of Regulation S-K. The Registrant will furnish the omitted schedules to the Securities and Exchange Commission upon request by the Commission.
(A)	Provided herein in electronic format as an exhibit.
(B)	Management contract or compensatory plan contract or arrangement filed pursuant to Item 601 of Regulation S-K.

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

Exhibit Number	
3-1	Articles of Incorporation of FirstEnergy Solutions Corp., as amended August 31, 2001. (incorporated by reference to FES' Form S-4 filed August 6, 2007, Exhibit 3.2, File No. 333-145140-01).
3-2	Amended and Restated Code of Regulations of FirstEnergy Solutions Corp. effective as of August 26, 2009 (incorporated by reference to FES' Form 8-K filed August 27, 2009, Exhibit 3.1, File No. 000-53742).
4-1	Open-End Mortgage, General Mortgage Indenture and Deed of Trust, dated as of June 19, 2008, of FirstEnergy Generation, LLC (f/k/a FirstEnergy Generation Corp.) to The Bank of New York Mellon Trust Company, N.A., as Trustee (incorporated by reference to FES' 10-Q filed May 7, 2009, Exhibit 4.1, File No. 333-145140-01).
4-1 (a)	First Supplemental Indenture dated as of June 25, 2008 (including Form of First Mortgage Bonds, Guarantee Series A of 2008 due 2009 and Form of First Mortgage Bonds, Guarantee Series B of 2008 due 2009). (incorporated by reference to FES' 10-Q filed May 7, 2009, Exhibit 4.1(a), File No. 333-145140-01).
4-1 (b)	Second Supplemental Indenture dated as of March 1, 2009 (including Form of First Mortgage Bonds, Guarantee Series A of 2009 due 2014 and Form of First Mortgage Bonds, Guarantee Series B of 2009 due 2023). (incorporated by reference to FES' 10-Q filed May 7, 2009, Exhibit 4.1(b), File No. 333-145140-01).
4-1 (c)	Third Supplemental Indenture dated as of March 31, 2009 (including Form of First Mortgage Bonds, Collateral Series A of 2009 due 2011). (incorporated by reference to FES' 10-Q filed May 7, 2009, Exhibit 4.1(c), File No. 333-145140-01).
4-1 (d)	Fourth Supplemental Indenture, dated as of June 15, 2009 (including Form of First Mortgage Bonds, Guarantee Series C of 2009 due 2018, Form of First Mortgage Bonds, Guarantee Series D of 2009 due 2029, Form of First Mortgage Bonds, Guarantee Series E of 2009 due 2029, Form of First Mortgage Bonds, Collateral Series B of 2009 due 2011 and Form of First Mortgage Bonds, Collateral Series C of 2009 due 2011). (incorporated by reference to FES' Form 8-K filed June 19, 2009, Exhibit 4.3, File No. 333-145140-01).
4-1 (e)	Fifth Supplemental Indenture, dated as of June 30, 2009 (including Form of First Mortgage Bonds, Guarantee Series F of 2009 due 2047, Form of First Mortgage Bonds, Guarantee Series G of 2009 due 2018 and Form of First Mortgage Bonds, Guarantee Series H of 2009 due 2018). (incorporated by reference to FES' Form 8-K filed July 6, 2009, Exhibit 4.2, File No. 333-145140-01).
4-1 (f)	Sixth Supplemental Indenture, dated as of December 1, 2009 (including Form of First Mortgage Bonds, Collateral Series D of 2009 due 2012) (incorporated by reference to FES' Form 8-K filed December 4, 2009, Exhibit 4.2, File No. 000-53742).
4-1 (g)	Seventh Supplemental Indenture dated as of February 14, 2012 (including Form of First Mortgage Bonds, Collateral Series D of 2009 due 2012) (incorporated by reference to FES' Form 10-Q filed May 1, 2012, Exhibit 4.1(g), File No. 000-53742).
4-2	Open-End Mortgage, General Mortgage Indenture and Deed of Trust, dated as of June 1, 2009, by and between FirstEnergy Nuclear Generation, LLC (f/k/a FirstEnergy Nuclear Generation Corp.) and The Bank of New York Mellon Trust Company, N.A., as trustee (incorporated by reference to FES' Form 8-K filed June 19, 2009, Exhibit 4.1, File No. 333-145140-01).
4-2 (a)	First Supplemental Indenture, dated as of June 15, 2009 (including Form of First Mortgage Bonds, Guarantee Series A of 2009 due 2033, Form of First Mortgage Bonds, Guarantee Series B of 2009 due 2011, Form of First Mortgage Bonds, Collateral Series A of 2009 due 2010, Form of First Mortgage Bonds, Collateral Series B of 2009 due 2010, Form of First Mortgage Bonds, Collateral Series C of 2009 due 2010, Form of First Mortgage Bonds, Collateral Series D of 2009 due 2010, Form of First Mortgage Bonds, Collateral Series E of 2009 due 2010, Form of First Mortgage Bonds, Collateral Series F of 2009 due 2011 and Form of First Mortgage Bonds, Collateral Series G of 2009 due 2011). (incorporated by reference to FES' Form 8-K filed June 19, 2009, Exhibit 4.2(i), File No. 333-145140-01).
4-2 (b)	Second Supplemental Indenture, dated as of June 30, 2009 (including Form of First Mortgage Bonds, Guarantee Series C of 2009 due 2033, Form of First Mortgage Bonds, Guarantee Series D of 2009 due 2033, Form of First Mortgage Bonds, Guarantee Series E of 2009 due 2033, Form of First Mortgage Bonds, Collateral Series H of 2009 due 2011, Form of First Mortgage Bonds, Collateral Series I of 2009 due 2011 and Form of First Mortgage Bonds, Collateral Series J of 2009 due 2010). (incorporated by reference to FES' Form 8-K filed July 6, 2009, Exhibit 4.1, File No. 333-145140-01).
4-2 (c)	Third Supplemental Indenture, dated as of December 1, 2009 (including Form of First Mortgage Bonds, Collateral Series K of 2009 due 2012). (incorporated by reference to FES' Form 8-K filed December 4, 2009, Exhibit 4.1, File No. 000-53742).
4-2 (d)	Fourth Supplemental Indenture, dated as of February 14, 2012 (including Form of First Mortgage Bonds, Collateral Series K of 2009 due 2012). (incorporated by reference to FES' Form 10-Q filed May 1, 2012, Exhibit 4.2(d), File No. 000-53742).

4-3 Indenture, dated as of August 1, 2009, between FirstEnergy Solutions Corp. and The Bank of New York Mellon Trust Company, N.A. (incorporated by reference to FES' Form 8-K filed August 7, 2009, Exhibit 4.1, File No. 000-53742).

4-3 (a) First Supplemental Indenture, dated as of August 1, 2009 (including Form of 4.80% Senior Notes due 2015, Form of 6.05% Senior Notes due 2021 and Form of 6.80% Senior Notes due 2039). (incorporated by reference to FES' Form 8-K filed August 7, 2009, Exhibit 4.2, File No. 000-53742).

10-1 Form of 6.85% Exchange Certificate due 2034. (incorporated by reference to FES' Form S-4 filed August 6, 2007, Exhibit 4.1, File No. 333-145140-01).

10-2 Guaranty of FirstEnergy Solutions Corp., dated as of July 1, 2007. (incorporated by reference to FE's Form 8-K/A filed August 2, 2007, Exhibit 10-9, File No. 333-21011).

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

10-4 6.85% Lessor Note due 2034. (incorporated by reference to FE's Form 8-K/A filed August 2, 2007, Exhibit 10-3, File No. 333-21011).

10-5 Participation Agreement, dated as of June 26, 2007, among FirstEnergy Generation, LLC (f/k/a FirstEnergy Generation Corp.), as Lessee, FirstEnergy Solutions Corp., as Guarantor, the applicable Lessor, U.S. Bank Trust National Association, as Trust Company, the applicable Owner Participant, The Bank of New York Trust Company, N.A., as Indenture Trustee, and The Bank of New York Trust Company, N.A., as Pass Through Trustee. (incorporated by reference to FE's Form 8-K/A filed August 2, 2007, Exhibit 10-1, File No. 333-21011).

10-6 Trust Agreement, dated as of June 26, 2007, between the applicable Owner Participant and U.S. Bank Trust National Association, as Owner Trustee. (incorporated by reference to FE's Form 8-K/A filed August 2, 2007, Exhibit 10-2, File No. 333-21011).

10-7 Pass Through Trust Agreement, dated as of June 26, 2007, among FirstEnergy Generation, LLC (f/k/a FirstEnergy Generation Corp.), FirstEnergy Solutions Corp., and The Bank of New York Trust Company, N.A., as Pass Through Trustee. (incorporated by reference to FE's Form 8-K/A filed August 2, 2007, Exhibit 10-12, File No. 333-21011).

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

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

10-10 Site Lease, dated as of July 1, 2007, between FirstEnergy Generation, LLC (f/k/a FirstEnergy Generation Corp.) and the applicable Lessor. (incorporated by reference to FE's Form 8-K/A filed August 2, 2007, Exhibit 10-7, File No. 333-21011).

10-11 Site Sublease, dated as of July 1, 2007, between FirstEnergy Generation, LLC (f/k/a FirstEnergy Generation Corp.) and the applicable Lessor. (incorporated by reference to FE's Form 8-K/A filed August 2, 2007, Exhibit 10-8, File No. 333-21011).

10-12 Support Agreement, dated as of July 1, 2007, between FirstEnergy Generation, LLC (f/k/a FirstEnergy Generation Corp.) and the applicable Lessor. (incorporated by reference to FE's Form 8-K/A filed August 2, 2007, Exhibit 10-10, File No. 333-21011).

10-13 Second Amendment to the Bruce Mansfield Units 1, 2, and 3 Operating Agreement, dated as of July 1, 2007, between FirstEnergy Generation, LLC (f/k/a FirstEnergy Generation Corp.), The Cleveland Electric Illuminating Company and The Toledo Edison Company. (incorporated by reference to FE's Form 8-K/A filed August 2, 2007, Exhibit 10-11, File No. 333-21011).

10-14 Guaranty, dated as of March 26, 2007, by FirstEnergy Generation, LLC (f/k/a FirstEnergy Generation Corp.) on behalf of FirstEnergy Solutions Corp. (incorporated by reference to FES' Form S-4/A filed August 20, 2007, Exhibit 10.39, File No. 333-145140-01).

10-15 Guaranty, dated as of March 26, 2007, by FirstEnergy Solutions Corp. on behalf of FirstEnergy Generation, LLC (f/k/a FirstEnergy Generation Corp.) (incorporated by reference to FES' Form S-4/A filed August 20, 2007, Exhibit 10.40, File No. 333-145140-01).

10-16 Guaranty, dated as of March 26, 2007, by FirstEnergy Solutions Corp. on behalf of FirstEnergy Nuclear Generation, LLC (f/k/a FirstEnergy Nuclear Generation Corp.) (incorporated by reference to FES' Form S-4/A filed August 20, 2007, Exhibit 10.41, File No. 333-145140-01).

10-17 Guaranty, dated as of March 26, 2007, by FirstEnergy Nuclear Generation, LLC (f/k/a FirstEnergy Nuclear Generation Corp.) on behalf of FirstEnergy Solutions Corp. (incorporated by reference to FES' Form S-4/A filed August 20, 2007, Exhibit 10.42, File No. 333-145140-01).

(B) 10-18	Form of Trust Indenture dated as of December 1, 2005 between Ohio Water Development Authority and JP Morgan Trust Company, as Trustee, related to issuance of FirstEnergy Nuclear Generation, LLC (f/k/a FirstEnergy Nuclear Generation Corp.) pollution control revenue refunding bonds. (incorporated by reference to FE's Form 10-K filed March 2, 2006, Exhibit 10-59, File No. 333-21011).
(B) 10-19	Form of Waste Water Facilities and Solid Waste Facilities Loan Agreement between Ohio Water Development Authority and FirstEnergy Nuclear Generation, LLC (f/k/a FirstEnergy Nuclear Generation Corp.), dated as of December 1, 2005. (incorporated by reference to FE's Form 10-K filed March 2, 2006, Exhibit 10-63, File No. 333-21011).
(C) 10-20	Form of Trust Indenture dated as of April 1, 2006 between the Ohio Water Development Authority and The Bank of New York Trust Company, N.A. as Trustee securing pollution control revenue refunding bonds issued on behalf of FirstEnergy Generation, LLC (f/k/a FirstEnergy Generation Corp.) (incorporated by reference to FE's Form 10-Q filed May 9, 2006, Exhibit 10-3, File No. 333-21011).
(C) 10-21	Form of Waste Water Facilities Loan Agreement between the Ohio Water Development Authority and FirstEnergy Generation, LLC (f/k/a FirstEnergy Generation Corp.) dated as of April 1, 2006. (incorporated by reference to FE's Form 10-Q filed May 9, 2006, Exhibit 10-4, File No. 333-21011).
(D) 10-22	Form of Trust Indenture dated as of December 1, 2006 between the Ohio Water Development Authority and The Bank of New York Trust Company, N.A. as Trustee securing State of Ohio Pollution Control Revenue Refunding Bonds (FirstEnergy Nuclear Generation, LLC (f/k/a FirstEnergy Nuclear Generation Corp.)) (FirstEnergy Nuclear Generation Project). (incorporated by reference to FE's Form 10-K filed February 28, 2007, Exhibit 10-77, File No. 333-21011).
(D) 10-23	Form of Waste Water Facilities and Solid Waste Facilities Loan Agreement between the Ohio Water Development Authority and FirstEnergy Nuclear Generation, LLC (f/k/a FirstEnergy Nuclear Generation Corp.) dated as of December 1, 2006. (incorporated by reference to FE's Form 10-K filed February 28, 2007, Exhibit 10-80, File No. 333-21011).
(B) 10-24	First Amendment to Loan Agreement, dated as of February 14, 2012, between the Ohio Water Development Authority, as issuer, and FirstEnergy Nuclear Generation, LLC (f/k/a FirstEnergy Generation Corp.). (incorporated by reference to FES' Form 10-Q filed May 1, 2012, Exhibit 10.1, File No. 000-53742).
(B) 10-25	First Amendment to Loan Agreement, dated as of February 14, 2012, between the Ohio Air Quality Development Authority, as issuer, and FirstEnergy Generation, LLC (f/k/a FirstEnergy Generation Corp.). (incorporated by reference to FES' Form 10-Q filed May 1, 2012, Exhibit 10.2, File No. 000-53742).
10-26	First Supplemental Trust Indenture, dated April 2, 2012, supplementing and amending that certain Trust Indenture dated as of April 1, 2006 between the Ohio Water Development Authority and The Bank of New York Mellon Trust Company, N.A. as Trustee securing pollution control revenue refunding bonds issued on behalf of FirstEnergy Generation, LLC (f/k/a FirstEnergy Generation Corp.) (FirstEnergy Generation Project), which trust indenture, as amended, is substantially similar to various other PCRB trust indentures of FirstEnergy Generation, LLC (incorporated by reference to FES' Form 10-Q filed August 7, 2012, Exhibit 10.1, File No. 000-53742).
10-27	First Amendment to Loan Agreement dated April 2, 2012, amending the Waste Water Facilities Loan Agreement between the Ohio Water Development Authority and FirstEnergy Generation, LLC (f/k/a FirstEnergy Generation Corp.), dated as of April 1, 2006, which loan agreement, as amended, is substantially similar to various other PCRB loan agreements of FirstEnergy Generation, LLC (f/k/a FirstEnergy Generation Corp.) (incorporated by reference to FES' Form 10-Q filed August 7, 2012, Exhibit 10.2, File No. 000-53742).
10-28	First Supplemental Trust Indenture, dated April 2, 2012, supplementing and amending that certain Trust Indenture dated as of December 1, 2006 between the Ohio Water Development Authority and The Bank of New York Mellon Trust Company, N.A., as Trustee securing State of Ohio Pollution Control Revenue Refunding Bonds (FirstEnergy Nuclear Generation, LLC (f/k/a FirstEnergy Nuclear Generation Corp.)) (FirstEnergy Nuclear Generation Project), which trust indenture, as amended, is substantially similar to various other PCRB trust indentures of FirstEnergy Nuclear Generation, LLC (incorporated by reference to FES' Form 10-Q filed August 7, 2012, Exhibit 10.3, File No. 000-53742).
10-29	First Amendment to Loan Agreement dated April 2, 2012, amending the Waste Water Facilities and Solid Waste Facilities Loan Agreement between the Ohio Water Development Authority and FirstEnergy Nuclear Generation, LLC (f/k/a FirstEnergy Nuclear Generation Corp.), dated as of December 1, 2006, which loan agreement, as amended, is substantially similar to various other PCRB loan agreements of FirstEnergy Nuclear Generation, LLC (f/k/a FirstEnergy Nuclear Generation Corp.) (incorporated by reference to FES' Form 10-Q filed August 7, 2012, Exhibit 10.4, File No. 000-53742).
10-30	Credit Agreement, dated as of June 17, 2011, among FirstEnergy Solutions Corp., and Allegheny Energy Supply Company, LLC, as borrowers, JPMorgan Chase Bank, N.A., as administrative agent, and the lending banks, fronting banks and swing line lenders identified therein. (incorporated by reference to FES' Form 10-Q filed August 2, 2011, Exhibit 10.1, File No. 000-53742).
10-31	Amendment, dated as of May 8, 2012, to the Credit Agreement, dated as of June 17, 2011, among FirstEnergy Solutions Corp., and Allegheny Energy Supply Company, LLC, as borrowers, JP Morgan Chase Bank, N.A., as administrative agent, and the lending banks, fronting banks and swing line lenders identified therein (incorporated by reference to FES' Form 8-K filed May 11, 2012, Exhibit 10.3, File No. 000-53742).

10-32	Amendment, dated as of May 8, 2013, to the Credit Agreement, dated as of June 17, 2011, as amended as of October 3, 2011 and May 8, 2012, among FirstEnergy Solutions Corp. and Allegheny Energy Supply Company, LLC, as borrowers, and JPMorgan Chase Bank, N.A., as administrative agent, and the lending banks, fronting banks and swing line lenders identified therein (incorporated by reference to FES' Form 8-K filed May 13, 2013, Exhibit 10.2, File No. 000-53742).
10-33	Amendment, dated as of October 31, 2013, to the Credit Agreement, dated as of June 17, 2011, as amended as of October 3, 2011 and May 8, 2012 and May 8, 2013, among FirstEnergy Solutions Corp. and Allegheny Energy Supply Company, LLC, as borrowers, and JPMorgan Chase Bank, N.A., as administrative agent, and the lending banks, fronting banks and swing line lenders identified therein (incorporated by reference to FES' Form 10-Q filed November 5, 2013, Exhibit 10.1(b), File No. 000-53742).
10-34	Amendment, dated as of March 31, 2014, to the Credit Agreement, dated as of June 17, 2011, as amended as of October 3, 2011, May 8, 2012 and May 8, 2013 and October 31, 2013, among FirstEnergy Solutions Corp. and Allegheny Energy Supply Company, LLC, as borrowers, and JPMorgan Chase Bank, N.A., as administrative agent, and the lending banks, fronting banks and swing line lenders identified therein (incorporated by reference to FES' Form 8-K filed April 4, 2014, Exhibit 10.2, File No. 000-53742).
(A) 31-1	Certification of chief executive officer, as adopted pursuant to Rule 13a-15(e)/15d-15(e).
(A) 31-2	Certification of chief financial officer, as adopted pursuant to Rule 13a-15(e)/15d-15(e).
(A) 32	Certification of chief executive officer and chief financial officer, pursuant to 18 U.S.C. §1350.
101	The following materials from the Annual Report on Form 10-K for FirstEnergy Solutions Corp. for the period ended December 31, 2015, formatted in XBRL (Extensible Business Reporting Language): (i) Consolidated Statements of Income and Consolidated Statements of Comprehensive Income, (ii) Consolidated Balance Sheets, (iii) Consolidated Statements of Cash Flows, (iv) related notes to these financial statements and (v) document and entity information.
(A)	Provided herein in electronic format as an exhibit.
(B)	Four substantially similar agreements, each dated as of the same date, were executed and delivered by the registrant and its affiliates with respect to four other series of pollution control revenue refunding bonds issued by the Ohio Water Development Authority, the Ohio Air Quality Authority and Beaver County Industrial Development Authority, Pennsylvania, relating to pollution control notes of FirstEnergy Nuclear Generation, LLC (f/k/a FirstEnergy Nuclear Generation Corp.).
(C)	Three substantially similar agreements, each dated as of the same date, were executed and delivered by the registrant and its affiliates with respect to three other series of pollution control revenue refunding bonds issued by the Ohio Water Development Authority and the Beaver County Industrial Development Authority relating to pollution control notes of FirstEnergy Generation, LLC (f/k/a FirstEnergy Generation Corp.) and FirstEnergy Nuclear Generation, LLC (f/k/a FirstEnergy Nuclear Generation Corp.).
(D)	Seven substantially similar agreements, each dated as of the same date, were executed and delivered by the registrant and its affiliates with respect to one other series of pollution control revenue refunding bonds issued by the Ohio Water Development Authority, three other series of pollution control bonds issued by the Ohio Air Quality Development Authority and the three other series of pollution control bonds issued by the Beaver County Industrial Development Authority, relating to pollution control notes of FirstEnergy Generation, LLC (f/k/a FirstEnergy Generation Corp.) and FirstEnergy Nuclear Generation, LLC (f/k/a FirstEnergy Nuclear Generation Corp.).

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

(Back To Top)

Section 2: EX-10.56 (EXHIBIT 10.56)

Exhibit 10-56

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

PURPOSE OF PROGRAM

The Executive Short-Term Incentive Program (the "Executive STIP"), sponsored by FirstEnergy Corp. ("FirstEnergy"), provides the terms under which short-term incentive awards are provided to executive officers whose contributions support the successful achievement of Corporate Financial and Operational Key Performance Indicators (the "KPIs"). Executive STIP awards are cash-based awards granted pursuant to the terms and conditions of FirstEnergy's 2015 Incentive Compensation Plan (the "Incentive Plan"), which was approved by FirstEnergy's shareholders. The Executive STIP KPIs are developed in accordance with the performance measures identified in the Incentive Plan. The Executive STIP supports FirstEnergy's compensation philosophy by linking KPIs to business strategy and objectives.

ELIGIBILITY

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

PERFORMANCE PERIOD

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

AWARDS

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

CERTIFICATION

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

PAYMENT

Executive STIP awards, if any, will be paid no later than March 15th of the year following the year in which the award is earned. If a participant's employment terminates prior to the end of a performance period due to Retirement (as defined herein), Disability (as defined in the Incentive Plan), death, or a termination by FirstEnergy without Cause (as defined in the Incentive Plan), the participant will be entitled to receive a pro-rated portion of his or her Executive STIP award that would have been earned, based on actual KPI performance, had he or she remained employed through the performance period. The pro-rated portion of the Executive STIP award will be based on the number of days the participant was employed during the applicable performance period. Notwithstanding the foregoing, if the participant is entitled to

receive all or a portion of his or her Executive STIP award pursuant to an individual agreement or separate severance or change in control plan in which he or she participates, then his or her Executive STIP award will be paid pursuant to such individual agreement or plan to avoid any duplication of payments.

For purposes of the Executive STIP,

"Retirement" shall mean, with respect to any participant, the participant's Separation from Service (except due to death) on or after attaining age fifty-five (55) and providing at least ten (10) years of service to the Company or any of its subsidiaries or affiliates and any predecessor thereof.

"Separation from Service" shall mean, with respect to a participant, the participant's "separation from service" within the meaning of Section 409A of the Code, of the participant with the Company and any of its 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 participant'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 participant after a certain date or that the level of bona fide services the participant 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 participant has been providing services for less than 36 months).

ADJUSTMENTS

Notwithstanding any other provision of this Executive STIP, the Incentive Plan or any action taken by the Committee or the Board, the Committee has the discretion to adjust the payment amount under any award granted under the Executive STIP downward (but not upward) without the participant's consent, notwithstanding the Company's or participant's actual performance against the award's performance goals, either on a formula or discretionary basis or a combination of the two, as the Committee determines in its sole discretion.

ADMINISTRATION

The Committee administers the Executive STIP. The Committee shall establish the KPIs for any performance period in accordance with the Section titled "Awards" above. Any determination made by the Committee under the Executive STIP shall be final and conclusive. The Committee may employ or engage such legal counsel, consultants, accountants, agents and other individuals (including individuals who are employees of FirstEnergy or an affiliate) as it may deem desirable for the administration of the Executive STIP and may rely upon any advice received from any such individual and any computation received from any such individual. All expenses incurred in the administration of the Executive STIP, including, without limitation, for the engagement of any such legal counsel, consultants, accountants, agents or other individuals shall be paid by FirstEnergy. No member or former member of the Board or the Committee shall be liable for any act, omission, interpretation, construction or determination made in connection with the Executive STIP other than as a result of such individual's willful misconduct. The Committee may delegate administrative or ministerial duties to one or more officers or employees of FirstEnergy; provided that no administrative duties that the Committee is required to perform under Section 162(m) may be delegated by the Committee.

RECOUPMENT

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

AMENDMENT AND TERMINATION
The Board or the Committee may at any time amend, suspend, discontinue or terminate the Executive STIP; provided, however, that, except as permitted under the sections titled "Adjustments" and "Certification" above, no such amendment, suspension, discontinuance or termination shall materially and adversely affect the rights of any participant in respect of any performance period that has already commenced.

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

2015 INCENTIVE COMPENSATION PLAN
The Executive STIP is a component of the Incentive Plan and shall be subject to the terms and conditions of the Incentive Plan in all respects. To the extent there is a conflict between the terms of the Executive STIP and the terms of the Incentive Plan, the terms of the Incentive Plan shall control, except with respect to the Committee's ability to adjust payment amounts downward, as set forth in the sections titled "Adjustments" and "Certification" above.

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

NO EMPLOYMENT AGREEMENT
The Executive STIP does not constitute a contract between FirstEnergy or any of its affiliates and any participant nor should anything contained in the program be deemed to give any participant any right to be retained in the employ of FirstEnergy or any of its affiliates or to interfere with the right of FirstEnergy or its affiliates to terminate any participant at any time and to treat the participant without regard to the effect which such treatment might have upon participation in the Executive STIP.

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

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

(Back To Top)

Section 3: EX-10.57 (EXHIBIT 10.57)

[Form of Cash-Based] Exhibit 10-57

FIRSTENERGY CORP.

2015 Incentive Compensation Plan
2016-2018 Performance-Adjusted Restricted Stock Unit Award Agreement

THIS PERFORMANCE-ADJUSTED RESTRICTED STOCK UNIT AWARD AGREEMENT (the "Agreement"), effective as of ________, 2016 (the "Grant Date"), is entered into by and between FirstEnergy Corp., an Ohio corporation, and its successors (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 FirstEnergy Corp. 2015 Incentive Compensation Plan, as amended from time to time (the "Plan"). For purposes of this Agreement, the following terms shall be defined as follows:

"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.

"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 grants to the Grantee, **[NUMBER]** (the "Target Number") Restricted Stock Units (the "Restricted Stock Units" or "RSUs"), which 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 of FirstEnergy Corp. common stock, $0.10 par value per share (each, a "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 Compensation 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"), the RSUs will vest on March 1, 2019 (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 RSU's Vesting Date. With respect to any Vested RSU, the Fair Market Value of one Share shall be determined as of the RSU's 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 beneficiary 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, 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 last day of the Performance Period, but in any event, by March 15th of the year following the year in which the Performance Period ends. For purposes of this Section 6(b), the Fair Market Value shall be determined as of the last day of the Performance Period.

(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 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 last day of the Performance Period, but in any event, by March 15th of the year following the year in which the Performance Period ends. For purposes of this Section 6(c), the Fair Market Value shall be determined as of the last day of the Performance Period.

(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, 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 last day of the Performance Period, but in any event, by March 15th of the year following the year in which the Performance Period ends. For purposes of this Section 6(d), the Fair Market Value shall be determined as of the last day of the Performance Period.

(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, 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 last day of the Performance Period, but in any event, by March 15th of the year following the year in which the Performance Period ends. For purposes of this Section 6(e), the Fair Market Value shall be determined as of the last day of the Performance Period.

(f) Prorated Vesting. If a Prorated Number of RSUs are to become Vested RSUs pursuant to Sections 6(b), (c), (d) or (e) above, then the number of shares that become Vested Shares (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 executive position) until the Vesting Date;

Y = the number of full calendar months the Grantee remained employed (and in an 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 Sections 6(a), (b), (c), (d) or (e) above, the Grantee (or the administrator 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 (as defined in the Plan) occurs, the RSUs shall generally become subject to the terms and conditions of Article 16 of the Plan; provided that if this Agreement is not replaced with a Replacement Award (as defined in the Plan), then the Target Number of the RSUs 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.

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 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 common stock of the Company (each, 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 of common stock 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. 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: (i) any temporary leave of absence approved in writing by the Company or such Subsidiary; or (ii) 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 required by law to be withheld in connection with the delivery of settlement of RSUs under this Agreement, but in no event shall such amount exceed the minimum statutory withholding requirements.

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 Securities Exchange Act of 1934, as amended (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: (i) 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, (ii) the date the RSUs are settled pursuant to the terms of this Agreement, or (iii) 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 described in Section 4.5 of the Plan, this Award and the RSUs granted hereunder shall be adjusted as set forth 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 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 Compensation 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 Compensation 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 Compensation Committee shall retain the discretion to adjust the number of RSUs that vest under this Agreement downward (but not upward) 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 Compensation Committee determines in its sole discretion.

(i) Plan Administration. The Plan is administered by the Compensation 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 Compensation 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 any of the Grantee's beneficiaries) pursuant to this Agreement, and any and all tax consequences incident to such shall solely be the responsibility of the Grantee or any beneficiary.

(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 SEC 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 Performance-Adjusted Restricted Stock Unit Award 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 January 1, 2016 through December 31, 2018.

Performance Goals

The annual Performance Goals for the Performance Period will be based on three key performance indicators: Capital Effectiveness Index, Funds from Operations to Adjusted Debt Index and Safety.

(Back To Top)

Section 4: EX-10.58 (EXHIBIT 10.58)

Exhibit 10-58

[Form of Stock-Based]

FIRSTENERGY CORP.

2015 Incentive Compensation Plan
2016-2018 Performance-Adjusted Restricted Stock Unit Award Agreement

THIS PERFORMANCE-ADJUSTED RESTRICTED STOCK UNIT AWARD AGREEMENT (the "Agreement"), effective as of _________, 2016 (the "Grant Date"), is entered into by and between FirstEnergy Corp., an Ohio corporation, and its successors (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 FirstEnergy Corp. 2015 Incentive Compensation Plan, as amended from time to time (the "Plan"). For purposes of this Agreement, the following terms shall be defined as follows:

"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.

"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 grants to the Grantee, **[NUMBER]** (the "Target Number") Restricted Stock Units (the "Restricted Stock Units" or "RSUs"), which 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 of FirstEnergy Corp. common stock, $0.10 par value per share (each, a "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 Compensation 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"), the RSUs will vest on March 1, 2019 (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 (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 RSU's 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 beneficiary 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, 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 last day of the Performance Period, but in any event, by March 15th of the year following the year in which the Performance Period ends.

(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 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 last day of the Performance Period, but in any event, by March 15th of the year following the year in which the Performance Period ends.

(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, 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 last day of the Performance Period, but in any event, by March 15th of the year following the year in which the Performance Period ends.

(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, 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 last day of the Performance Period, but in any event, by March 15th of the year following the year in which the Performance Period ends.

(f) Prorated Vesting. If a Prorated Number of RSUs are to become Vested RSUs pursuant to Sections 6(b), (c), (d) or (e) above, then the number of shares that become Vested Shares (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 executive position) until the Vesting Date;

Y = the number of full calendar months the Grantee remained employed (and in an 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 Sections 6(a), (b), (c), (d) or (e) above, the Grantee (or the administrator 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 (as defined in the Plan) occurs, the RSUs shall generally become subject to the terms and conditions of Article 16 of the Plan; provided that if this Agreement is not replaced with a Replacement Award (as defined in the Plan), then the Target Number of the RSUs 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.

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 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 common stock of the Company (each, 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 of common stock 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. 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: (i) any temporary leave of absence approved in writing by the Company or such Subsidiary; or (ii) 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 Stock. 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 required by law to be withheld in connection with the delivery of settlement of RSUs under this Agreement, but in no event shall such amount exceed the minimum statutory withholding requirements.

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 Securities Exchange Act of 1934, as amended (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: (i) 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, (ii) the date the RSUs are settled pursuant to the terms of this Agreement, or (iii) 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 described in Section 4.5 of the Plan, this Award and the RSUs granted hereunder shall be adjusted as set forth 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 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 Compensation 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 Compensation 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 Compensation Committee shall retain the discretion to adjust the number of RSUs that vest under this Agreement downward (but not upward) 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 Compensation Committee determines in its sole discretion.

(i) Plan Administration. The Plan is administered by the Compensation 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 Compensation 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 any of the Grantee's beneficiaries) pursuant to this Agreement, and any and all tax consequences incident to such shall solely be the responsibility of the Grantee or any beneficiary.

(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 SEC

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 Performance-Adjusted Restricted Stock Unit Award 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 January 1, 2016 through December 31, 2018.

Performance Goals

The annual Performance Goals for the Performance Period will be based on three key performance indicators: Capital Effectiveness Index, Funds from Operations to Adjusted Debt Index and Safety.

(Back To Top)

Section 5: EX-10.59 (EXHIBIT 10.59)

[Form of RS Award Agreement] Exhibit 10-59

FIRSTENERGY CORP.

2015 Incentive Compensation Plan
2016 Restricted Stock Award Agreement

THIS RESTRICTED STOCK AWARD AGREEMENT (the "Agreement"), effective as of __________ (the "Effective Date"), is entered into by and between FirstEnergy Corp., an Ohio corporation, and its successors (the "Company"), and __________ (the "Grantee").

1. Definitions. Unless otherwise specified in this Agreement, capitalized terms shall have the meanings attributed to them under the FirstEnergy Corp. 2015 Incentive Compensation Plan, as amended from time to time (the "Plan").

2. Grant of Restricted Stock. As of the Effective Date, the Company grants to the Grantee, upon the terms and conditions set forth in this Agreement and subject to the restrictions in Section 3, [NUMBER] Shares, par value $.10 per share, of FirstEnergy Corp. ("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 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 share of Restricted Stock or this Award be transferred for value. In addition, the Restricted Stock will be subject to such other restrictions as the Compensation 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. Lapse of Restrictions on 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 (subject to the requirements of Section 10) if Grantee remains in the continuous employ of the Company or any Subsidiary until **[DATE]** (the "Vesting Condition").

5. Forfeiture. Except as otherwise provided in Sections 6 and 7, the Grantee will forfeit any and all interests in the Restricted Stock if the Vesting Condition set forth in Section 4 is not satisfied or 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 (as defined in the Plan) while an employee of the Company or any of its Subsidiaries, then the Restrictions will immediately lapse and the Grantee (or Grantee's estate) will become 100% vested in the Restricted Stock, subject to the requirements of Section 10, upon such death or Disability.

(b) Termination without Cause. If the Grantee's employment is terminated without Cause by the Company or any of its Subsidiaries at any time prior to **[DATE]** (except within the two-year period following any Change in Control, in which case Section 7 shall control), then the Restrictions shall lapse on a prorated portion of the Restricted Stock; 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 employ of the Company or any of its Subsidiaries from the Effective Date until the date of his termination and the denominator is the number of full calendar months between the Effective Date and **[DATE]**. 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. 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: (i) any temporary leave of absence approved in writing by the Company or such Subsidiary; or (ii) any change of duties or position (including transfer from one Subsidiary to another).

9. Issuance of Stock. 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 beneficiary) the shares of stock 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.

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

11. Stockholder Rights During Vesting Period. 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.

12. Recoupment. If the Grantee is or has been deemed to be, or becomes, an "insider" for purposes of Section 16 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), this 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. Section 83(b) Elections. The Grantee will not make an election under Section 83(b) of the Internal Revenue 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 or she will recognize taxable ordinary income at the time the restrictions lapse in an amount equal to the fair market value of the stock at that time.

14. 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 vests, as provided hereunder, 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 of Restriction or forfeiture:

> "The sale or other transfer of the shares of stock represented by this certificate, whether voluntary, involuntary, or by operation of law, is subject to certain restrictions on transfer set forth in the FirstEnergy Corp. 2015 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."

15. Termination of Agreement. This Agreement will terminate on the earliest of: (i) 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 (ii) 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.

16. Miscellaneous Provisions.

(a) Adjustments. In the event of a corporate event described in Section 4.5 of the Plan, the shares of Restricted Stock shall be adjusted as set forth 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 Compensation 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 Compensation 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 Compensation 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 Compensation 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 Restricted Stock hereunder is intended to meet any applicable requirements for exclusion from coverage under Section 409A of the Internal Revenue Code (the "Code") 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 any of the Grantee's beneficiaries) pursuant to this Agreement, and any and all tax consequences incident to such shall solely be the responsibility of the Grantee or any beneficiary.

(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 SEC 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 Restricted Stock Award Agreement and accepts and agrees with the terms and conditions stated above.

(Signature of the Grantee)

(Date)

(Back To Top)

Section 6: EX-12 (EXHIBIT 12)

EXHIBIT 12

FIRSTENERGY CORP.

CONSOLIDATED RATIO OF EARNINGS TO FIXED CHARGES

	Year Ended December 31				
	2011	2012	2013	2014	2015
	(Dollars in millions)				
EARNINGS AS DEFINED IN REGULATION S-K:					
Income from continuing operations	$ 856	$ 755	$ 375	$ 213	$ 578
Interest and other charges, before reduction for amounts capitalized and deferred	1,008	1,001	1,016	1,073	1,132
Capitalized interest	(70)	(72)	(75)	(69)	(68)
Provision for income taxes (benefits)	566	545	195	(42)	315
Interest element of rentals charged to income (1)	150	136	96	83	78
Earnings as defined	$ 2,510	$ 2,365	$ 1,607	$ 1,258	$ 2,035
FIXED CHARGES AS DEFINED IN REGULATION S-K:					
Interest before reduction for amounts capitalized and deferred	$ 1,008	$ 1,001	$ 1,016	$ 1,073	$ 1,132
Interest element of rentals charged to income (1)	150	136	96	83	78
Fixed charges as defined	$ 1,158	$ 1,137	$ 1,112	$ 1,156	$ 1,210
CONSOLIDATED RATIO OF EARNINGS TO FIXED CHARGES	2.17	2.08	1.45	1.09	1.68

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

(Back To Top)

Section 7: EX-21 (EXHIBIT 21)

EXHIBIT 21

FIRSTENERGY CORP.
LIST OF SUBSIDIARIES OF THE REGISTRANT
AT DECEMBER 31, 2015

FirstEnergy Nuclear Operating Company - Incorporated in Ohio

FirstEnergy Service Company - Incorporated in Ohio

FirstEnergy Solutions Corp. - Incorporated in Ohio

FirstEnergy Transmission, LLC - Organized in Delaware

FirstEnergy Ventures Corp. - Incorporated in Ohio

Jersey Central Power & Light Company - Incorporated in New Jersey

Metropolitan Edison Company - Incorporated in Pennsylvania

Monongahela Power Company - Incorporated in Ohio

Ohio Edison Company - Incorporated in Ohio

Pennsylvania Electric Company - Incorporated in Pennsylvania

The Cleveland Electric Illuminating Company - Incorporated in Ohio

The Potomac Edison Company - Incorporated in Maryland

The Toledo Edison Company - Incorporated in Ohio

West Penn Power Company - Incorporated in Pennsylvania

(Back To Top)

Section 8: EX-23 (EXHIBIT 23)

EXHIBIT 23

FirstEnergy Corp.

Consent of Independent Registered Public Accounting Firm

We hereby consent to the incorporation by reference in the Registration Statements on Form S-3 (Nos. 333-204422, 333-191382, and 333-48587), and Form S-8 (Nos. 333-202184, 333-204436, 333-56094, 333-72768, 333-81183, 333-89356, 333-101472, 333-110662, 333-146170, 333-165640, and 333-172464) of FirstEnergy Corp. of our report dated February 16, 2016, relating to the financial statements, financial statement schedule, and the effectiveness of internal control over financial reporting, which appears in this Form 10-K.

/s/ PricewaterhouseCoopers LLP

PricewaterhouseCoopers LLP
Cleveland, Ohio
February 16, 2016

(Back To Top)

Section 9: EX-31.1 (EXHIBIT 31.1)

EXHIBIT 31.1

Certification

I, Charles E. Jones, certify that:

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

Date: February 16, 2016

/s/ Charles E. Jones

Charles E. Jones

President and Chief Executive Officer

EXHIBIT 31.1

Certification

I, Donald R. Schneider, certify that:

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

Date: February 16, 2016

/s/ Donald R. Schneider
Donald R. Schneider
President

(Back To Top)

Section 10: EX-31.2 (EXHIBIT 31.2)

EXHIBIT 31.2

Certification

I, James F. Pearson, certify that:

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

Date: February 16, 2016

/s/ James F. Pearson
James F. Pearson
Executive Vice President and Chief Financial Officer

Certification

I, James F. Pearson, certify that:

1. I have reviewed this report on Form 10-K of FirstEnergy Solutions Corp.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

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

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: February 16, 2016

/s/ James F. Pearson

James F. Pearson
Executive Vice President and Chief Financial Officer

(Back To Top)

Section 11: EX-32 (EXHIBIT 32)

EXHIBIT 32

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

In connection with the Report of FirstEnergy Corp. ("Company") on Form 10-K for the period ending December 31, 2015 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), each undersigned officer of the Company does hereby certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that to the best of his knowledge:

(1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Charles E. Jones

Charles E. Jones
President and Chief Executive Officer

/s/ James F. Pearson

James F. Pearson
Chief Financial Officer

Date: February 16, 2016

EXHIBIT 32

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

In connection with the Report of FirstEnergy Solutions Corp. ("Company") on Form 10-K for the period ending December 31, 2015 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), each undersigned officer of the Company does hereby certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that to the best of his knowledge:

(1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Donald R. Schneider

Donald R. Schneider
President
(Chief Executive Officer)

/s/ James F. Pearson

James F. Pearson
Chief Financial Officer

Date: February 16, 2016

(Back To Top)

Enclosure C
L-16-092

Non-Proprietary Foreign Ownership Control or Influence Information for FirstEnergy Nuclear Operating Company
(37 pages follow)

FOCI DATA SHEET

FOCI DATA SHEET

COMPANY NAME: FirstEnergy Nuclear Operating Company

Listed below are documents required to complete a FOCI Determination.

FOCI Determination Documents common to all Business Structures

OODEP LIST	X
RFI STATEMENT	X
Standard Form 328 (CPFI)	X
WEB PAGE ADDRESS (if applicable)	N/A

Additional documents required to be included for a PUBLICLY TRADED CORPORATION

ARTICLES OF INCORPORATION	____
SEC 10K REPORT	____
PROXY STATEMENT	____
SEC SCHEDULES 13D & 13G	____
CORPORATE BY-LAWS	____
IRS FORM 5471	____
ANNUAL REPORT WITH FINANCIAL INFORMATION	____

Additional documents required to be included for a PRIVATELY OWNED CORPORATION

ARTICLES OF INCORPORATION	X
CORPORATE BY-LAWS	X
IRS FORM 5471 (IF APPLICABLE)	N/A
ANNUAL REPORT WITH FINANCIAL INFORMATION (OR)	N/A
AUDITED FINANCIAL INFORMATION IN LIEU OF ANNUAL REPORT	N/A
(IF UNAUDITED, SUBMIT A CERTIFICATION ATTESTING TO THE UNAVAILABILITY OF AUDIT INFORMATION)	X

Additional documents required for a PARTNERSHIP

PARTNERSHIP AGREEMENT	____
SEC 10K REPORT	____
PROXY STATEMENT	____
SEC SCHEDULES 13D &13G	____
IRS FORMS 5471 AND 1065	____
LATEST ANNUAL REPORT WITH FINANCIAL INFORMATION (OR)	____
AUDITED FINANCIAL INFORMATION IN LIEU OF ANNUAL REPORT	____
(IF UNAUDITED, SUBMIT A CERTIFICATION ATTESTING TO THE UNAVAILABILITY OF AUDIT INFORMATION)	____
MOST CURRENT BOARD MEETING MINUTES IDENTIFYING EXECUTIVE APPOINTMENTS/CHANGES	____

CSCS ______________ NSP ______________

Additional documents required for a PROPRIETORSHIP

TAX ID NO./STATE REGISTRATION CERTIFICATE ______
IRS FORM 1040 ______
ANNUAL REPORT OR AUDITED FINANCIAL INFORMATION FOR MOST RECENT FISCAL YEAR (IF AUDITED REPORT IS NOT AVAILABLE CFO/TREASURER MUST SIGN AND DATE THE FINANCIAL STATEMENT CERTIFYING THAT IT IS CURRENT AND CORRECT) ______
IF COMMUNITY PROPERTY STATE (AZ, CA, ID, LA, NV, NM, TX, WA, WI) SPOUSAL INFORMATION IS ALSO REQUESTED. IF SUBJECT IS SINGLE, PLEASE SO STATE. ______

Additional documents required for a LIMITED LIABILITY CORPORATION

CERTIFICATE OF ORGANIZATION ______
OPERATING AGREEMENT ______
AUDITED FINANCIAL INFORMATION FOR MOST RECENT FISCAL YEAR (IF UNAUDITED THE CFO/TREASURER MUST SIGN AND DATE THE FINANCIAL STATEMENT CERTIFYING THAT IT IS CURRENT AND CORRECT) ______

Additional documents required for a COLLEGE/UNIVERSITY

UNIVERSITY CHARTER ______
LATEST ANNUAL REPORT ______
MOST CURRENT BOARD MEETING MINUTES IDENTIFYING EXECUTIVE APPOINTMENTS/CHANGES ______

NON-PROPRIETARY OWNERS, OFFICERS, DIRECTORS, AND EXECUTIVE PERSONNEL (OODEP)

~~OFFICIAL USE ONLY – SECURITY-RELATED INFORMATION~~

NRC FORM 405F
(MM-YYYY)
10 CFR Part 95

List ALL Owners, Officers, Directors, and Executive Personnel (OODEP's)

APPROVED BY OMB: 3150-XXXX **U. S. NUCLEAR REGULATORY COMMISSION**

Estimated burden per response to comply with this collection request: 10 minutes. This collection is a voluntary means of complying with the requirements in 10 CFR 95.17. This notification is being made available to report changes to owners, officers, directors or executive personnel entities holding existing Facility Clearances under 10 CFR 95 or MD 12.2. Send comments regarding burden estimate to the FOIA, Privacy, and Information Collections Branch (T-5 F53), U. S. Nuclear Regulatory Commission, Washington, DC 20555-0001, or by e-mail to Infocollects.Resource@nrc.gov, and to the Desk Officer, Office of Information and Regulatory Affairs, NEOB-10202, (3150-xxxx), Office of Management and Budget, Washington, DC 20503. If a means used to impose an information collection does not display a currently valid OMB control number, the NRC may not conduct or sponsor, and a person is not required to respond to, the information collection.

Company's Current Legal Name, Address, and Phone Number of Company's Principal Executive Offices:	**Other names used (e.g., doing business as):**	**Date Submitted:**	4/22/16
FirstEnergy Nuclear Operating Company 76 South Main Street Akron, OH 44308 1-800-736-3402	N/A	**Tax Identification No.**	34-1881483
		Date Company was Incorporated:	12/02/1998
		State of Incorporation:	Ohio

(Must provide any name or address change of the Company's principal executive office and date(s) of change during the past 10 years on the Attachment page).

Organization Status:	**Stock Ownership:**
☑ Corporation ☐ Sole Proprietorship ☐ Partnership	☐ Privately-Owned ☑ Subsidiary of:
☐ Other ☐ General ☐ Limited	☐ Publicly-Traded FirstEnergy Corp.

NAME (First Name, Initial, Last Name)	POSITION TITLES	IF OWNER, % OF OWNERSHIP	SSN	CLEARANCE HELD AND/OR BEING OBTAINED AND ISSUING AGENCY	CITIZENSHIP
See attached.	---	---	---	---	---
See attached.	Facility Security Officer	---	---	---	---

[1]The above information, i.e., name, titles, etc., must be provided for the following: (a) the proprietor of a sole proprietorship; (b) all individuals managing the business affairs of a corporation. In most cases, these individuals are identified in the Articles of Incorporation or By-Laws and include the Board of Directors, President, Secretary, and Treasurer; (c) the General Partner(s) of a Limited Partnership; and (d) all partners of a General Partnership. [2] In addition, privately-held entities must provide the above information, i.e., name, titles, etc., for all owners, and also provide the percentage of issued stock/shares held by each owner.

List certified correct by: (Typed or Printed Name and Title)	SIGNATURE	DATE
Gregory H. Halnon Vice President, Regulatory Affairs and Laboratory Services	Gregory H. Halnon	4/22/2016

NRC FORM 405F
(MM-YYYY)
10 CFR Part 95

U. S. NUCLEAR REGULATORY COMMISSION

List ALL Owners, Officers, Directors, and Executive Personnel (OODEP's)

INSTRUCTIONS:

Provide requested OODEP information in accordance with the following instructions. In addition, the OODEP listing must be certified as being accurate, current, and complete by an authorized official of the organization [i.e., a person authorized to represent and sign for the organization as officially recorded by the organization (that is, in the document which sets forth the terms and conditions for its operation and management--the bylaws, operating agreement, partnership agreement, etc.)] or any other employee, identified by name, of the organization, if designated in writing by such an authorized official as having been delegated authority to execute the FOCI repre. & certt. On behalf of the organization:

Owners. The requested information on owners and representatives or agents of stockholders is to be attached to the organization's OODEP listing:

1. For privately-owned organizations:

   a. Provide the following information for each person (i.e., human being) who directly or indirectly owns or has beneficial ownership of 5 percent or more of any class of the organization's securities or who has directly or indirectly subscribed 5 percent or more of the organization's total capital commitment:

      (1) If the beneficial owner holds a position as an OODEP in the organization and is identified on the OODEP listing, provide the individual's name with the class and number of shares of capital stock he/she owns of the organization's securities or the capital commitment he/she has subscribed.

      (2) If the beneficial owner does not hold a position as an OODEP in the organization and is not identified on the OODEP listing, provide the individual's name, address, and the class and number of shares of capital stock he/she owns of the organization's securities or the capital commitment he/she has subscribed. If known, information on the individual's citizenship should also be provided.

   b. Provide the following information for each legal entity which directly or indirectly owns or has beneficial ownership of 5 percent or more of any class of the organization's securities or which has directly or indirectly subscribed 5 percent or more of the organization's total capital commitment:

      The legal name (i.e., as specified in charter) with the address of its principal executive offices and the class and number of shares of capital stock the entity owns of the organization's securities or the capital commitment the entity has subscribed. In addition, if the entity is controlled by another organization, the country of ultimate legal residence must be provided.

   c. Provide the name of any representative(s) or agent(s) of any owner (person or entity), if any, who hold positions, such as Board member (or similar type of governing body), officers, executive personnel, or general partners in your organization. Also identify the owner which the individual is representing.

2. For publicly-traded organizations:

   a. Provide the most recent copies of any Schedules 13D and/or 13G received from any beneficial owners (foreign or domestic) who hold 5 percent or more of the organization's securities.

   b. Provide the name of any representative(s) or agent(s) of any stockholder (person or entity), if any, who hold positions, such as Board member (or similar type of governing body), officers, executive personnel, or general partners in your organization. Also identity the stockholder which the individual is representing.

Officers: Identify and provide requested information (i.e., names, titles, etc.) for all of the organization's officers on the OODEP listing.

The definition of officers is: Those persons in positions established as officers as officially recorded by the organization (that is, in the document filed for the organization's existence and the document which sets forth the terms and conditions for its operation and management--the articles of incorporation and bylaws; articles of organization and operating agreement; certificate of limited or general partnership and the partnership agreement; etc.). However, excluded from this definition are: (a) assistant vice presidents who have no management responsibilities related to performance on classified contracts; (ii) assistant secretaries; and (iii) assistant treasurers.

Directors: Identify and provide requested information (i.e., names, titles, etc.) for all of the organization's directors on the OODEP listing, to include identification of the Chairman of the Board and any Vice Chairman. If the organization has no Chairman of the Board of Directors, identify the individual who performs those functions at board meetings.

The definition of directors is: Members of the board or similar governing body chosen to direct the affairs of a corporation or institution.

Executive Personnel: Identify and provide requested information (i.e., names, titles, etc.) for all of the organization's executive personnel on the OODEP listing.

The definition of executive personnel is: Those individuals who perform policy making functions for the organization, or any other person in charge of a principal business unit, division, or function.

Facility Security Officer: Identify and provide requested information (i.e., name, title, etc.) for the organization's Facility Security Officer.

The definition of a Facility Security Officer is: The individual at the facility assigned the responsibility of administering the requirements of the Safeguards and Security Program within the facility.

Spouse of a sole proprietor: For those sole proprietorships operating in community property states, identify and provide requested information (i.e., all information required on the OODEP listing) on a sole proprietor's spouse, if any. If there is no spouse, so state.

Vacant positions: If any OODEP position is vacant, so state and include estimated date vacancy will be filled.

Mail Completed NRC Form 405F to the following address:

USNRC
Office of Nuclear Security and Incident Response
Mail Stop: O2 D15
11555 Rockville Pike
Rockville, MD 20852-2738

List ALL Owners, Officers, Directors, and Executive personnel (OODEPs)[1, 2]

Company's Current Legal Name, Address, and Phone Number
Of company's Principal Executive Offices:
FirstEnergy Nuclear Operating Company

76 South Main Street

Akron, OH 44308

1-800-736-3402
(Must provide any name or address change of the Company's Principal executive office and date(s) of change during past 10 years on the Attachment page.)

Other names used (e.g., doing business as):
N/A

Tax Identification No. 34-1881483

Date Company was Incorporated: 12/02/1998

State of Incorporation: Ohio

Organization Status:

☒ Corporation	☐ Sole Proprietorship	Partnership: ☐ General ☐ Limited	☐ Other: ________

Stock Ownership:

☒ Privately-Owned	☐ Publicly-traded	☒ Subsidiary of: FirstEnergy Corp.

NAME First Name, Initial, Last Name	POSITION TITLES	IF OWNER, % OF OWNERSHIP[2]	SSN	CLEARANCE HELD AND/OR BEING OBTAINED AND ISSUING AGENCY	CITIZENSHIP
Charles E. Jones	Director, Chief Executive Officer	N/A	[ ][3]	[ ]	[ ]
James H. Lash	Director	N/A	[ ]	[ ]	[ ]
William T. Cottle	Director	N/A	[ ]	[ ]	[ ]
Samuel L. Belcher	Director, President and Chief Nuclear Officer	N/A	[ ]	[ ]	[ ]
Rhonda S. Ferguson	Vice President and Corporate Secretary	N/A	[ ]	[ ]	[ ]
Paul A. Harden	Senior Vice President and Chief Operating Officer	N/A	[ ]	[ ]	[ ]
Leila L. Vespoli	Executive Vice President, Markets and Chief Legal Officer	N/A	[ ]	[ ]	[ ]
Robert P. Reffner	Vice President and General Counsel	N/A	[ ]	[ ]	[ ]
K. Jon Taylor	Vice President and Controller	N/A	[ ]	[ ]	[ ]

Raymond A. Lieb	Senior Vice President, Fleet Engineering	N/A	[ ]	[ ]	[ ]
Darin M. Benyak	Vice President, Nuclear Support	N/A	[ ]	[ ]	[ ]
Gregory H. Halnon	Vice President, Regulatory Affairs and Laboratory Services	N/A	[ ]	[ ]	[ ]
James G. Garanich	Vice President, Tax	N/A	[ ]	[ ]	[ ]
David B. Hamilton	Vice President, Perry	N/A	[ ]	[ ]	[ ]
Marty L. Richey	Vice President, Beaver Valley	N/A	[ ]	[ ]	[ ]
Brian D. Boles	Vice President, Davis-Besse	N/A	[ ]	[ ]	[ ]
Mark B. Bezilla	Vice President, Fleet Oversight	N/A	[ ]	[ ]	[ ]
James F. Pearson	Executive Vice President and Chief Financial Officer	N/A	[ ]	[ ]	[ ]
Steven R. Staub	Vice President and Treasurer	N/A	[ ]	[ ]	[ ]
James G. Ellis	Director, Fleet Security	N/A	[ ]	[ ]	[ ]
Michael A. Fox	Facility Security Officer; Manager, Perry Site Protection	N/A	[ ]	[ ]	[ ]
Gregory K. Cramer	Facility Security Officer; Manager, Davis-Besse Site Protection	N/A	[ ]	[ ]	[ ]
William L. Willis IV	Facility Security Officer; Manager, Beaver Valley Site Protection	N/A	[ ]	[ ]	[ ]
Joseph D. Hagan	Fleet Facility Security Officer	N/A	[ ]	[ ]	[ ]

1. The above information, i.e., name, titles, etc., must be provided for the following: (a) the proprietor of a sole proprietorship; (b) all individuals managing the business affairs of a corporation. In most cases, these individuals are identified in the Articles of Incorporation or By-Laws and include the Board of Directors, President, Secretary, and Treasurer; (c) the General Partner(s) of a Limited Partnership; and (d) all partners of a General partnership.

2. In addition, privately-held entities must provide the above information, i.e., name, titles, etc., for all owners, and also provide the percentage of issued stock/shares held by each owner.

3. Information contained within the brackets [ ] is considered security-related or personal privacy information.

NON-PROPRIETARY REPRESENTATIVE OF FOREIGN INTEREST (RFI) STATEMENT

REPRESENTATIVE OF FOREIGN INTEREST STATEMENT
Paul A. Harden

Name and Address of the foreign interest:

Canadian Power Utility Services (CPUS) Limited
2155 Leanne Boulevard, Suite 250
Mississauga, Ontario L5K 2K8
Canada

Nature of business of foreign interest and the products/services involved, including if the products/services are strictly commercial in nature or if there can be military application:

CPUS provides commercial management consulting services.

Details of your ownership/affiliation with the foreign interest:

Independent consultant providing engineering management services.

The specific relationship between the foreign interest and the United States organization facilitating your ownership/affiliation with the foreign interest:

There is no relationship between FirstEnergy Nuclear Operating Company or FirstEnergy Nuclear Generation, LLC and CPUS. I own a limited liability company that provides consulting services to the foreign interest.

Summary of your duties with the United States organization. Provide detailed information, as well as position title(s):

Senior Vice President and Chief Operating Officer for FirstEnergy Nuclear Operating Company and FirstEnergy Nuclear Generation, LLC. Responsibilities include management and control of the operations of the Beaver Valley Power Station, Unit Nos. 1 and 2; the Davis-Besse Nuclear Power Station; and the Perry Nuclear Power Plant.

Summary of your duties with the foreign interest. Provide detailed information, as well as position title(s):

I provide commercial management consulting as a member of the Independent Nuclear Safety Review Board for Ontario Power Generation.

REPRESENTATIVE OF FOREIGN INTEREST STATEMENT
Paul A. Harden

Percentage of your time devoted to the foreign interest:

Approximately eight percent.

Have you ever registered as an Agent of a foreign government as detailed in 18 U.S.C. 219? If so, please provide details:

No.

CERTIFICATION:

I recognize my special responsibility to protect classified information and/or special nuclear material from disclosure to any unauthorized person, foreign, or domestic.

TYPE OR PRINT FULL NAME: Paul A. Harden

SIGNATURE: Paul A. Harden **DATE:** 4-11-16

SOCIAL SECURITY NUMBER: [ ][1]

ADDRESS: FirstEnergy Nuclear Operating Company
76 South Main Street
Akron, Ohio 44308

CONTACT PHONE NUMBER: 330-436-1360

LEGAL NAME OF FACILITY THAT HOLDS THE NRC FACILITY SECURITY CLEARANCE UNDER WHICH YOU HOLD A PERSONAL SECURITY CLEARANCE:

[ ][1]

Note (1) – Information contained in the brackets is considered personal privacy or security-related information and is withheld.

REPRESENTATIVE OF FOREIGN INTEREST STATEMENT
Mark B. Bezilla

Name and Address of the foreign interest:

Institute of Nuclear Power Operations (INPO)
700 Galleria Parkway, SE, Suite 100
Atlanta, Georgia 30339-5943

World Association of Nuclear Operators – Atlanta Center (WANO)
700 Galleria Parkway, SE, Suite 100
Atlanta, Georgia 30339-5943

Nature of business of foreign interest and the products/services involved, including if the products/services are strictly commercial in nature or if there can be military application:

The mission of INPO is to promote the highest levels of safety and reliability in the operation of commercial nuclear power plants.

The mission of WANO is to help its members accomplish the highest levels of operational safety and reliability. This is achieved through a series of highly-regarded programmes, such as peer reviews, and access to technical support and a global library of operating experience.

Details of your ownership/affiliation with the foreign interest:

Mentor of a course on oversight that enhances the skills of nuclear oversight personnel in order to provide value added oversight.

The specific relationship between the foreign interest and the United States organization facilitating your ownership/affiliation with the foreign interest:

FirstEnergy Corp is a member of INPO and WANO. FirstEnergy Nuclear Operating Company and FirstEnergy Nuclear Generation, LLC are subsidiaries of FirstEnergy Corp.

Summary of your duties with the United States organization. Provide detailed information, as well as position title(s):

Vice President, Fleet Oversight for FirstEnergy Nuclear Operating Company and FirstEnergy Nuclear Generation, LLC. Responsibilities include oversight of the operations and maintenance of the Beaver Valley Power Station, Unit Nos. 1 and 2; the Davis-Besse Nuclear Power Station; and the Perry Nuclear Power Plant.

REPRESENTATIVE OF FOREIGN INTEREST STATEMENT
Mark B. Bezilla

Summary of your duties with the foreign interest. Provide detailed information, as well as position title(s):

Mentor of a course on oversight that enhances the skills of nuclear oversight personnel to effectively implement their role in the operation and maintenance of nuclear power plants. The course may be conducted overseas, and may be attended by non-United States citizens.

Percentage of your time devoted to the foreign interest:

Approximately two percent.

Have you ever registered as an Agent of a foreign government as detailed in 18 U.S.C. 219? If so, please provide details:

No.

CERTIFICATION:

I recognize my special responsibility to protect classified information and/or special nuclear material from disclosure to any unauthorized person, foreign, or domestic.

TYPE OR PRINT FULL NAME: Mark B. Bezilla

SIGNATURE: Mark B Bezilla **DATE:** 4/15/16

SOCIAL SECURITY NUMBER: [ ][1]

ADDRESS: FirstEnergy Nuclear Operating Company
76 South Main Street
Akron, Ohio 44308

CONTACT PHONE NUMBER: 330-436-1340

LEGAL NAME OF FACILITY THAT HOLDS THE NRC FACILITY SECURITY CLEARANCE UNDER WHICH YOU HOLD A PERSONAL SECURITY CLEARANCE:

[ ][1]

Note (1) – Information contained in the brackets is considered personal privacy or security-related information and is withheld.

STANDARD FORM 328

CERTIFICATE PERTAINING TO FOREIGN INTERESTS *(Type or print all answers)*	*OMB No. 0704-0194* *OMB approval expires* *May 31, 2011*

PLEASE DO NOT RETURN YOUR FORM TO THE ORGANIZATION IN THE PARAGRAPH BELOW, RETURN COMPLETED FORM TO YOUR RESPECTIVE COGNIZANT SECURITY OFFICE.

The public reporting burden for this collection of information is estimated to average 70 minutes per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. Send comments regarding this burden estimate or any other aspect of this collection of information, including suggestions for reducing the burden, to the Department of Defense, Washington Headquarters Services, Executive Services Directorate, Information Management Division, 1155 Defense Pentagon, Washington, DC 20301-1155 (0704-0194). Respondents should be aware that notwithstanding any other provision of law, no person shall be subject to any penalty for failing to comply with a collection of information if it does not display a currently valid OMB number.

PENALTY NOTICE

Failure to answer all questions or any misrepresentation (by omission or concealment, or by misleading, false or partial answers) may serve as a basis for denial of clearance for access to classified information. In addition, Title 18, United States Code 1001, makes it a criminal offense, punishable by a maximum of five (5) years imprisonment, $15,000 fine or both, knowingly to make a false statement or representation to any Department or Agency of the United States, as to any matter within the jurisdiction of any Department or Agency of the United States. This includes any statement made herein which is knowingly incorrect, incomplete or misleading in any important particular.

PROVISIONS

1. This report is authorized by the Secretary of Defense, as Executive Agent for the National Industrial Security Program, pursuant to Executive Order 12829. While you are not required to respond, your eligibility for a facility security clearance cannot be determined if you do not complete this form. The retention of a facility security clearance is contingent upon your compliance with the requirements of DoD 5220.22-M for submission of a revised form as appropriate.

2. When this report is submitted in confidence and is so marked, applicable exemptions to the Freedom of Information Act will be invoked to withhold it from public disclosure.

3. Complete all questions on this form. Mark "Yes" or "No" for each question. If your answer is "Yes" furnish in full the complete information under "Remarks."

QUESTIONS AND ANSWERS

	YES	NO
1. *(Answer 1a. or 1b.)*		
a. *(For entities which issue stock):* Do any foreign person(s), directly or indirectly, own or have beneficial ownership of 5 percent or more of the outstanding shares of any class of your organization's equity securities?		X
b. *(For entities which do not issue stock):* Has any foreign person directly or indirectly subscribed 5 percent or more of your organization's total capital commitment?		
2. Does your organization directly, or indirectly through your subsidiaries and/or affiliates, own 10 percent or more of any foreign interest?		X
3. Do any non-U.S. citizens serve as members of your organization's board of directors (or similar governing body), officers, executive personnel, general partners, regents, trustees or senior management officials?		X
4. Does any foreign person(s) have the power, direct or indirect, to control the election, appointment, or tenure of members of your organization's board of directors (or similar governing body) or other management positions of your organization, or have the power to control or cause the direction of other decisions or activities of your organization?		X
5. Does your organization have any contracts, agreements, understandings, or arrangements with a foreign person(s)?	X	
6. Does your organization, whether as borrower, surety, guarantor or otherwise have any indebtedness, liabilities or obligations to a foreign person(s)?	X	
7. During your last fiscal year, did your organization derive:		
a. 5 percent or more of its total revenues or net income from any single foreign person?		X
b. In the aggregate 30 percent or more if its revenues or net income from foreign persons?		X
8. Is 10 percent or more of any class of your organization's voting securities held in "nominee" shares, in "street names" or in some other method which does not identify the beneficial owner?		X
9. Do any of the members of your organization's board of directors (or similar governing body), officers, executive personnel, general partners, regents, trustees or senior management officials hold any positions with or serve as consultants for, any foreign person(s)?	X	
10. Is there any other factor(s) that indicates or demonstrates a capability on the part of foreign persons to control or influence the operations or management of your organization?		X

REMARKS *(Attach additional sheets, if necessary, for a full detailed statement.)*

FirstEnergy Nuclear Operating Company

FirstEnergy Nuclear Operating Company is wholly owned by FirstEnergy Corp.

Refer to the FirstEnergy Corp. Standard Form 328 for information regarding the responses to Items 5 and 6.

See attached for additional information.

CERTIFICATION

I CERTIFY that the entries made by me above are true, complete, and correct to the best of my knowledge and belief and are made in good faith.

WITNESSES:

N/A

N/A

NOTE: In case of a corporation, a witness is not required but the certificate below must be completed. Type or print names under all signatures.

4/13/16
(Date Certified)

9/14
(Signature of Authorized ~~Contractor~~ Representative)

Daniel M. Dunlap
(Typed Name ~~of Contractor~~)

Assistant Corporate Secretary
(Title of Authorized ~~Contractor~~ Representative)

76 South Main Street, Akron, Ohio 44308
(Address)

NOTE: Contractor, if a corporation, should cause the following certificate to be executed under its corporate seal, provided that the same officer shall not execute both the Agreement and the Certificate.

CERTIFICATE

I, Rhonda S. Ferguson, certify that I am the Corporate Secretary of the corporation named ~~as Contractor~~ herein; that Daniel M. Dunlap who signed this certificate ~~on behalf of the Contractor~~, was then Assistant Corporate Secretary of said corporation; that said certificate was duly signed for and in behalf of said corporation by authority of its governing body, and is within the scope of its corporate powers.

(Corporate Seal)

(Signature and Date)

SF-328 Continuation

FirstEnergy Nuclear Operating Company

9. Do any of the members of your organization's board of directors (or similar governing body), officers, executive personnel, general partners, regents, trustees or senior management officials hold any positions with, or serve as consultants for, any foreign person(s)?

Response:

Mr. Paul A. Harden, who is a United States citizen, and the Senior Vice President and Chief Operating Officer, works as a consultant for Ontario Power Generation by providing services as a member the Ontario Power Generation Nuclear Safety Review Board. He has been a consultant since 2014. His contract is with Canadian Power Utility Services (CPUS) Limited, who in turn maintains a contract with Ontario Power Generation. Both are Canadian companies.

The address of CPUS is as follows:

2155 Leanne Boulevard, Suite 250
Mississauga, Ontario L5K 2K8
Canada

Mr. Mark B. Bezilla, who is a United States citizen, and Vice President, Fleet Oversight, works as a mentor for training courses that enhances the skills of nuclear oversight personnel to effectively implement their role in the operation and maintenance of nuclear power plants. The courses are conducted internationally by the Institute of Nuclear Power Operations (INPO) and the World Association of Nuclear Operators (WANO) at nuclear operating utilities or organizations outside of the United States. He has been in this role since 2015.

The addresses of INPO and WANO are as follows:

Institute of Nuclear Power Operations (INPO)
700 Galleria Parkway, SE, Suite 100
Atlanta, Georgia 30339-5943

World Association of Nuclear Operators – Atlanta Center (WANO)
700 Galleria Parkway, SE, Suite 100
Atlanta, Georgia 30339-5943

ARTICLES OF INCORPORATION

ARTICLES OF INCORPORATION

OF

FIRSTENERGY NUCLEAR OPERATING COMPANY
(As filed with the Ohio Secretary of State on December 2, 1998)

The undersigned, desiring to form a corporation, for profit, under Sections 1701.01 *et seq.* of the Ohio Revised Code, does hereby state the following:

FIRST. The name of the corporation shall be "FirstEnergy Nuclear Operating Company."

SECOND. The place in Ohio where its principal office is to be located is Akron, Summit County.

THIRD. The purpose for which this corporation is formed is to engage in any lawful act or activity for which a corporation may be formed under Section 1701.01 to 1701.98, inclusive, of the Ohio Revised Code.

FOURTH. The number of shares of all classes which the corporation is authorized to have outstanding is eight hundred and fifty (850) shares of common stock having no par value.

IN WITNESS WHEREOF, I have subscribed my name, this 1st day of December, 1998.

FirstEnergy Nuclear Operating Company

Mary E. O'Reilly

Mary E. O'Reilly
Incorporator

{29547}

RECEIVED
DEC 02 1998
BOB TAFT
SECRETARY OF STATE

ORIGINAL APPOINTMENT OF STATUTORY AGENT

The undersigned, the sole incorporator of **FIRSTENERGY NUCLEAR OPERATING COMPANY**, hereby appoints Nancy C. Ashcom to be statutory agent upon whom any process, notice or demand required or permitted by statute to be served upon the corporation may be served. The complete address of the agent is: **76 South Main Street, Akron, Ohio 44308**.

Mary E. O'Reilly

Mary E. O'Reilly

ACCEPTANCE OF APPOINTMENT

The undersigned, **Nancy C. Ashcom**, named here in as the statutory agent for **FIRSTENERGY NUCLEAR OPERATING COMPANY**, hereby acknowledges and accepts the appointment of statutory agent for said corporation.

Nancy Ashcom

Nancy C. Ashcom

RECEIVED
DEC 02 1998
BOB TAFT
SECRETARY OF STATE

{29547}

CORPORATE BY-LAWS

Annex A

Code of Regulations
of
FirstEnergy Nuclear Operating Company
(Effective December 2, 1998)

ARTICLE I - OFFICES

The principal office of the Corporation shall be located in the City of Akron, County of Summit, State of Ohio. The Corporation may also maintain offices at such other places within or without the United States as the Board of Directors may, from time to time, determine.

ARTICLE II- MEETING OF SHAREHOLDERS

Section 1- Annual Meeting:

The annual meeting of shareholders of the Corporation for the election of directors and for the transaction of such other business as may properly come before said meeting shall be held on such date and at such hour and place, within or without the State of Ohio, as shall be fixed by the Board of Directors with respect to each such meeting and as shall be stated in the notice thereof.

Section 2 - Special Meetings:

Special meetings of shareholders, for any purpose or purposes may, except as otherwise prescribed by law, be called at any time by the President or by the Board of Directors, and shall be called by the President or the Secretary at the written request of the holders of twenty-five percent (25 %) of the shares then outstanding and entitled to vote thereat, or as otherwise required under the provisions of the Generation Corporation Law of Ohio.

Section 3 - Place of Meetings

All meetings of shareholders shall be held at the principal office of the Corporation, or at such other places as shall be designated in the notices or waivers of notice of such meetings.

Section 4 - Notice of Meetings:

(a) Except as otherwise provided by law, written notice of each meeting of shareholders, whether annual or special, stating the time when and place where it is to be held, shall be served either personally or by mail, not less than seven (7) nor more than sixty (60) days before the meeting, upon each shareholder of record entitled to vote at such meeting, and to any other shareholder to whom the giving of notice may be required by law. Notice of a special meeting shall also state the purpose or purposes for which the meeting is called, and shall indicate that it is being issued by, or at the direction of, the person or persons calling the meeting. If, at any meeting, action is proposed to be taken that would, if taken, entitle shareholders to receive payment for their shares pursuant to law, the notice of such meeting shall include a statement of that purpose and to that effect. If mailed, such notice shall be directed to each such shareholder at his address, as it appears on the records of the shareholders of the Corporation, unless he shall have previously filed with the Secretary of the Corporation a written request that notices intended for the shareholder be mailed to some other address, in which case, it shall be mailed to the address designated in such request.

(b) Notice of any meeting need not be given to any person who may become a shareholder of record after the mailing of such notice and prior to, the meeting, or to any shareholder who attends such meeting, in person or by proxy, or to any shareholder who, in person or by proxy, submits a signed waiver of notice either before or after such meeting. Notice of any adjourned meeting of shareholders need not be given, unless otherwise required by law.

Section 5 - Quorum:

(a) Except as otherwise provided herein, by law or in the Articles of Incorporation (such Articles and any amendments thereof being hereinafter collectively referred to as the "Articles of Incorporation"), at all meetings of shareholders of the Corporation, the presence at the commencement of such meetings in person or by proxy of shareholders of record holding a majority of the total number of shares of the Corporation then issued and outstanding and entitled to vote, shall be necessary and sufficient to constitute a quorum for the transaction of any business. The withdrawal of any shareholder after the commencement of a meeting shall have no effect on the existence of a quorum, after a quorum has been established at such meeting.

(b) If, however, such quorum shall not be present or represented at any meeting of the shareholders, the shareholders entitled to vote thereat, present in person or by proxy, shall have power to adjourn the meeting from time to time, without notice other than announcement at the meeting. However, if any adjournment, whether a quorum is present or not, is for more than thirty days, or if after the adjournment a new record date is fixed for the adjourned meeting, a notice of the adjourned meeting shall be given to each stockholder of record entitled to vote at the meeting. When a quorum is present at any meeting, the vote of the holders of a majority of the stock having voting power present in person or by proxy shall decide any question brought before such meeting unless the question is one upon which by express provision of law or of the Articles of Incorporation or by this Code of Regulations a larger or different vote is required, in which case such express provision shall govern and control the decision of such question. The shareholders present or represented at any duly

called and held meeting at which a quorum is present or represented may continue to do business until adjournment, notwithstanding the withdrawal of such number as to leave less than a quorum.

Section 6 - Voting:

(a) Except as otherwise provided by law or by the Articles of Incorporation, any corporate action, other than the election of directors, to be taken by vote of the shareholders, shall be authorized by a majority of votes cast at a meeting of shareholders by the holders of shares entitled to vote thereon.

(b) Except as otherwise provided by law or by the Articles of Incorporation, at each meeting of shareholders, each holder of record of stock of the Corporation entitled to vote thereat, shall be entitled to one vote for each share of stock registered in his/her/its name on the books of the Corporation.

(c) Each shareholder entitled to vote, or to express consent or dissent without a meeting, may do so by proxy; provided, however, that the instrument authorizing such proxy to act shall have been executed in writing by the shareholder or by his attorney-in-fact and have been filed with the Secretary of the Corporation prior to the vote. No proxy shall be valid after the expiration of eleven months from the date of its execution, unless the person executing it shall have specified therein the length of time it is to continue in force. Such instrument shall be exhibited to the Secretary at the meeting and shall be filed with the records of the Corporation.

(d) Any action required or permitted to be taken at any annual or special meeting of shareholders may be taken without a meeting, without prior notice and without a vote, if a consent in writing, setting forth the action so taken, shall be signed by the holders of outstanding stock having not less than the minimum number of votes that would be necessary to authorize or take such action at a meeting at which all shares entitled to vote thereon were present and voted. Evidence of such consent in writing shall be delivered to the Secretary of the Corporation for filing with the minutes of proceedings of shareholders of the Corporation. Prompt notice of the taking of the corporate action without a meeting by less than unanimous written consent shall be given to those shareholders who have not consented in writing.

ARTICLE III - BOARD OF DIRECTORS

Section 1- Number. Election and Term of Office:

(a) The number of directors of the Corporation shall be three (3), unless and until otherwise determined by a majority vote of the entire Board of Directors.

(b) Except as may otherwise be provided herein or in the Articles of Incorporation, the members of the Board of Directors of the Corporation, who need not be shareholders, shall be elected at a meeting of shareholders, by the holders of shares, present in person or by proxy, entitled to vote in the election.

(c) Each director shall hold office until the annual meeting of the shareholders next succeeding his election, and until his successor is elected and qualified, or until his prior death, resignation or removal.

Section 2 - Duties and Powers:

The Board of Directors shall be responsible for the control and management of the affairs, property and interests of the Corporation, and may exercise all powers of the Corporation, except as are in the Articles of Incorporation or by law expressly conferred upon or reserved to the shareholders.

Section 3 - Annual and Regular Meetings: Notice:

(a) A regular annual meeting of the Board of Directors shall be held immediately following the annual meeting of the shareholders, at the place of such annual meeting of shareholders.

(b) The Board of Directors, from time to time, may provide by resolution for the holding of other regular meetings of the Board of Directors, and may fix the time and place thereof.

(c) Notice of any regular meeting of the Board of Directors shall not be required to be given and, if given, need not specify the purpose of the meeting; provided, however, that in case the Board of Directors shall fix or change the time or place of any regular meeting, notice of such action shall be given to each director who shall not have been present at the meeting at which such action was taken within the time limited, and in the manner set forth in paragraph (b) Section 4 of this Article III, with respect to special meetings, unless such notice shall be waived in the manner set forth in paragraph (c) of such Section 4.

Section 4 - Special Meetings: Notice:

(a) Special meetings of the Board of Directors shall be held whenever called by the President or by one of the directors, at such time and place as may be specified in the respective notices or waivers of notice thereof.

(b) Except as otherwise required by statute, notice of special meetings shall be mailed directly to each director, addressed to such director at his residence or usual place of business, at least two (2) business days before the day on which the meeting is to be held, or shall be sent to him at such place by telegram, telephone, radio or cable, or shall be delivered to him personally or given to him orally, not later than the day before the day on which the meeting is to be held, except as otherwise required by statute. A notice, or waiver of notice, except as required by Section 8 of this Article III, need not specify the purpose of the meeting.

(c) Notice of any special meeting shall not be required to be given to any director who shall attend such meeting without protesting prior thereto or at its commencement, the lack of notice to him, or who submits a signed waiver of notice, whether before or after the meeting. Notice of any adjourned meeting shall not be required to be given.

Section 5 - Chairman:

At all meetings of the Board of Directors, the Chairman of the Board, if present, shall preside. In the absence of the Chairman, the directors present shall choose a Chairman to preside.

Section 6 - Minutes

Minutes of all Board of Director meetings shall be kept by the Secretary of the Corporation or any other individual designated by the Board of Directors.

Section 7 - Quorum and Adjournments:

(a) At all meetings of the Board of Directors, the presence of a majority of the entire Board shall be necessary and sufficient to constitute a quorum for the transaction of business, except as otherwise provided by law, by the Articles of Incorporation or by these Code of Regulations.

(b) A majority of the directors at the time and place of any regular or special meeting, although less than a quorum, may adjourn the same from time to time without notice, until a quorum shall be presen.

Section 8 - Manner of Acting:

(a) At all meetings of the Board of Directors, each director present shall have one vote, irrespective of the number of shares of stock, if any, which he may hold.

(b) Except as otherwise provided by law, by the Articles of Incorporation or by this Code of Regulations, the action of a majority of the directors present at any meeting at which a quorum is present shall be the act of the Board of Directors. Any action authorized, in writing, by all of the directors entitled to vote thereon and filed with the minutes of the corporation shall be the act of the Board of Directors with the same force and effect as if the same had been passed by unanimous vote at a duly called meeting of the Board.

(c) Members of the Board of Directors or any committee designated by such Board may participate in a meeting of such Board or committee by means of conference telephone or similar communications equipment by means of which all persons participating in the meeting can hear each other, and participation in a meeting in this manner shall constitute presence in person at such meeting.

Section 9 - Vacancies

If the office of any director becomes vacant at any time by reason of death, resignation, retirement, disqualification, removal from office or otherwise, or if any new directorship is created by any increase in the authorized number of directors, a majority of the directors then in office, although less than a quorum, or the sole remaining director, may choose a successor or fill the newly created directorship, and the director so chosen shall hold office, subject to the provisions of this Code of Regulations, until the next annual election of directors and until his successor shall be duly elected and shall qualify. In the event that a vacancy arising as aforesaid shall not have been filled by the Board of Directors, such vacancy may be filled by the stockholders at any meeting thereof after such office becomes vacant. If one or more directors shall resign from the Board, effective at a future date, a majority of the directors then in office, including those who have so prospectively resigned, shall have the power to fill such vacancy or vacancies, the vote thereon to take effect when such resignation or resignations shall become effective, and each director so chosen shall hold office as herein provided in the filling of other vacancies.

Section 10 - Resignation:

Any director may resign at any time by giving written notice to the Board of Directors, the President or the Secretary of the Corporation. Unless otherwise specified in such written notice, such resignation shall take effect upon receipt thereof by the Board of Directors or such officer, and the acceptance of such resignation shall not be necessary to make it effective.

Section 11- Removal:

Any director may be removed with or without cause at any time by the affirmative vote of shareholders holding of record in the aggregate at least a majority of the outstanding shares of the Corporation at a special meeting of the shareholders called for that purpose, and may be removed for cause by action of the Board.

Section 12 - Salary:

No stated salary shall be paid to directors, as such, for their services, but by resolution of the Board of Directors a fixed sum and expenses of attendance, if any, may be allowed for attendance at each regular or special meeting of the Board; provided, however, that nothing herein contained shall be construed to preclude any director from serving the Corporation in any other capacity and receiving compensation therefor.

Section 13 - Contracts:

(a) No contract or other transaction between this Corporation and any other corporation shall be impaired, affected or invalidated, nor shall any director be liable in any way by reason of the fact that any one or more of the directors of this Corporation is or are interested in, or is a director, officer, employee or are directors, officers, or employees of such other corporation, provided that such facts are disclosed or made known to the Board of Directors.

(b) Any director, personally and individually, may be a party to or may be interested in any contract or transaction of this Corporation, and no director shall be liable in any way by reason of such interest, provided that the fact of such interest be disclosed or made known to the Board of Directors, and provided either that the Board of Directors shall authorize, approve or ratify such contract or transaction by the vote (not counting the vote of any such director) of a majority of a quorum, notwithstanding the presence of any such director at the meeting at which such action is taken or the contract or transaction is fair as to the Corporation as of the time it is authorized or approved by the Directors. Such director or directors may be counted in determining the presence of a quorum at such meeting. This Section shall not be construed to impair or invalidate or in any way affect any contract or other transaction which would otherwise be valid under the law (common, statutory or otherwise) applicable thereto.

ARTICLE IV - OFFICERS

Section 1- Number. Qualifications. Election and Term of Office:

(a) The officers of the Corporation shall consist of a President, a Secretary, a Treasurer, and such other officers, including a Chairman of the Board of Directors, and one or more Vice Presidents, as the Board of Directors may from time to time deem advisable. The Chairman of the Board of Directors shall be a director of the Corporation. Any other officer may be, but is not required to be, a director of the Corporation. Any two or more offices may be held by the same person.

(b) The officers of the Corporation shall be elected by the Board of Directors at the regular annual meeting of the Board following the annual meeting of shareholders.

(c) Each officer shall hold office until the annual meeting of the Board of Directors next succeeding his election, and until his successor shall have been elected and qualified, or until his death, resignation or removal.

Section 2 - Resignation:

Subject to any applicable contract, any officer may resign at any time by giving written notice of such resignation to the Board of Directors, to the President or the Secretary of the Corporation. Unless otherwise specified in such written notice, such resignation shall take effect upon receipt thereof by the Board of Directors or by such officer, and the acceptance of such resignation shall not be necessary to make it effective.

Section 3 - Removal:

Any officer may be removed, either with or without cause, and a successor elected by a majority vote of the Board of Directors at any time.

Section 4 - Vacancies:

A vacancy in any office by reason of death, resignation, inability to act, disqualification or any other cause, may at any time be filled for the unexpired portion of the term by a majority vote of the Board of Directors.

Section 5 - Duties of Officers:

Officers of the Corporation shall, unless otherwise provided by the Board of Directors, each have such powers and duties as generally pertain to their respective offices as well as such powers and duties as may be set forth in this Code of Regulations, or may from time to time be specifically conferred or imposed by the Board of Directors. The President shall be the chief executive officer of the Corporation.

Section 6 - Sureties and Bonds

If the Board of Directors shall so require, any officer, employee or agent of the Corporation shall execute to the Corporation a fidelity bond in such sum, and with such surety or sureties as the Board of Directors may direct, conditioned upon the faithful performance of his/her duties to the Corporation, including responsibility for negligence and for the accounting for all property, funds or securities of the Corporation which may come into his hands.

Section 7 - Shares of Other Corporations

Whenever the Corporation is the holder of shares of any other Corporation, any right or power of the Corporation as such shareholder (including the attendance, acting and voting at shareholders' meetings and execution of waivers, consents, proxies or other instruments) may be exercised on behalf of the Corporation by the President, Secretary, Treasurer, or such other person as the Board of Directors may authorize.

Section 8 - Compensation:

The compensation of all officers, agents and employees of the Corporation shall be fixed from time to time by the Board of Directors, or pursuant to authority of general or special resolutions of the Board. No officer shall be prevented from receiving such salary by reason of the fact that he/she is also a director of the Corporation or a member of any committee.

ARTICLE V - SHARES OF STOCK

Section 1- Certificate of Stock:

(a) The Certificates representing shares of the Corporation shall be in such form as shall be adopted by the Board of Directors, and shall be numbered and registered in the order issued. They shall bear the holder's name and the number of shares, shall be signed by the Secretary and the Treasurer, and shall bear the corporate seal. Such signatures and corporate seal may be facsimile or facsimiles to the extent permitted by law.

(b) No Certificates representing shares shall be issued until the full amount of consideration therefor has been paid, except as otherwise permitted by law.

(c) To the extent permitted by law, the Board of Directors may authorize the issuance of Certificates for fractions of a share which shall entitle the holder to exercise voting rights, receive dividends and participate in liquidating distributions, in proportion to the fractional holdings; or it may authorize the payment in cash of the fair value of fractions of a share as of the time when those entitled to receive such fractions are determined.

Section 2 Lost or Destroyed Certificates:

The holder of any Certificates representing shares of the Corporation shall immediately notify the Corporation of any loss or destruction of the Certificates representing the same. The Corporation may issue new Certificates in the place of any Certificates theretofore issued by it, alleged to have been lost or destroyed. On production of such evidence of loss or destruction as the Board of Directors in its discretion may require, the Board of Directors may, in its discretion, require the owner of the lost or destroyed Certificates, or his legal representatives, to give the Corporation a bond in such sum as the Board may direct, and with such surety or sureties 'as may be satisfactory to the Board, to indemnify the Corporation against any claims, loss, liability or damage it may suffer on account of the issuance of the new Certificates. A new Certificate may be issued without requiring any such evidence or bond when, in the judgment of the Board of Directors, it is proper so to do.

Section 3 - Transfers of Shares:

(a) Transfers of shares of the Corporation shall be made on the share records of the Corporation only by the holder of record thereof, in person or by his duly authorized attorney, upon surrender for cancellation of the Certificate or Certificates representing such shares, with an assignment or power of transfer endorsed thereon or delivered therewith, duly executed, with such proof of the authenticity of the signature and of authority to transfer and of payment of transfer taxes as the Corporation or its agents may require.

(b) The Corporation shall be entitled to treat the holder of record of any share or shares as the absolute owner thereof for all purposes and, accordingly, shall not be bound to recognize any legal, equitable or other claim to, or interest in, such share or shares on the part of any other person, whether or not it shall have express or other notice thereof, except as otherwise expressly provided by law.

Section 4 - Record Date:

In lieu of closing the share records of the Corporation, the Board of Directors may fix, in advance, a date not exceeding fifty days, nor less than ten days, as the record date for the determination of shareholders entitled to receive notice of, or to vote at, any meeting of shareholders, or to consent to any proposal without a meeting, or for the purpose of determining shareholders entitled to receive payment of any dividends, or allotment of any rights, or for the purpose of any other action. If no record date is fixed, the record date for the determination of shareholders entitled to notice of or to vote at a meeting of shareholders shall be at the close of business on the day next preceding the day on which notice is given, or, if no notice is given, the day on which the meeting is held; the record date for determining shareholders for any other purpose shall be at the close of business on the day on which the resolution of the directors relating thereto is adopted. When a determination of shareholders of record entitled to notice of or to vote at any meeting of shareholders has been made as provided for herein, such determination shall apply to any adjournment thereof, unless the directors fix a new record date for the adjourned meeting.

ARTICLE VI- DIVIDENDS

Subject to law, dividends may be declared and paid out of any funds available therefor, as often, in such amounts, and at such time or times as the Board of Directors may determine.

ARTICLE VII - FISCAL YEAR

The fiscal year of the Corporation shall be fixed by the Board of Directors, subject to law.

ARTICLE VIII- CORPORATE SEAL

The corporate seal, if any, shall be in such form as shall be approved from time to time by the Board of Directors.

ARTICLE IX - AMENDMENTS

All provisions of the Code of Regulations of the Corporation shall be subject to alteration or repeal, and new provisions of the Code of Regulations may be made, by the affirmative vote of shareholders of record holding all of the outstanding shares entitled to vote in the election of directors at any annual or special meeting of shareholders, provided that the notice or waiver of notice of such meeting shall have summarized or set forth in full therein, the proposed amendment.

ARTICLE X - INDEMNIFICATION

Section 1- Indemnification:

(a) The Corporation shall indemnify any person who is or was a director, officer, employee or agent of the Corporation or any person who is or has served at the request of the Corporation as a director, officer, employee, agent or trustee of another corporation, joint venture, trust or other enterprise (and his heirs, executors and administrators) against expenses, including attorneys' fees, judgments, fines and amounts paid in settlement, actually and reasonably incurred by him by reason of the fact that he is or was such director, officer, employee, agent or trustee in connection with any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative to the full extent and according to the procedures and requirements set forth in any applicable law as the same may be in effect from time to time.

(b) The foregoing right of indemnification shall not be deemed exclusive of any other rights to which any officer or director or employee may be entitled apart from the provisions of this section.

Section 2 - Insurance

The Board of Directors may, in its discretion, authorize the Corporation to purchase and maintain insurance on behalf of any person who is or was a director, officer, employee or agent of the Corporation, or is or was serving at the request of the Corporation, as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise against any liability asserted against him and incurred by him in any such capacity, or arising out of his status as such, whether or not the Corporation would have the power to indemnify him against such liability under the provisions of Section 1 of this Article X.

UNAUDITED FINANCIAL INFORMATION

FIRSTENERGY NUCLEAR OPERATING COMPANY
STATEMENT OF INCOME
(Unaudited)

(in millions)	For the Year Ended December 31, 2015
REVENUES	$ [ ]
EXPENSES	
Fuel	[ ]
Other operating expenses	[ ]
Provision for depreciation	[ ]
General taxes	[ ]
Total expenses	[ ]
OPERATING INCOME	[ ]
OTHER INCOME (EXPENSE)	
Miscellaneous income	[ ]
Interest expense	[ ]
Capitalized financing costs	[ ]
Total other expense	[ ]
INCOME FROM CONTINUING OPERATIONS BEFORE INCOME TAXES	[ ]
INCOME TAXES	[ ]
NET INCOME	$ [ ]

Note, Information contained in the brackets is considered confidential commercial material and is withheld.

FIRSTENERGY NUCLEAR OPERATING COMPANY
BALANCE SHEET
(Unaudited)

(in millions)		As of December 31, 2015
ASSETS		
CURRENT ASSETS:		
Receivables-		
Affiliated companies	$	[ ]
Other		[ ]
Notes receivable from affiliated companies		[ ]
Prepayments and other		[ ]
		[ ]
PROPERTY, PLANT AND EQUIPMENT:		
In service		[ ]
Less - Accumulated provision for depreciation		[ ]
		[ ]
Construction work in progress		[ ]
		[ ]
DEFERRED CHARGES AND OTHER ASSETS:		
Accumulated deferred income tax benefits		[ ]
Affiliated company - Pension/OPEB allocation		[ ]
Other		[ ]
		[ ]
	$	[ ]
LIABILITIES AND CAPITALIZATION		
CURRENT LIABILITIES:		
Accounts payable - other	$	[ ]
Accrued taxes		[ ]
Accrued compensation and benefits		[ ]
Other		[ ]
		[ ]
CAPITALIZATION:		[ ]
NONCURRENT LIABILITIES:		
Retirement benefits		[ ]
Other		[ ]
		[ ]
	$	[ ]

Note, Information contained in the brackets is considered confidential commercial material and is withheld.

FIRSTENERGY NUCLEAR OPERATING COMPANY
STATEMENT OF CASH FLOWS
(Unaudited)

(in millions)	For the Year Ended December 31, 2015
CASH FLOWS FROM OPERATING ACTIVITIES:	
Net Income	$ [ ]
Adjustments to reconcile net income to net cash from operating activities-	
Provision for depreciation	[ ]
Deferred income taxes and investment tax credits, net	[ ]
Retirement benefits	[ ]
Change in current assets and liabilities-	
Receivables	[ ]
Accounts payable	[ ]
Accrued taxes	[ ]
Other	[ ]
Net cash used for operating activities	[ ]
CASH FLOWS FROM FINANCING ACTIVITIES:	
Net cash used for financing activities	[ ]
CASH FLOWS FROM INVESTING ACTIVITIES:	
Property additions	[ ]
Loans to affiliated companies, net	[ ]
Net cash provided from investing activities	[ ]
Net change in cash and cash equivalents	[ ]
Cash and cash equivalents at beginning of period	[ ]
Cash and cash equivalents at end of period	$ [ ]

Note, Information contained in the brackets is considered confidential commercial material and is withheld.

<u>CERTIFICATION</u>

I Jason Petrik, Assistant Controller of FirstEnergy Corp., hereby certify that FirstEnergy Nuclear Operating Company is not a Securities and Exchange Commission registrant. As such, the FirstEnergy Nuclear Operating Company financial statements are not required to have year-end audits. Though the FirstEnergy Nuclear Operating Company financials are not audited, they are a part of the year-end audit of FirstEnergy Corp. and FirstEnergy Solutions Corp.

4-19-16

Date

J. Petrik

Jason Petrik

Enclosure D
L-16-092

Non-Proprietary Foreign Ownership Control or Influence Information for FirstEnergy Nuclear Generation, LLC
(33 pages follow)

FOCI DATA SHEET

FOCI DATA SHEET

COMPANY NAME: FirstEnergy Nuclear Generation, LLC

Listed below are documents required to complete a FOCI Determination.

FOCI Determination Documents common to all Business Structures

OODEP LIST	X
RFI STATEMENT	N/A
Standard Form 328 (CPFI)	X
WEB PAGE ADDRESS (if applicable)	N/A

Additional documents required to be included for a PUBLICLY TRADED CORPORATION

ARTICLES OF INCORPORATION	____
SEC 10K REPORT	____
PROXY STATEMENT	____
SEC SCHEDULES 13D & 13G	____
CORPORATE BY-LAWS	____
IRS FORM 5471	____
ANNUAL REPORT WITH FINANCIAL INFORMATION	____

Additional documents required to be included for a PRIVATELY OWNED CORPORATION

ARTICLES OF INCORPORATION	____
CORPORATE BY-LAWS	____
IRS FORM 5471 (IF APPLICABLE)	____
ANNUAL REPORT WITH FINANCIAL INFORMATION (OR)	____
AUDITED FINANCIAL INFORMATION IN LIEU OF ANNUAL REPORT	____
(IF UNAUDITED, SUBMIT A CERTIFICATION ATTESTING TO THE UNAVAILABILITY OF AUDIT INFORMATION)	____

Additional documents required for a PARTNERSHIP

PARTNERSHIP AGREEMENT	____
SEC 10K REPORT	____
PROXY STATEMENT	____
SEC SCHEDULES 13D &13G	____
IRS FORMS 5471 AND 1065	____
LATEST ANNUAL REPORT WITH FINANCIAL INFORMATION (OR)	____
AUDITED FINANCIAL INFORMATION IN LIEU OF ANNUAL REPORT	____
(IF UNAUDITED, SUBMIT A CERTIFICATION ATTESTING TO THE UNAVAILABILITY OF AUDIT INFORMATION)	____
MOST CURRENT BOARD MEETING MINUTES IDENTIFYING EXECUTIVE APPOINTMENTS/CHANGES	____

CSCS ______________ NSP ______________

Additional documents required for a PROPRIETORSHIP

TAX ID NO./STATE REGISTRATION CERTIFICATE	____
IRS FORM 1040	____
ANNUAL REPORT OR AUDITED FINANCIAL INFORMATION FOR MOST RECENT FISCAL YEAR (IF AUDITED REPORT IS NOT AVAILABLE CFO/TREASURER MUST SIGN AND DATE THE FINANCIAL STATEMENT CERTIFYING THAT IT IS CURRENT AND CORRECT)	____
IF COMMUNITY PROPERTY STATE (AZ, CA, ID, LA, NV, NM, TX, WA, WI) SPOUSAL INFORMATION IS ALSO REQUESTED. IF SUBJECT IS SINGLE, PLEASE SO STATE.	____

Additional documents required for a LIMITED LIABILITY CORPORATION

CERTIFICATE OF ORGANIZATION	X
OPERATING AGREEMENT	X
AUDITED FINANCIAL INFORMATION FOR MOST RECENT FISCAL YEAR (IF UNAUDITED THE CFO/TREASURER MUST SIGN AND DATE THE FINANCIAL STATEMENT CERTIFYING THAT IT IS CURRENT AND CORRECT)	X

Additional documents required for a COLLEGE/UNIVERSITY

UNIVERSITY CHARTER	____
LATEST ANNUAL REPORT	____
MOST CURRENT BOARD MEETING MINUTES IDENTIFYING EXECUTIVE APPOINTMENTS/CHANGES	____

NON-PROPRIETARY OWNERS, OFFICERS, DIRECTORS, AND EXECUTIVE PERSONNEL (OODEP)

~~OFFICIAL USE ONLY - SECURITY-RELATED INFORMATION~~

NRC FORM 405F
(MM-YYYY)
10 CFR Part 95

List ALL Owners, Officers, Directors, and Executive Personnel (OODEP's)

APPROVED BY OMB: 3150-XXXX **U. S. NUCLEAR REGULATORY COMMISSION**

Estimated burden per response to comply with this collection request: 10 minutes. This collection is a voluntary means of complying with the requirements in 10 CFR 95.17. This notification is being made available to report changes to owners, officers, directors or executive personnel entities holding existing Facility Clearances under 10 CFR 95 or MD 12.2. Send comments regarding burden estimate to the FOIA, Privacy, and Information Collections Branch (T-5 F53), U. S. Nuclear Regulatory Commission, Washington, DC 20555-0001, or by e-mail to Infocollects.Resource@nrc.gov, and to the Desk Officer, Office of Information and Regulatory Affairs, NEOB-10202, (3150-xxxx), Office of Management and Budget, Washington, DC 20503. If a means used to impose an information collection does not display a currently valid OMB control number, the NRC may not conduct or sponsor, and a person is not required to respond to, the information collection.

Company's Current Legal Name, Address, and Phone Number of Company's Principal Executive Offices:	Other names used (e.g., doing business as):		
FirstEnergy Nuclear Generation, LLC 76 South Main Street Akron, OH 44308 1-800-736-3402	N/A	**Date Submitted:**	4/22/2016
		Tax Identification No.	01-0846394
		Date Company was Incorporated:	4/15/2005
		State of Incorporation:	Ohio

(Must provide any name or address change of the Company's principal executive office and date(s) of change during the past 10 years on the Attachment page).

Organization Status:	Stock Ownership:
☐ Corporation ☐ Sole Proprietorship ☐ Partnership	☐ Privately-Owned ☑ Subsidiary of:
☐ Other ☐ General ☑ Limited	☐ Publicly-Traded FirstEnergy Solutions Corp.

NAME (First Name, Initial, Last Name)	POSITION TITLES	IF OWNER, % OF OWNERSHIP	SSN	CLEARANCE HELD AND/OR BEING OBTAINED AND ISSUING AGENCY	CITIZENSHIP
See attached.	---	---	---	---	---
None assigned.	Facility Security Officer	N/A	N/A	N/A	N/A

[1]The above information, i.e., name, titles, etc., must be provided for the following: (a) the proprietor of a sole proprietorship; (b) all individuals managing the business affairs of a corporation. In most cases, these individuals are identified in the Articles of Incorporation or By-Laws and include the Board of Directors, President, Secretary, and Treasurer; (c) the General Partner(s) of a Limited Partnership; and (d) all partners of a General Partnership. [2] In addition, privately-held entities must provide the above information, i.e., name, titles, etc., for all owners, and also provide the percentage of issued stock/shares held by each owner.

List certified correct by: (Typed or Printed Name and Title)	SIGNATURE	DATE
Daniel M. Dunlap Assistant Corporate Secretary	Daniel M Dunlap	4/13/16

444

NRC FORM 405F
(MM-YYYY)
10 CFR Part 95

List ALL Owners, Officers, Directors, and Executive Personnel (OODEP's)

U. S. NUCLEAR REGULATORY COMMISSION

INSTRUCTIONS:

Provide requested OODEP information in accordance with the following instructions. In addition, the OODEP listing must be certified as being accurate, current, and complete by an authorized official of the organization [i.e., a person authorized to represent and sign for the organization as officially recorded by the organization (that is, in the document which sets forth the terms and conditions for its operation and management--the bylaws, operating agreement, partnership agreement, etc.)] or any other employee, identified by name, of the organization, if designated in writing by such an authorized official as having been delegated authority to execute the FOCI repre. & certt. On behalf of the organization:

Owners. The requested information on owners and representatives or agents of stockholders is to be attached to the organization's OODEP listing:

1. For privately-owned organizations:

   a. Provide the following information for each person (i.e., human being) who directly or indirectly owns or has beneficial ownership of 5 percent or more of any class of the organization's securities or who has directly or indirectly subscribed 5 percent or more of the organization's total capital commitment:

      (1) If the beneficial owner holds a position as an OODEP in the organization and is identified on the OODEP listing, provide the individual's name with the class and number of shares of capital stock he/she owns of the organization's securities or the capital commitment he/she has subscribed.

      (2) If the beneficial owner does not hold a position as an OODEP in the organization and is not identified on the OODEP listing, provide the individual's name, address, and the class and number of shares of capital stock he/she owns of the organization's securities or the capital commitment he/she has subscribed. If known, information on the individual's citizenship should also be provided.

   b. Provide the following information for each legal entity which directly or indirectly owns or has beneficial ownership of 5 percent or more of any class of the organization's securities or which has directly or indirectly subscribed 5 percent or more of the organization's total capital commitment:

      The legal name (i.e., as specified in charter) with the address of its principal executive offices and the class and number of shares of capital stock the entity owns of the organization's securities or the capital commitment the entity has subscribed. In addition, if the entity is controlled by another organization, the country of ultimate legal residence must be provided.

   c. Provide the name of any representative(s) or agent(s) of any owner (person or entity), if any, who hold positions, such as Board member (or similar type of governing body), officers, executive personnel, or general partners in your organization. Also identify the owner which the individual is representing.

2. For publicly-traded organizations:

   a. Provide the most recent copies of any Schedules 13D and/or 13G received from any beneficial owners (foreign or domestic) who hold 5 percent or more of the organization's securities.

   b. Provide the name of any representative(s) or agent(s) of any stockholder (person or entity), if any, who hold positions, such as Board member (or similar type of governing body), officers, executive personnel, or general partners in your organization. Also identity the stockholder which the individual is representing.

Officers: Identify and provide requested information (i.e., names, titles, etc.) for all of the organization's officers on the OODEP listing.

The definition of officers is: Those persons in positions established as officers as officially recorded by the organization (that is, in the document filed for the organization's existence and the document which sets forth the terms and conditions for its operation and management--the articles of incorporation and bylaws; articles of organization and operating agreement; certificate of limited or general partnership and the partnership agreement; etc.). However, excluded from this definition are: (a) assistant vice presidents who have no management responsibilities related to performance on classified contracts; (ii) assistant secretaries; and (iii) assistant treasurers.

Directors: Identify and provide requested information (i.e., names, titles, etc.) for all of the organization's directors on the OODEP listing, to include identification of the Chairman of the Board and any Vice Chairman. If the organization has no Chairman of the Board of Directors, identify the individual who performs those functions at board meetings.

The definition of directors is: Members of the board or similar governing body chosen to direct the affairs of a corporation or institution.

Executive Personnel: Identify and provide requested information (i.e., names, titles, etc.) for all of the organization's executive personnel on the OODEP listing.

The definition of executive personnel is: Those individuals who perform policy making functions for the organization, or any other person in charge of a principal business unit, division, or function.

Facility Security Officer: Identify and provide requested information (i.e., name, title, etc.) for the organization's Facility Security Officer.

The definition of a Facility Security Officer is: The individual at the facility assigned the responsibility of administering the requirements of the Safeguards and Security Program within the facility.

Spouse of a sole proprietor: For those sole proprietorships operating in community property states, identify and provide requested information (i.e., all information required on the OODEP listing) on a sole proprietor's spouse, if any. If there is no spouse, so state.

Vacant positions: If any OODEP position is vacant, so state and include estimated date vacancy will be filled.

Mail Completed NRC Form 405F to the following address:

USNRC
Office of Nuclear Security and Incident Response
Mail Stop: O2 D15
11555 Rockville Pike
Rockville, MD 20852-2738

List ALL Owners, Officers, Directors, and Executive personnel (OODEPs)[1, 2] Page 1 of 2

Company's Current Legal Name, Address, and Phone Number
Of company's Principal Executive Offices:
FirstEnergy Nuclear Generation, LLC

76 South Main Street

Akron, OH 44308

1-800-736-3402
(Must provide any name or address change of the Company's Principal executive office and date(s) of change during past 10 years on the Attachment page.)

Other names used (e.g., doing business as):
N/A

Tax Identification No. 01-0846394

Date Company was Incorporated: 4/15/2005

State of Incorporation: Ohio

Organization Status:

☐ Corporation	☐ Sole Proprietorship	Partnership: ☐ General ☐ Limited	☒ Other: Limited Liability Company

Stock Ownership:

☒ Privately-Owned	☐ Publicly-traded	☒ Subsidiary of: FirstEnergy Solutions Corp.

NAME First Name, Initial, Last Name	POSITION TITLES	IF OWNER, % OF OWNERSHIP	SSN	CLEARANCE HELD AND/OR BEING OBTAINED AND ISSUING AGENCY	CITIZENSHIP
Charles E. Jones	Director	N/A	[ ][3]	[ ]	[ ]
James H. Lash	Director	N/A	[ ]	[ ]	[ ]
Samuel L. Belcher	Director, President and Chief Nuclear Officer	N/A	[ ]	[ ]	[ ]
Paul A. Harden	Senior Vice President, and Chief Operating Officer	N/A	[ ]	[ ]	[ ]
Raymond A. Lieb	Senior Vice President, Fleet Engineering	N/A	[ ]	[ ]	[ ]
Rhonda S. Ferguson	Vice President and Corporate Secretary	N/A	[ ]	[ ]	[ ]
George J. Farah	Vice President, Generation Projects	N/A	[ ]	[ ]	[ ]
Robert P. Reffner	Vice President and General Counsel	N/A	[ ]	[ ]	[ ]
Leila L. Vespoli	Executive Vice President, Markets and Chief Legal Officer	N/A	[ ]	[ ]	[ ]

Mark B. Bezilla	Vice President, Fleet Oversight	N/A	[ ]	[ ]	[ ]
James F. Pearson	Senior Vice President and Chief Financial Officer	N/A	[ ]	[ ]	[ ]
James G. Garanich	Vice President, Tax	N/A	[ ]	[ ]	[ ]
K. Jon Taylor	Vice President and Controller	N/A	[ ]	[ ]	[ ]
Steven R. Staub	Vice President and Treasurer	N/A	[ ]	[ ]	[ ]
N/A	Facility Security Officer	N/A	N/A	N/A	N/A

1. The above information, i.e., name, titles, etc., must be provided for the following: (a) the proprietor of a sole proprietorship; (b) all individuals managing the business affairs of a corporation. In most cases, these individuals are identified in the Articles of Incorporation or By-Laws and include the Board of Directors, President, Secretary, and Treasurer; (c) the General Partner(s) of a Limited Partnership; and (d) all partners of a General partnership.

2. In addition, privately-held entities must provide the above information, i.e., name, titles, etc., for all owners, and also provide the percentage of issued stock/shares held by each owner.

3. Information contained within the brackets [ ] is considered security-related or personal privacy information.

STANDARD FORM 328

CERTIFICATE PERTAINING TO FOREIGN INTERESTS

(Type or print all answers)

OMB No. 0704-0194
OMB approval expires May 31, 2011

PLEASE DO NOT RETURN YOUR FORM TO THE ORGANIZATION IN THE PARAGRAPH BELOW, RETURN COMPLETED FORM TO YOUR RESPECTIVE COGNIZANT SECURITY OFFICE.

PENALTY NOTICE

Failure to answer all questions or any misrepresentation (by omission or concealment, or by misleading, false or partial answers) may serve as a basis for denial of clearance for access to classified information. In addition, Title 18, United States Code 1001, makes it a criminal offense, punishable by a maximum of five (5) years imprisonment, $15,000 fine or both, knowingly to make a false statement or representation to any Department or Agency of the United States, as to any matter within the jurisdiction of any Department or Agency of the United States. This includes any statement made herein which is knowingly incorrect, incomplete or misleading in any important particular.

PROVISIONS

1. This report is authorized by the Secretary of Defense, as Executive Agent for the National Industrial Security Program, pursuant to Executive Order 12829. While you are not required to respond, your eligibility for a facility security clearance cannot be determined if you do not complete this form. The retention of a facility security clearance is contingent upon your compliance with the requirements of DoD 5220.22-M for submission of a revised form as appropriate.

2. When this report is submitted in confidence and is so marked, applicable exemptions to the Freedom of Information Act will be invoked to withhold it from public disclosure.

3. Complete all questions on this form. Mark "Yes" or "No" for each question. If your answer is "Yes" furnish in full the complete information under "Remarks."

QUESTIONS AND ANSWERS

Question	YES	NO
1. *(Answer 1a. or 1b.)*		
a. *(For entities which issue stock):* Do any foreign person(s), directly or indirectly, own or have beneficial ownership of 5 percent or more of the outstanding shares of any class of your organization's equity securities?		X
b. *(For entities which do not issue stock):* Has any foreign person directly or indirectly subscribed 5 percent or more of your organization's total capital commitment?		
2. Does your organization directly, or indirectly through your subsidiaries and/or affiliates, own 10 percent or more of any foreign interest?		X
3. Do any non-U.S. citizens serve as members of your organization's board of directors (or similar governing body), officers, executive personnel, general partners, regents, trustees or senior management officials?		X
4. Does any foreign person(s) have the power, direct or indirect, to control the election, appointment, or tenure of members of your organization's board of directors (or similar governing body) or other management positions of your organization, or have the power to control or cause the direction of other decisions or activities of your organization?		X
5. Does your organization have any contracts, agreements, understandings, or arrangements with a foreign person(s)?	X	
6. Does your organization, whether as borrower, surety, guarantor or otherwise have any indebtedness, liabilities or obligations to a foreign person(s)?	X	
7. During your last fiscal year, did your organization derive:		
a. 5 percent or more of its total revenues or net income from any single foreign person?		X
b. In the aggregate 30 percent or more if its revenues or net income from foreign persons?		X
8. Is 10 percent or more of any class of your organization's voting securities held in "nominee" shares, in "street names" or in some other method which does not identify the beneficial owner?		X
9. Do any of the members of your organization's board of directors (or similar governing body), officers, executive personnel, general partners, regents, trustees or senior management officials hold any positions with or serve as consultants for, any foreign person(s)?		X
10. Is there any other factor(s) that indicates or demonstrates a capability on the part of foreign persons to control or influence the operations or management of your organization?		X

REMARKS *(Attach additional sheets, if necessary, for a full detailed statement.)*

FirstEnergy Nuclear Generation, LLC

FirstEnergy Nuclear Generation, LLC is wholly owned by FirstEnergy Solutions Corp.

Refer to the FirstEnergy Corp. Standard Form 328 for information regarding the responses to Items 5 and 6.

CERTIFICATION

I CERTIFY that the entries made by me above are true, complete, and correct to the best of my knowledge and belief and are made in good faith.

~~4/12/16~~ 4/13/16 4/13/16

(Date Certified)

WITNESSES:

N/A

(Signature of Authorized ~~Contractor~~ Representative)

N/A

Daniel M. Dunlap

(Typed Name ~~of Contractor~~)

Assistant Corporate Secretary

(Title of Authorized ~~Contractor~~ Representative)

NOTE: In case of a corporation, a witness is not required but the certificate below must be completed. Type or print names under all signatures.

76 Sout Main Street, Akron, Ohio 44308

(Address)

NOTE: Contractor, if a corporation, should cause the following certificate to be executed under its corporate seal, provided that the same officer shall not execute both the Agreement and the Certificate.

CERTIFICATE

I, Rhonda S. Ferguson, certify that I am the Corporate Secretary

of the corporation named ~~as Contractor herein~~; that Daniel M. Dunlap

who signed this certificate ~~on behalf of the Contractor~~, was then Assistant Corporate Secretary of said corporation; that said certificate was duly signed for and in behalf of said corporation by authority of its governing body, and is within the scope of its corporate powers.

(Corporate Seal)

(Signature and Date)

CERTIFICATE OF ORGANIZATION

Annex A

JON HUSTED
OHIO SECRETARY OF STATE

180 East Broad Street, 16th Floor • Columbus, Ohio 43215
Toll Free: (877) SOS-FILE (767-3453) Local: (614) 728-9200 Fax: (614) 995-5749
www.OhioSecretaryofState.gov • busserv@OhioSecretaryofState.gov

Please return the approval certificate to:

Name: FirstEnergy Nuclear Generation, LLC
(Individual or Business Name)

To the attention of: James A. Arcuri, Esq.
(If necessary)

Address: 76 South Main Street

City: Akron

State: Ohio ZIP Code: 44308

Phone Number: 330-376-6123 E-mail Address: jarcuri@firstenergycorp.com

☐ Check here if you would like to receive important notices via e-mail from the Ohio Secretary of State's office regarding Business Services.

☐ Check here if you would like to be signed up for our Filing Notification System for the business entity being created or updated by filing this form. This is a free service provided to notify you via e-mail when any document is filed on your business record.

Type of Service Being Requested: (PLEASE CHECK **ONE** BOX BELOW)

○ **Regular Service:** Only the filing fee listed on page one of the form is required and the filing will be processed in approximately 3-7 business days. The processing time may vary based on the volume of filings received by our office.

○ **Expedite Service 1:** By including an Expedite fee of $100.00, **in addition** to the regular filing fee on page one of the form, the filing will be processed within 2 business days after it is received by our office.

○ **Expedite Service 2:** By including an Expedite fee of $200.00, **in addition** to the regular filing fee on page one of the form, the filing will be processed within 1 business day after it is received by our office.**This service is only available to walk-in customers who hand deliver the document to the Client Service Center.**

○ **Expedite Service 3:** By including an Expedite fee of $300.00, **in addition** to the regular filing fee on page one of the form, the filing will be processed within 4 hours after it is received by our office, if received by 1:00 p.m. **This service is only available to walk-in customers who hand deliver the document to the Client Service Center.**

○ **Preclearance Filing:** For the purpose of advising as to the acceptability of the proposed filing, a form that is to be submitted at a later date for processing may be submitted for examination for a fee of $50.00. The Preclearance will be complete within 1-2 business days.

Annex A

Form 533A Prescribed by:
Ohio Secretary of State
JON HUSTED
Ohio Secretary of State

Central Ohio: (614) 466-3910
Toll Free: (877) SOS-FILE (767-3453)
www.OhioSecretaryofState.gov
Busserv@OhioSecretaryofState.gov

Mail this form to one of the following:

Regular Filing (non expedite)
P.O. Box 670
Columbus, OH 43216

Expedite Filing **(Two-business day processing time requires an additional $100.00).**
P.O. Box 1390
Columbus, OH 43216

Articles of Organization for a Domestic Limited Liability Company

Filing Fee: $125

CHECK ONLY ONE (1) BOX

(1) ☒ Articles of Organization for Domestic For-Profit Limited Liability Company
(115-LCA)

(2) ☐ Articles of Organization for Domestic Nonprofit Limited Liability Company
(115-LCA)

Name of Limited Liability Company: FirstEnergy Nuclear Generation, LLC

Name must include one of the following words or abbreviations: "limited liability company," "limited," "LLC," "L.L.C.," "ltd., "or "ltd"

Effective Date (Optional): [9/30] /2012
mm/dd/yyyy
(The legal existence of the limited liability company begins upon the filing of the articles or on a later date specified that is not more than ninety days after filing)

This limited liability company shall exist for (Optional): Perpetuity
Period of Existence

Purpose (Optional): To carry on any lawful act or activity for which limited liability companies may be formed under Chapter 1705 of the Ohio Revised Code.

****Note for Nonprofit LLCs**
The Secretary of State does not grant tax exempt status. Filing with our office is not sufficient to obtain state or federal tax exemptions. Contact the Ohio Department of Taxation and the Internal Revenue Service to ensure that the nonprofit limited liability company secures the proper state and federal tax exemptions. These agencies may require that a purpose clause be provided.

ORIGINAL APPOINTMENT OF AGENT

The undersigned authorized member(s), manager(s) or representative(s) of

FirstEnergy Nuclear Generation, LLC

Name of Limited Liability Company

hereby appoint the following to be Statutory Agent upon whom any process, notice or demand required or permitted by statute to be served upon the limited liability company may be served. The name and address of the agent is

CT Corporation System

Name of Agent

1300 East Ninth Street

Mailing Address

City	State	ZIP Code
Cleveland	Ohio	44114

ACCEPTANCE OF APPOINTMENT

The undersigned, named herein as the statutory agent for

FirstEnergy Nuclear Generation, LLC

Name of Limited Liability Company

hereby acknowledges and accepts the appointment of agent for said limited liability company

CT Corporation System: ______________________________, Agent

Individual Agent's Signature / Signature on Behalf of Corporate Agent

☐ **If the agent is an individual and using a P.O. Box, check this box to confirm that the agent is an Ohio resident.**

Annex A

By signing and submitting this form to the Ohio Secretary of State, the undersigned hereby certifies that he or she has the requisite authority to execute this document.

Required
Articles and original appointment of agent must be signed by a member, manager or other representative.

If authorized representative is an individual, then they must sign in the "signature" box and print their name in the "Print Name" box.

If authorized representative is a business entity, not an individual, then please print the business name in the "signature" box, an authorized representative of the business entity must sign in the "By" box and print their name in the "Print Name" box.

FirstEnergy Solutions Corp.
Signature

By: ______________________________
By (if applicable)

[Officer of Sole Member]
Print Name

Signature

By (if applicable)

Print Name

Signature

By (if applicable)

Print Name

Instructions for Articles of Organization for a Domestic Limited Liability Company

This form should be used if you wish to file articles of organization for a for-profit or nonprofit limited liability company.

If you wish to organize a for-profit limited liability company, please select box 1. If you wish to organize a nonprofit limited liability company, please select box 2. Please complete the entire form (as required) whether you have selected box 1 or box 2.

Name of Limited Liability Company
The name of the limited liability company must be provided. Pursuant to Ohio Revised Code §1705.05, the name must include one of the following: "limited liability company," "limited," "LLC," "L.L.C.," "ltd." or "ltd".

Effective Date
An effective date may be provided but is not required. Pursuant to Ohio Revised Code §1705.04(A), the legal existence of a limited liability company begins upon filing the articles of organization with our office or on a later date specified in the articles. The effective date cannot (1) precede the date of filing with our office or (2) be more than ninety (90) days after the date of filing. If an effective date is given that precedes the date of filing, the effective date of the limited liability company will be the date of filing. If an effective date is given that exceeds the date of filing by more than ninety (90) days, our office will return the filing to you and request that a proper effective date be provided.

Period of Existence
A period of existence may be provided but is not required. Pursuant to Ohio Revised Code §1705.04(B), if a period of existence is not provided the limited liability company's period of existence is perpetual.

Purpose Clause
A purpose clause may be provided but is not required. As stated in Ohio Revised Code §1705.02, a limited liability company may generally "be formed for any purpose or purposes for which individuals lawfully may associate themselves."

Additional Provisions
If the information you wish to provide for the record does not fit on the form, please attach additional provisions on a single-sided, 8 ½ x 11 sheet(s) of paper.

Original Appointment of Statutory Agent and Acceptance of Appointment
Pursuant to Ohio Revised Code §1705.06, an Ohio limited liability company must appoint and maintain a statutory agent to accept service of process on behalf of the company. We cannot accept articles of organization unless the statutory agent information is provided. The statutory agent must be one of the following: (1) an Ohio resident; (2) an Ohio corporation; or (3) a foreign corporation that is licensed to do business in Ohio. An individual agent may provide a P.O. Box as the agent address, but the agent must certify (by checking the appropriate box) the individual is an Ohio resident. The statutory agent must sign the Acceptance of Appointment at the bottom of page 2.

Signature(s)
After completing all information on the filing form, please make sure that page 3 is signed by at least one member, manager or other authorized representative of the limited liability company.

****Note: Our office cannot file or record a document which contains a social security number or tax identification number. Please do not enter a social security number or tax identification number, in any format, on this form.**

OPERATING AGREEMENT

OPERATING AGREEMENT

OF

FIRSTENERGY NUCLEAR GENERATION, LLC

TABLE OF CONTENTS

OPERATING AGREEMENT

OF

FIRSTENERGY NUCLEAR GENERATION, LLC

This is the Operating Agreement of FirstEnergy Nuclear Generation, LLC, an Ohio limited liability company (the "***Company***"), effective as of December 5, 2012 (the date of the formation of the Company), made by FirstEnergy Solutions Corp., an Ohio corporation and the sole member of the Company (the "***Member***"). Unless the context otherwise requires, terms that are capitalized and not otherwise defined in context have the meanings set forth or cross-referenced in Article 2.

Article 1. Organization

1.1 Formation of the Company; Term. The Company is a limited liability company under the Law and is governed by this Agreement. The Company is an entity separate from the Member, created by the execution and filing of the Articles of Organization of the Company with the Secretary of State of the State of Ohio. Unless sooner dissolved and liquidated by action of the Member, the Company is to continue in perpetuity.

1.2 Name. The name of the Company is: "FirstEnergy Nuclear Generation, LLC."

1.3 Purpose of the Company; Business. The purpose of the Company is to carry on any lawful act or activity for which limited liability companies may be formed under the Law.

1.4 Principal Place of Business, Office and Agent. The principal place of business and mailing address of the Company is 76 South Main Street, Akron, Ohio 44308. The Company may also have offices at such other locations as the business of the company may require. The address where the records required by the Law are kept is 76 South Main Street, Akron, Ohio 44308, or such other location as the Member may select from time to time. The registered office of the Company in Ohio is at the office of the registered agent of the Company in Ohio: CT Corporation System, 1300 East 9th Street, Cleveland, Ohio 44114. From time to time, the Member may change the statutory agent or the principal place of business of the Company without reflecting the change in this Agreement.

Article 2. Definitions

"***Affiliate***" of any Person means any other Person that, directly or indirectly, controls, is controlled by or is under common control with such Person.

"***Agreement***" means this Operating Agreement, as amended from time to time.

"***Fiscal Year***" means the fiscal year of the Company, which shall end December 31 or such other date as the Board shall determine from time to time.

"*Law*" means the Ohio Limited Liability Company Law (Ohio Rev. Code chapter 1705), as amended from time to time. Any reference to the Law automatically includes a reference to any subsequent or successor limited liability company law in the State of Ohio.

"*Person*" or "*person*" means any natural person and any corporation, firm, partnership, trust, estate, limited liability company or other entity resulting from any form of association.

Article 3. Capitalization; Economics

3.1 Capital. The Member may, but shall have no obligation to, make additional capital contributions to the Company. The Company is to finance its operations independently of the Member and without the Member's financial support.

3.2 Capital Accounts; Allocations. All items of income, gain, loss and deduction will be allocated to the Member. The Member or its designee will keep a record of the Member's contributions to the Company, the Company's income, gains, losses and deductions, and its distributions to the Member.

Article 4. Management

4.1 Board of Managers. (a) The Company shall be managed by a Board of Managers (the "*Board*") initially composed of three managers. The initial managers appointed by the Member are Anthony J. Alexander, James H. Lash and Peter P. Sena. From time to time, the Member may elect additional managers to serve on the Board.

(b) Each manager is to serve until the earlier of his or her death, resignation or removal. The Member may remove or replace a manager at any time. Any manager may resign at any time by delivering his or her written resignation to the Member.

4.2 Authority of the Board. (a) Except as specifically reserved to the Member in this Agreement or as provided by applicable law, the Board has all power and authority to manage, and to direct the management of, the business and affairs of the Company in the ordinary course of its business consistent with the Law. Approval by or action taken by the Board in accordance with this Agreement is the approval or action of the Company and is binding on each manager and the Company.

(b) The Board may delegate to the officers, other employees and agents of the Company the authority to conduct the business of the Company in the ordinary course, in accordance with this Agreement and any policy of delegation which may be adopted and revised from time to time by the Board. Any power not delegated by the Board remains with the Board.

4.3 Notice of Board Meetings. Regular meetings of the Board may be held at such times and places as may be fixed by the Board. Special meetings of the Board may be called by the President, by the Secretary, or by any two managers. Notice of the time and place of a special or regular meeting of the Board is effective if delivered to each member of the Board by hand, mail, telecopy, telephone or electronic mail and received not less than one day prior to

the time of such special meeting. Notices of special meetings of the Board are to identify the time, place, and purpose of the special meeting or the business to be transacted at the special meeting. The failure to specifically identify an action to be taken or business to be transacted does not invalidate any action taken or any business transacted at a special meeting.

4.4 Location of Board Meetings. Board meetings may be held at any location in the world. Members of the Board may participate in a meeting of the Board by means of conference telephone or similar communications equipment by means of which all persons participating in the meeting can hear each other, and such participation in a meeting is presence in person at the meeting.

4.5 Waiver of Notice of Meeting. Whenever notice of a Board meeting is required to be given, a written waiver of notice, signed by the manager entitled to notice, whether before or after the time of the meeting, is equivalent to notice. Neither the business to be transacted at, nor the purpose of, any Board meeting need to be specified in any written waiver of notice thereof. A manager's attendance at a meeting is a waiver of notice of that meeting, except when the manager attends a meeting for the express purpose of objecting, at the beginning of the meeting, to the transaction of any business because the meeting is not lawfully called or convened.

4.6 Required Vote. The vote of at least a majority of the managers on the Board is approval by, or the authorization of, the Board. No manager on the Board is disqualified from acting on any matter because the manager is interested in the matter to be acted upon by the Board.

4.7 Voting; Proxies. Each manager on the Board has one vote. A manager has no power to authorize another person to vote on behalf of the manager, whether by proxy or other power of attorney.

4.8 Written Actions of the Board. Any action required or permitted to be taken at any meeting of the Board may be taken without a meeting if a majority of the managers on the Board consents thereto in writing, and the writing or writings are filed by the Company Secretary with the minutes of proceedings of the Board.

4.9 Officers of the Company. (a) The Board may, but shall not be required to, appoint one or more individuals to serve as officers of the Company, assign powers and duties to such officers and set the compensation of such officers.

(b) Each officer shall serve until the earlier of his or her death, resignation or removal. The Board may remove or replace any officer at any time, with or without cause, by a vote of at least a majority of the members of the Board then in office. Any officer may resign at any time by delivering his or her written resignation to the Board.

(c) Unless otherwise specified elsewhere in this Agreement or by the Board from time to time, the officers of the Company will have such authority and perform such duties as are customarily incident to their offices.

(d) The Board shall authorize those individuals who will be responsible for signing documents necessary for the operation of the business; signing bids, contracts and other similar documents in connection with the sale or proposed sale of company products or services; and signing authority for all checks drawn on the bank accounts and other accounts of the Company.

Article 5. Powers and Duties of and Limitations on the Member

5.1 Rights of the Member. The Member is entitled to have such rights and powers as are provided in this Agreement or by mandatory requirements of applicable law.

5.2 Limitations on the Rights of the Member. Subject to any mandatory requirements of applicable law, the Member (in its capacity as a Member) has no right to take any part whatsoever in the management and control of the ordinary business of the Company, sign for or bind the Company, compel a sale or appraisal of Company assets or sell or assign its interest in the Company except as provided in this Agreement.

5.3 Limited Liability of the Member. The Member (solely in its capacity as a Member) has no obligation to contribute to the Company or any liability for any Company obligations. Any liability to return distributions made by the Company is limited to mandatory requirements of the Law or of any other applicable law.

Article 6. Exculpation and Indemnification

6.1 Exculpation. No manager of the Company (or any predecessor of the Company) shall be personally liable to the Company or the Member for monetary damages for any breach of fiduciary duty by such a manager as a manager to the full extent authorized or permitted by law (as now or hereafter in effect). Notwithstanding the foregoing sentence, a manager shall be liable to the extent provided by applicable law (i) for any breach of the manager's duty of loyalty to the Company or its Member, (ii) for acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of law or (iii) for any transaction from which the manager derived an improper personal benefit. No amendment to or repeal of this Section 6.1 shall apply to or have any effect on the liability or alleged liability of any manager of the Company for or with respect to any acts or omissions of such manager occurring prior to such amendment or repeal.

6.2 Indemnification. (a) The Company shall indemnify to the fullest extent authorized or permitted by law (as now or hereafter in effect) any person made, or threatened to be made a party to or otherwise involved in any action or proceeding (whether civil or criminal or otherwise) by reason of the fact that he, his testator or intestate, is or was a manager or officer of the Company (or any predecessor of the Company) or by reason of the fact that such manager or officer, at the request of the Company, is or was serving any other corporation, partnership, joint venture, trust, employee benefit plan or other enterprise, in any capacity, against expenses reasonably incurred by him or her in connection with the defense or settlement of such action if he or she acted in good faith and in a manner reasonably believed to be in or not opposed to the best interests of the Company, except in relation to matters as to which he or she is adjudged in such action or proceeding to be liable for negligence or misconduct in the performance of duty to

the company. Nothing contained herein shall affect any rights to indemnification to which employees other than managers and officers may be entitled by law. No amendment or repeal of this Section 6.2 shall apply to or have any effect on any right to indemnification provided hereunder with respect to any acts or omissions occurring prior to such amendment or repeal.

(b) Expenses incurred in defending any action or proceeding, civil or criminal, may be paid by the Company in advance of the final disposition of such action or proceeding notwithstanding any provisions of this Article to the contrary. But the manager, officer, employee, or agent so defended shall repay such expenses to the Company if it is judicially determined that such manager, officer, employee, or agent is not entitled to indemnification as provided in this Article.

(c) The Company may purchase and maintain insurance on behalf of any person who is or was a manager, officer, employee or agent of the Company (or any predecessor of the Company) or was serving at the request of the Company as a manager, officer, employee or agent of another corporation, partnership, joint venture, trust, employee benefit plan or other enterprise against any liability asserted against him or her and incurred by him or her in any such capacity, or arising out of his status as such, whether or not the Company would have the power to indemnify him or her against such liability under the provisions of the law. The Company may create a trust fund, grant a security interest and use any other means (including, without limitation, letters of credit, surety bonds and other similar arrangements), as well as enter into contracts providing for indemnification to the fullest extent authorized or permitted by law and including as part thereof any or all of the foregoing, to ensure the payment of such sums as may become necessary to effect full indemnification.

(d) The rights to indemnification conferred in this Section 6.2 shall not be exclusive of any other right which any person may have or hereafter acquire under any statute, this Agreement or any agreement, any vote of members or managers or otherwise.

Article 7. General

7.1 Dissolution. The Company shall be dissolved only by action of the Member approving such dissolution or as otherwise required by applicable law.

7.2 Winding Up and Liquidation. If the Company is required to wind up its affairs and liquidate its assets, it will first pay or make provision to pay all of its obligations as required by law and any assets remaining will be distributed to the Member.

7.3 Entire Agreement; Amendment. This Agreement is the entire declaration of the Member with respect to the subject matter hereof and will only be amended by a writing duly signed by the Member that refers to this Agreement.

7.4 Invalidity. In the event that any provision of this Agreement is invalid, the validity of the remaining provisions of the Agreement are not in any way to be affected thereby.

7.5 Governing Law. This agreement is governed by and is to be construed under the laws of the State of Ohio, without giving effect to its conflicts of laws rules.

7.6 Construction. The headings contained in this Agreement are for reference purposes only and do not affect the meaning or interpretation of this Agreement. All personal pronouns used in this Agreement, whether used in the masculine, feminine or neutral gender, include all other genders. Unless otherwise specifically stated, references to Sections or Articles refer to the Sections and Articles of this Agreement.

[Signature on the Following Page]

IN WITNESS WHEREOF, the undersigned has duly executed this Agreement as of the date first above written.

FIRSTENERGY SOLUTIONS CORP.

By: ______________________________

Name: **Rhonda S. Ferguson**
Its: **Vice President and Corporate Secretary**

UNAUDITED FINANCIAL INFORMATION

FIRSTENERGY NUCLEAR GENERATION, LLC
STATEMENT OF INCOME
(Unaudited)

(in millions)	For the Year Ended December 31, 2015
REVENUES	$ [ ]
EXPENSES	
Fuel	[ ]
Purchase power - affiliates	[ ]
Other operating expenses	[ ]
Pension and OPEB mark-to-market adjustment	[ ]
Provision for depreciation	[ ]
General taxes	[ ]
Total expenses	[ ]
OPERATING INCOME	[ ]
OTHER INCOME (EXPENSE)	
Investment loss	[ ]
Interest expense - affiliates	[ ]
Interest expense - other	[ ]
Capitalized financing costs	[ ]
Total other expense	[ ]
INCOME FROM CONTINUING OPERATIONS BEFORE INCOME TAXES	[ ]
INCOME TAXES	[ ]
NET INCOME	$ [ ]

Note, Information contained in the brackets is considered confidential commercial material and is withheld.

FIRSTENERGY NUCLEAR GENERATION, LLC
BALANCE SHEET
(Unaudited)

(in millions)		**As of December 31, 2015**
ASSETS		
CURRENT ASSETS:		
Receivables-		
Affiliated companies	$	[ ]
Other		[ ]
Notes receivable from affiliated companies		[ ]
Materials and supplies		[ ]
		[ ]
PROPERTY, PLANT AND EQUIPMENT:		
In service		[ ]
Less - Accumulated provision for depreciation		[ ]
		[ ]
Construction work in progress		[ ]
		[ ]
INVESTMENTS:		
Nuclear plant decommissioning trusts		[ ]
		[ ]
DEFERRED CHARGES AND OTHER ASSETS:		
Property taxes		[ ]
Other		[ ]
		[ ]
	$	[ ]
LIABILITIES AND CAPITALIZATION		
CURRENT LIABILITIES:		
Currently payable long-term debt	$	[ ]
Accounts payable - affiliated companies		[ ]
Accrued taxes		[ ]
Other		[ ]
		[ ]
CAPITALIZATION:		[ ]
NONCURRENT LIABILITIES:		
Accumulated deferred income taxes		[ ]
Asset retirement obligation		[ ]
Other		[ ]
		[ ]
	$	[ ]

Note, Information contained in the brackets is considered confidential commercial material and is withheld.

FIRSTENERGY NUCLEAR GENERATION, LLC
STATEMENT OF CASH FLOWS
(Unaudited)

(in millions)	**For the Year Ended December 31, 2015**
CASH FLOWS FROM OPERATING ACTIVITIES:	
Net Income	$ [ ]
Adjustments to reconcile net income to net cash from operating activities-	
Provision for depreciation	[ ]
Nuclear fuel amortization	[ ]
Deferred income taxes and investment tax credits, net	[ ]
Investment impairment	[ ]
Pension and OPEB mark-to-market adjustment	[ ]
Change in current assets and liabilities-	
Receivables	[ ]
Materials and supplies	[ ]
Accounts payable	[ ]
Accrued taxes	[ ]
Other	[ ]
Net cash provided from operating activities	[ ]
CASH FLOWS FROM FINANCING ACTIVITIES:	
New Financing-	
Long-term debt	[ ]
Redemptions and Repayments-	
Long-term debt	[ ]
Short-term borrowings, net	[ ]
Other	[ ]
Net cash used for financing activities	[ ]
CASH FLOWS FROM INVESTING ACTIVITIES:	
Property additions	[ ]
Nuclear fuel	[ ]
Sales of investment securities held in trusts	[ ]
Purchases of investment securities held in trusts	[ ]
Loans to affiliated companies, net	[ ]
Net cash used for investing activities	[ ]
Net change in cash and cash equivalents	[ ]
Cash and cash equivalents at beginning of period	[ ]
Cash and cash equivalents at end of period	$ [ ]

Note, Information contained in the brackets is considered confidential commercial material and is withheld.

CERTIFICATION

I, Steven R. Staub, Treasurer of FirstEnergy Nuclear Generation, LLC, hereby certify that FirstEnergy Nuclear Generation, LLC is not a Securities and Exchange Commission registrant. As such, the FirstEnergy Nuclear Generation, LLC financial statements are not required to have year-end audits. Though the FirstEnergy Nuclear Generation, LLC financials are not audited, they are a part of the year-end audit of FirstEnergy Corp. and FirstEnergy Solutions Corp.

4/22/16	Steven R Staub
Date	Steven R. Staub

Enclosure E
L-16-092

**Non-Proprietary Foreign Ownership Control or Influence Information for Ohio Edison Company
(144 pages follow)**

FOCI DATA SHEET

FOCI DATA SHEET

COMPANY NAME: Ohio Edison Company

Listed below are documents required to complete a FOCI Determination.

FOCI Determination Documents common to all Business Structures

OODEP LIST	X
RFI STATEMENT	N/A
Standard Form 328 (CPFI)	X
WEB PAGE ADDRESS (if applicable)	N/A

Additional documents required to be included for a PUBLICLY TRADED CORPORATION

ARTICLES OF INCORPORATION	____
SEC 10K REPORT	____
PROXY STATEMENT	____
SEC SCHEDULES 13D & 13G	____
CORPORATE BY-LAWS	____
IRS FORM 5471	____
ANNUAL REPORT WITH FINANCIAL INFORMATION	____

Additional documents required to be included for a PRIVATELY OWNED CORPORATION

ARTICLES OF INCORPORATION	X
CORPORATE BY-LAWS	X
IRS FORM 5471 (IF APPLICABLE)	N/A
ANNUAL REPORT WITH FINANCIAL INFORMATION (OR)	N/A
AUDITED FINANCIAL INFORMATION IN LIEU OF ANNUAL REPORT	X
(IF UNAUDITED, SUBMIT A CERTIFICATION ATTESTING TO THE UNAVAILABILITY OF AUDIT INFORMATION)	N/A

Additional documents required for a PARTNERSHIP

PARTNERSHIP AGREEMENT	____
SEC 10K REPORT	____
PROXY STATEMENT	____
SEC SCHEDULES 13D &13G	____
IRS FORMS 5471 AND 1065	____
LATEST ANNUAL REPORT WITH FINANCIAL INFORMATION (OR)	____
AUDITED FINANCIAL INFORMATION IN LIEU OF ANNUAL REPORT	____
(IF UNAUDITED, SUBMIT A CERTIFICATION ATTESTING TO THE UNAVAILABILITY OF AUDIT INFORMATION)	____
MOST CURRENT BOARD MEETING MINUTES IDENTIFYING EXECUTIVE APPOINTMENTS/CHANGES	____

CSCS ______________ NSP ______________

Additional documents required for a PROPRIETORSHIP

TAX ID NO./STATE REGISTRATION CERTIFICATE ____
IRS FORM 1040 ____
ANNUAL REPORT OR AUDITED FINANCIAL INFORMATION FOR MOST RECENT FISCAL YEAR (IF AUDITED REPORT IS NOT AVAILABLE CFO/TREASURER MUST SIGN AND DATE THE FINANCIAL STATEMENT CERTIFYING THAT IT IS CURRENT AND CORRECT) ____
IF COMMUNITY PROPERTY STATE (AZ, CA, ID, LA, NV, NM, TX, WA, WI) SPOUSAL INFORMATION IS ALSO REQUESTED. IF SUBJECT IS SINGLE, PLEASE SO STATE. ____

Additional documents required for a LIMITED LIABILITY CORPORATION

CERTIFICATE OF ORGANIZATION ____
OPERATING AGREEMENT ____
AUDITED FINANCIAL INFORMATION FOR MOST RECENT FISCAL YEAR (IF UNAUDITED THE CFO/TREASURER MUST SIGN AND DATE THE FINANCIAL STATEMENT CERTIFYING THAT IT IS CURRENT AND CORRECT) ____

Additional documents required for a COLLEGE/UNIVERSITY

UNIVERSITY CHARTER ____
LATEST ANNUAL REPORT ____
MOST CURRENT BOARD MEETING MINUTES IDENTIFYING EXECUTIVE APPOINTMENTS/CHANGES ____

NON-PROPRIETARY OWNERS, OFFICERS, DIRECTORS, AND EXECUTIVE PERSONNEL (OODEP)

~~OFFICIAL USE ONLY – SECURITY-RELATED INFORMATION~~

NRC FORM 405F
(MM-YYYY)
10 CFR Part 95

List ALL Owners, Officers, Directors, and Executive Personnel (OODEP's)

APPROVED BY OMB: 3150-XXXX **U. S. NUCLEAR REGULATORY COMMISSION**

Estimated burden per response to comply with this collection request: 10 minutes. This collection is a voluntary means of complying with the requirements in 10 CFR 95.17. This notification is being made available to report changes to owners, officers, directors or executive personnel entities holding existing Facility Clearances under 10 CFR 95 or MD 12.2. Send comments regarding burden estimate to the FOIA, Privacy, and Information Collections Branch (T-5 F53), U. S. Nuclear Regulatory Commission, Washington, DC 20555-0001, or by e-mail to Infocollects.Resource@nrc.gov, and to the Desk Officer, Office of Information and Regulatory Affairs, NEOB-10202, (3150-xxxx), Office of Management and Budget, Washington, DC 20503. If a means used to impose an information collection does not display a currently valid OMB control number, the NRC may not conduct or sponsor, and a person is not required to respond to, the information collection.

Company's Current Legal Name, Address, and Phone Number of Company's Principal Executive Offices:	Other names used (e.g., doing business as):		
Ohio Edison Company 76 South Main Street Akron, OH 44308 1-800-633-4766	N/A	Date Submitted:	4/22/2016
		Tax Identification No.	34-0437786
		Date Company was Incorporated:	7/05/1930
		State of Incorporation:	Ohio

(Must provide any name or address change of the Company's principal executive office and date(s) of change during the past 10 years on the Attachment page).

Organization Status:	Stock Ownership:
☑ Corporation ☐ Sole Proprietorship ☐ Partnership ☐ Other ☐ General ☐ Limited	☐ Privately-Owned ☑ Subsidiary of: FirstEnergy Corp. ☐ Publicly-Traded

NAME (First Name, Initial, Last Name)	POSITION TITLES	IF OWNER, % OF OWNERSHIP	SSN	CLEARANCE HELD AND/OR BEING OBTAINED AND ISSUING AGENCY	CITIZENSHIP
See attached.	---	---	---	---	---
None assigned.	Facility Security Officer	N/A	N/A	N/A	N/A

[1]The above information, i.e., name, titles, etc., must be provided for the following: (a) the proprietor of a sole proprietorship; (b) all individuals managing the business affairs of a corporation. In most cases, these individuals are identified in the Articles of Incorporation or By-Laws and include the Board of Directors, President, Secretary, and Treasurer; (c) the General Partner(s) of a Limited Partnership; and (d) all partners of a General Partnership. [2] In addition, privately-held entities must provide the above information, i.e., name, titles, etc., for all owners, and also provide the percentage of issued stock/shares held by each owner.

List certified correct by: (Typed or Printed Name and Title)	SIGNATURE	DATE
Daniel M. Dunlap Assistant Corporate Secretary	Dan l M Dup	4/13/16

4th

NRC FORM 405F
(MM-YYYY)
10 CFR Part 95

List ALL Owners, Officers, Directors, and Executive Personnel (OODEP's)

U. S. NUCLEAR REGULATORY COMMISSION

INSTRUCTIONS:

Provide requested OODEP information in accordance with the following instructions. In addition, the OODEP listing must be certified as being accurate, current, and complete by an authorized official of the organization [i.e., a person authorized to represent and sign for the organization as officially recorded by the organization (that is, in the document which sets forth the terms and conditions for its operation and management--the bylaws, operating agreement, partnership agreement, etc.)] or any other employee, identified by name, of the organization, if designated in writing by such an authorized official as having been delegated authority to execute the FOCI repre. & certt. On behalf of the organization:

Owners. The requested information on owners and representatives or agents of stockholders is to be attached to the organization's OODEP listing:

1. For privately-owned organizations:
   a. Provide the following information for each person (i.e., human being) who directly or indirectly owns or has beneficial ownership of 5 percent or more of any class of the organization's securities or who has directly or indirectly subscribed 5 percent or more of the organization's total capital commitment:

      (1) If the beneficial owner holds a position as an OODEP in the organization and is identified on the OODEP listing, provide the individual's name with the class and number of shares of capital stock he/she owns of the organization's securities or the capital commitment he/she has subscribed.

      (2) If the beneficial owner does not hold a position as an OODEP in the organization and is not identified on the OODEP listing, provide the individual's name, address, and the class and number of shares of capital stock he/she owns of the organization's securities or the capital commitment he/she has subscribed. If known, information on the individual's citizenship should also be provided.

   b. Provide the following information for each legal entity which directly or indirectly owns or has beneficial ownership of 5 percent or more of any class of the organization's securities or which has directly or indirectly subscribed 5 percent or more of the organization's total capital commitment:

      The legal name (i.e., as specified in charter) with the address of its principal executive offices and the class and number of shares of capital stock the entity owns of the organization's securities or the capital commitment the entity has subscribed. In addition, if the entity is controlled by another organization, the country of ultimate legal residence must be provided.

   c. Provide the name of any representative(s) or agent(s) of any owner (person or entity), if any, who hold positions, such as Board member (or similar type of governing body), officers, executive personnel, or general partners in your organization. Also identify the owner which the individual is representing.

2. For publicly-traded organizations:
   a. Provide the most recent copies of any Schedules 13D and/or 13G received from any beneficial owners (foreign or domestic) who hold 5 percent or more of the organization's securities.
   b. Provide the name of any representative(s) or agent(s) of any stockholder (person or entity), if any, who hold positions, such as Board member (or similar type of governing body), officers, executive personnel, or general partners in your organization. Also identity the stockholder which the individual is representing.

Officers: Identify and provide requested information (i.e., names, titles, etc.) for all of the organization's officers on the OODEP listing.

The definition of officers is: Those persons in positions established as officers as officially recorded by the organization (that is, in the document filed for the organization's existence and the document which sets forth the terms and conditions for its operation and management--the articles of incorporation and bylaws; articles of organization and operating agreement; certificate of limited or general partnership and the partnership agreement; etc.). However, excluded from this definition are: (a) assistant vice presidents who have no management responsibilities related to performance on classified contracts; (ii) assistant secretaries; and (iii) assistant treasurers.

Directors: Identify and provide requested information (i.e., names, titles, etc.) for all of the organization's directors on the OODEP listing, to include identification of the Chairman of the Board and any Vice Chairman. If the organization has no Chairman of the Board of Directors, identify the individual who performs those functions at board meetings.

The definition of directors is: Members of the board or similar governing body chosen to direct the affairs of a corporation or institution.

Executive Personnel: Identify and provide requested information (i.e., names, titles, etc.) for all of the organization's executive personnel on the OODEP listing.

The definition of executive personnel is: Those individuals who perform policy making functions for the organization, or any other person in charge of a principal business unit, division, or function.

Facility Security Officer: Identify and provide requested information (i.e., name, title, etc.) for the organization's Facility Security Officer.

The definition of a Facility Security Officer is: The individual at the facility assigned the responsibility of administering the requirements of the Safeguards and Security Program within the facility.

Spouse of a sole proprietor: For those sole proprietorships operating in community property states, identify and provide requested information (i.e., all information required on the OODEP listing) on a sole proprietor's spouse, if any. If there is no spouse, so state.

Vacant positions: If any OODEP position is vacant, so state and include estimated date vacancy will be filled.

Mail Completed NRC Form 405F to the following address:

USNRC
Office of Nuclear Security and Incident Response
Mail Stop: O2 D15
11555 Rockville Pike
Rockville, MD 20852-2738

List ALL Owners, Officers, Directors, and Executive personnel (OODEPs)[1, 2]

Company's Current Legal Name, Address, and Phone Number
Of company's Principal Executive Offices:
Ohio Edison Company

76 South Main Street

Akron, OH 44308

1-800-633-4766
(Must provide any name or address change of the Company's Principal executive office and date(s) of change during past 10 years on the Attachment page.)

Other names used (e.g., doing business as):
N/A

Tax Identification No. 34-0437786

Date Company was Incorporated: 7/05/1930

State of Incorporation: Ohio

Organization Status:

☒ Corporation	☐ Sole Proprietorship	Partnership: ☐ General ☐ Limited	☐ Other: ______

Stock Ownership:

☒ Privately-Owned	☐ Publicly-traded	☒ Subsidiary of: FirstEnergy Corp.

NAME First Name, Initial, Last Name	POSITION TITLES	IF OWNER, % OF OWNERSHIP[2]	SSN	CLEARANCE HELD AND/OR BEING OBTAINED AND ISSUING AGENCY	CITIZENSHIP
Charles E. Jones	Director	N/A	[ ][3]	[ ]	[ ]
James F. Pearson	Director, Executive Vice President and Chief Financial Officer	N/A	[ ]	[ ]	[ ]
Steven E. Strah	Director, President	N/A	[ ]	[ ]	[ ]
Rhonda S. Ferguson	Vice President and Corporate Secretary	N/A	[ ]	[ ]	[ ]
Leila L. Vespoli	Executive Vice President, Markets and Chief Legal Officer	N/A	[ ]	[ ]	[ ]
Robert P. Reffner	Vice President and General Counsel	N/A	[ ]	[ ]	[ ]
James G. Garanich	Vice President, Tax	N/A	[ ]	[ ]	[ ]
K. Jon Taylor	Vice President and Controller	N/A	[ ]	[ ]	[ ]
Steven R. Staub	Vice President and Treasurer	N/A	[ ]	[ ]	[ ]

Randall A. Frame	Regional President	N/A	[ ]	[ ]	[ ]
N/A	Facility Security Officer	N/A	N/A	N/A	N/A

1. The above information, i.e., name, titles, etc., must be provided for the following: (a) the proprietor of a sole proprietorship; (b) all individuals managing the business affairs of a corporation. In most cases, these individuals are identified in the Articles of Incorporation or By-Laws and include the Board of Directors, President, Secretary, and Treasurer; (c) the General Partner(s) of a Limited Partnership; and (d) all partners of a General partnership.

2. In addition, privately-held entities must provide the above information, i.e., name, titles, etc., for all owners, and also provide the percentage of issued stock/shares held by each owner.

3. Information contained within the brackets [ ] is considered security-related or personal privacy information.

STANDARD FORM 328

CERTIFICATE PERTAINING TO FOREIGN INTERESTS *(Type or print all answers)*	*OMB No. 0704-0194* *OMB approval expires May 31, 2011*

PLEASE DO NOT RETURN YOUR FORM TO THE ORGANIZATION IN THE PARAGRAPH BELOW, RETURN COMPLETED FORM TO YOUR RESPECTIVE COGNIZANT SECURITY OFFICE.
The public reporting burden for this collection of information is estimated to average 70 minutes per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. Send comments regarding this burden estimate or any other aspect of this collection of information, including suggestions for reducing the burden, to the Department of Defense, Washington Headquarters Services, Executive Services Directorate, Information Management Division, 1155 Defense Pentagon, Washington, DC 20301-1155 (0704-0194). Respondents should be aware that notwithstanding any other provision of law, no person shall be subject to any penalty for failing to comply with a collection of information if it does not display a currently valid OMB number.

PENALTY NOTICE

Failure to answer all questions or any misrepresentation (by omission or concealment, or by misleading, false or partial answers) may serve as a basis for denial of clearance for access to classified information. In addition, Title 18, United States Code 1001, makes it a criminal offense, punishable by a maximum of five (5) years imprisonment, $15,000 fine or both, knowingly to make a false statement or representation to any Department or Agency of the United States, as to any matter within the jurisdiction of any Department or Agency of the United States. This includes any statement made herein which is knowingly incorrect, incomplete or misleading in any important particular.

PROVISIONS

1. This report is authorized by the Secretary of Defense, as Executive Agent for the National Industrial Security Program, pursuant to Executive Order 12829. While you are not required to respond, your eligibility for a facility security clearance cannot be determined if you do not complete this form. The retention of a facility security clearance is contingent upon your compliance with the requirements of DoD 5220.22-M for submission of a revised form as appropriate.

2. When this report is submitted in confidence and is so marked, applicable exemptions to the Freedom of Information Act will be invoked to withhold it from public disclosure.

3. Complete all questions on this form. Mark "Yes" or "No" for each question. If your answer is "Yes" furnish in full the complete information under "Remarks."

QUESTIONS AND ANSWERS

	YES	NO
1. *(Answer 1a. or 1b.)* a. *(For entities which issue stock):* Do any foreign person(s), directly or indirectly, own or have beneficial ownership of 5 percent or more of the outstanding shares of any class of your organization's equity securities?		X
b. *(For entities which do not issue stock):* Has any foreign person directly or indirectly subscribed 5 percent or more of your organization's total capital commitment?		
2. Does your organization directly, or indirectly through your subsidiaries and/or affiliates, own 10 percent or more of any foreign interest?		X
3. Do any non-U.S. citizens serve as members of your organization's board of directors (or similar governing body), officers, executive personnel, general partners, regents, trustees or senior management officials?		X
4. Does any foreign person(s) have the power, direct or indirect, to control the election, appointment, or tenure of members of your organization's board of directors (or similar governing body) or other management positions of your organization, or have the power to control or cause the direction of other decisions or activities of your organization?		X
5. Does your organization have any contracts, agreements, understandings, or arrangements with a foreign person(s)?	X	
6. Does your organization, whether as borrower, surety, guarantor or otherwise have any indebtedness, liabilities or obligations to a foreign person(s)?	X	
7. During your last fiscal year, did your organization derive: a. 5 percent or more of its total revenues or net income from any single foreign person?		X
b. In the aggregate 30 percent or more if its revenues or net income from foreign persons?		X
8. Is 10 percent or more of any class of your organization's voting securities held in "nominee" shares, in "street names" or in some other method which does not identify the beneficial owner?		X
9. Do any of the members of your organization's board of directors (or similar governing body), officers, executive personnel, general partners, regents, trustees or senior management officials hold any positions with or serve as consultants for, any foreign person(s)?		X
10. Is there any other factor(s) that indicates or demonstrates a capability on the part of foreign persons to control or influence the operations or management of your organization?		X

REMARKS *(Attach additional sheets, if necessary, for a full detailed statement.)*

Ohio Edison Company

Ohio Edison Company is wholly owned by FirstEnergy Corp.

Refer to the FirstEnergy Corp. Standard Form 328 for information regarding the responses to Items 5 and 6.

CERTIFICATION

I CERTIFY that the entries made by me above are true, complete, and correct to the best of my knowledge and belief and are made in good faith.

WITNESSES:

N/A

N/A

NOTE: In case of a corporation, a witness is not required but the certificate below must be completed. Type or print names under all signatures.

4/13/16
(Date Certified)

(Signature of Authorized ~~Contractor~~ Representative)

Daniel M. Dunlap
(Typed Name ~~of Contractor~~)

Assistant Corporate Secretary
(Title of Authorized ~~Contractor~~ Representative)

76 South Main Street, Akron, Ohio 44308
(Address)

NOTE: Contractor, if a corporation, should cause the following certificate to be executed under its corporate seal, provided that the same officer shall not execute both the Agreement and the Certificate.

CERTIFICATE

I, Rhonda S. Ferguson, certify that I am the Corporate Secretary

of the corporation named ~~as Contractor~~ herein; that Daniel M. Dunlap

who signed this certificate ~~on behalf of the Contractor~~, was then Assistant Corporate Secretary of said corporation; that said certificate was duly signed for and in behalf of said corporation by authority of its governing body, and is within the scope of its corporate powers.

(Corporate Seal)

(Signature and Date)

ARTICLES OF INCORPORATION

AMENDED AND RESTATED
ARTICLES OF INCORPORATION

OF

OHIO EDISON COMPANY

Charter Number 260438

(effective December 18, 2007)

FIRST: The name of the corporation is OHIO EDISON COMPANY (hereinafter referred to as the "Corporation").

SECOND: The place in the State of Ohio where the principal office is located is in the City of Akron, Summit County.

THIRD: The purposes of the Corporation are as follows:

A. To generate, produce, acquire, transmit, distribute, furnish, sell, and supply electricity to public and private consumers; and

B. To engage in any other lawful act or activity for which a corporation may be formed under the Ohio General Corporation Law, Chapter 1701 of the Ohio Revised Code.

FOURTH: The aggregate number of shares which the Corporation is authorized to issue shall be one hundred ninety-seven million (197,000,000) shares, classified as follows:

A. **Common Stock,** one hundred seventy-five million (175,000,000) shares, with no par value;

B. **Preferred Stock,** six million (6,000,000) shares, with a par value of $100 per share;

C. **Class A Preferred Stock,** eight million (8,000,000) shares, with a par value of Twenty-five Dollars ($25) per share; and

D. **Preference Stock,** eight million (8,000,000) shares, with no par value.

FIFTH: The Board of Directors may adopt an amendment to these Articles of Incorporation determining, in whole or in part, the express terms, within the limits set forth in these Articles of Incorporation or the Ohio General Corporation Law, of any class of shares before the issuance of any shares of that class, or of one or more series within a class before the issuance of shares of that series; including, without limitation, division of shares into classes or into series within any class or

classes, determination of the designation and the number of shares of any class or series, and the determination of the relative voting rights, preferences, limitations, rights to dividends, conversion rights, redemption rights, stated value, and other special rights of the shares of any class or series.

SIXTH: The Corporation may wind up its affairs and dissolve pursuant to a resolution adopted, at a meeting of shareholders called for such purpose, by the affirmative vote of the holders of record of shares entitling them to exercise the majority of the voting power of the Corporation.

SEVENTH: The Corporation may purchase its shares, regardless of class, from time to time, to such extent, in such manner, and upon such terms as its Board of Directors shall determine; provided, however, that the Corporation shall not purchase any of its shares if, after such purchase, its assets would be less than its liabilities plus stated capital.

EIGHTH: The shareholders shall have no right to vote cumulatively in the election of Directors.

NINTH: Sections 1701.70(B)(6) through (10) of the Ohio Revised Code shall apply to the Corporation. Thus, as provided in ORC §§ 1701.70(B)(6) through (10) and subject to the terms thereof, the Board of Directors may adopt amendments to these Articles of Incorporation: (a) changing the name of the Corporation; (b) changing the location of the principal office of the Corporation; (c) increasing proportionately the authorized number of shares of a class of shares for the purpose of a dividend or distribution to be paid in shares of that class; (d) changing shares of a class of shares into a greater number of shares of that class and increasing proportionately the authorized number of shares of that class for the purpose of a stock split; or (e) decreasing the par value of shares of a class of shares to the extent necessary to prevent an increase in the aggregate par value of the shares of that class in the event of and concurrently with the adoption of an amendment as described in clauses (c) and (d) above for the purpose of a share dividend or stock split. *[Ohio Rev. Code §1701.70(D)]*

TENTH: These Amended and Restated Articles of Incorporation take the place of and supersede the existing articles of incorporation as previously amended.

Prescribed by J. Kenneth Blackwell

Please obtain fee amount and mailing instructions from the Forms Inventory List (using the 3 digit form # located at the bottom of this form). To obtain the Forms Inventory List or for assistance, please call Customer Service:

Central Ohio: (614)-466-3910 Toll Free: 1-877-SOS-FILE (1-877-767-3453)

Expedite this form

☑ Yes

CERTIFICATE OF AMENDMENT BY SHAREHOLDERS TO ARTICLES OF

Ohio Edison Company

(Name of Corporation)

260438

(charter number)

Nancy C. Ashcom, who is the Secretary

of the above named Ohio corporation organized for profit, does hereby certify that: (Please check the appropriate box and complete the appropriate statements.)

☐ a meeting of the shareholders was duly called and held on ________, at which meeting a quorum the shareholders was present in person or by proxy, and that by the affirmative vote of the holders of shares entitling them to exercise ______ % of the voting power of the corporation,

☑ in a writing signed by all the shareholders who would be entitled to notice of a meeting held for that purpose, the following resolution to amend the articles was adopted:

Please see attached.

RECEIVED

NOV 12 1999

J. KENNETH BLACKWELL
SECRETARY OF STATE

IN WITNESS WHEREOF, the above named officer, acting for and on behalf of the corporation, has hereunto subscribed her (gender) name on 11-16-99

By: Nancy C. Ashcom

Title: Secretary

Certificate of Amendment by Directors of Ohio Edison
November 10, 1999
Attachment

The Fourth Article of the Company's Amended Articles of Incorporation should be deleted in its entirety and replaced with the following:

FOURTH: The maximum number of shares which the Corporation is authorized to have outstanding is one hundred ninety-seven million (197,000,000), of which six million (6,000,000) are to have a par value of One Hundred Dollars ($100) per share, eight million (8,000,000) are to have a par value of Twenty-five Dollars ($25) per share, and one hundred eight-three million (183,000,000) are to have no par value. The shares so authorized are to be classified as follows:

(a) DESIGNATION OF CLASSES.

Preferred Stock, Six million (6,000,000) shares, with a par value of $100 per share;

Class A Preferred Stock, Eight million (8,000,000) shares, with a par value of Twenty-five Dollars ($25) per share;

Preference Stock, Eight million (8,000,000) shares, with no par value;

Common Stock, One hundred seventy-five million (175,000,000) shares, with no par value.

(b) EXPRESS TERMS AND PROVISIONS OF CLASSES.

See Exhibit A attached hereto which is made a part hereof as though fully set forth at this place.

OTHER PROVISIONS

Rights of Directors in Declaring Dividends:

A director shall be fully protected in relying in good faith upon the books of account of the Corporation or statements prepared by any of its officials as to the value and amount of the assets, liabilities and/or net profits of the Corporation, or any other facts pertinent to the existence and amount of surplus or other funds from which dividends might properly be declared and paid.

Rights to Treat Registered Holders as Owners:

The Corporation shall be entitled to treat the person in whose name any share, right or option is registered as the owner thereof, for all purposes, and shall not be bound to recognize any equitable or other claim to or interest in such share, right or option on the part of any other person, whether or not the Corporation shall have notice thereof, save as may be expressly provided by the laws of the State of Ohio.

OHIOEDISON
The Energy Makers

AMENDED

ARTICLES OF INCORPORATION

Note: This index was not filed as part of the Amended Articles of Incorporation and is provided for the convenience of the reader.

OHIO EDISON COMPANY

AMENDED
ARTICLES OF INCORPORATION

INDEX

CERTIFICATE
OF
AMENDED ARTICLES OF INCORPORATION
OF
OHIO EDISON COMPANY

W. R. Holland, who is President and G. F. LaFlame, who is Secretary of the above named Ohio corporation for profit with its principal location at Akron, Ohio do hereby certify that at a meeting of the Board of Directors called and held on the 21st day of June, 1994, Amended Articles of Incorporation were unanimously adopted to consolidate the provisions of the Company's original Articles and all previously adopted amendments thereto which were then in force. These Amended Articles take the place of and supersede the existing Articles as theretofore amended. The Amended Articles so adopted are as follows:

AMENDED ARTICLES OF INCORPORATION

FIRST: The name of the corporation is Ohio Edison Company (hereinafter referred to as the "Corporation").

SECOND: The place in the State of Ohio where its principal office is located is the City of Akron, Summit County.

THIRD: The purpose or purposes for which such Corporation is formed are:

(1) To manufacture, acquire by purchase, lease or otherwise, transmit, distribute, sell and supply electricity to public and private consumers for light, heat and power and any or all other uses.

(2) To manufacture, acquire by purchase, lease or otherwise transmit, distribute, sell and supply steam and hot water for heat and power and any or all other uses.

(3) To manufacture, acquire by purchase, lease or otherwise, transmit, distribute, sell and supply cold water and ice for cold storage and refrigerator purposes and any or all other uses.

(4) To manufacture, acquire by purchase, lease or otherwise, transmit, distribute, sell and supply natural or artificial gas for light, heat and power and any or all other uses.

(5) To acquire, own, maintain, operate and dispose of street and interurban railroads, with all necessary or convenient appurtenances and appliances incidental to the operation of street and interurban railroads, said railroads to be operated by electric or other motive power except steam or animal power, telegraph and telephone lines, and to acquire, own, maintain, operate and dispose of automobiles and busses with all necessary or convenient appurtenances and appliances incidental to the operation of automobiles and busses and to engage in the general business of a common carrier upon its railroad or lines of railway, and telegraph and telephone lines, or with its automobiles and busses.

(6) To acquire and hold the securities of electric power and light and gas companies and other public utility companies and companies owning the stocks or securities of public utility companies.

(7) To acquire and hold the securities of companies engaged in the business of operating or supervising the operation of public utility companies and of companies doing a general construction, engineering or contracting business with public utility or other companies.

(8) To invest and deal with the monies of the Corporation in any manner, and to acquire by purchase, by the exchange of stock or other securities of the Corporation, by subscription or otherwise and to invest in, to hold for investment or for any other purpose and to deal in and to use, sell, pledge or otherwise dispose of any stocks, bonds, notes, debentures and other securities and obligations of any Government, State, municipality or corporation or association or partnership, domestic or foreign, (including without prejudice to the generality of the foregoing the companies described in paragraphs 6 and 7 above), and while owner of any such stocks, bonds, notes, debentures or other securities or obligations, to exercise all the rights, powers and privileges of ownership, including among other things the right to vote thereon for any and all purposes.

(9) Either directly, or through subsidiary companies, to engage in the business of operating or supervising the management or operation of public utility companies.

(10) To aid in any lawful manner by loan, subsidy, guaranty or otherwise, any company whose stocks, bonds, notes, debentures or other securities or obligations are held or controlled directly or indirectly by the corporation, and to do any and all lawful acts or things necessary or advisable to protect, preserve, improve or enhance the value of any such stocks, bonds, notes, debentures or other securities or obligations.

(11) To guarantee and to assume the payment of any dividends on any shares of the capital stock of any company in which the Corporation may either directly or indirectly have an interest as stockholder or otherwise, and to assume and to guarantee by endorsement or otherwise the payment of the principal of and the interest on bonds, notes or other obligations created or to be created by any such company.

(12) To acquire, to develop, to improve, to sell, to assign, to transfer, to convey, to lease, to sublease, to pledge and to otherwise alienate and dispose of and to mortgage or otherwise encumber real property situated in any part of the world and the fixtures and personal property incident thereto or connected therewith.

(13) To develop and turn to account any land acquired by or in which the Corporation is interested and in particular by laying out and preparing the same for building purposes, constructing, altering and fully equipping buildings and by letting the same by building lease or building agreement and by advancing money to and entering into contracts and arrangements of all kinds with builders, contractors, tenants and others.

(14) To construct, improve and fully equip electric power generating works, stations and substations, transmission lines, steam heating plants, water works, gas works, reservoirs, roads and additions to or extensions or betterments of any and all of the same, and other works and conveniences which the Corporation may deem directly or indirectly conducive to these objects, and to sell, assign, transfer, convey, lease and/or sublease any of said stations, substations, works or conveniences to any other corporation or corporations, association or associations, or individual or individuals authorized to purchase or otherwise acquire or lease the same.

(15) To purchase, to sell, to manufacture and generally to deal in building materials and goods, wares and merchandise and to carry on any other lawful trade or business incidental to or proper or useful in connection with the purchase, sale, ownership, construction and equipment of its property.

(16) To acquire, to hold, to own, to make, to dispose of and generally to deal in grants, concessions, franchises, rights of way and contracts of every kind from or with any person, firm, association, corporation, private, public or municipal, or body politic, and from or with the government or public authorities of the United States, or of any State, territory, possession or dependency thereof, or from or with the District of Columbia, or from or with any foreign

government; to cause to be formed, to promote and to aid in any way in the formation of any corporation or association, domestic or foreign.

(17) To make and enter into all manner and kinds of contracts, agreements and obligations for the purchasing, acquiring, holding, using, dealing in, selling or otherwise disposing of any and all kinds of property, real and personal.

(18) To borrow money, to issue bonds, debentures, notes or other obligations secured or unsecured of the Corporation; to secure the same by mortgage or mortgages or deed or deeds of trust or pledge or other lien upon any or all of the property, rights, privileges and franchises of the Corporation wheresoever situated, acquired or to be acquired; to confer upon the holders of any debentures, bonds, notes or other obligations of the Corporation secured or unsecured the right to convert the same into any class of stock of any series of the Corporation now or hereafter to be issued upon such terms as shall be fixed by the Board of Directors subject to the provisions hereof; to sell, to pledge and to otherwise dispose of any or all bonds, debentures, notes or other obligations of the Corporation; to purchase and otherwise to acquire shares of its own capital stock and to hold, to sell, to assign, to transfer and to reissue any or all of such shares; provided that the Corporation shall not use its funds or property for the purchase of its own shares of capital stock when such use would cause any impairment of the stated capital of the Corporation, except as such purchase out of capital may be permitted by law, and provided further that shares of its own capital stock owned by the Corporation shall not be voted upon directly or indirectly.

(19) To acquire, to hold, to use, to sell, to assign, to lease, to mortgage and otherwise to dispose of letters patent of the United States or of any other country, patents, patent rights, copyrights, licenses and privileges, inventions, improvements and processes, trade marks and trade names or pending applications therefore, relating to or useful in connection with any business of the Corporation or of any other company or association in which the Corporation may have an interest directly or indirectly as a stockholder or otherwise.

(20) To deal in stocks and securities either as an agent or broker or underwriter, or otherwise; to make advances or loans upon the pledge of securities to be bought, sold or otherwise dealt in, or without security, so far as may be permitted by law.

(21) To have and to exercise all the powers now or hereafter conferred by the laws of the State of Ohio upon corporations organized under the laws under which the Corporation is organized and any and all laws amendatory thereof and supplemental thereto.

(22) To conduct business in the State of Ohio, other States, the District of Columbia, the territories and colonies of the United States and in foreign countries, and to have one or more offices out of the State of Ohio, as well as within said State, and to hold, purchase, mortgage and convey real and personal property out of the State of Ohio as well as within said State.

(23) Generally to carry on and undertake any other lawful business of the same general nature, which may from time to time seem to the directors of the Corporation capable of being conveniently carried on in connection with the above objects, or calculated directly or indirectly to render valuable or enhance the value of any of the Corporation's properties, privileges or rights.

(24) Generally to perform any and all acts connected with, arising from or incidental to the business to be carried on by the Corporation, and to do all acts necessary and proper for the purposes of its business.

The foregoing clauses shall be construed both as objects and powers; and it is hereby expressly provided that the foregoing enumeration of specific powers shall not be held to limit or restrict in any manner the objects or powers of the Corporation, and that the Corporation shall possess such incidental powers as are reasonably necessary or convenient for the accomplishment of any of the objects or powers hereinbefore enumerated, either alone or in association with other corporations, associations, firms or individuals, to the same extent and as fully as individuals might or could do as principals, agents, contractors or otherwise.

FOURTH: The maximum number of shares which the Corporation is authorized to have outstanding is one hundred ninety-seven million (197,000,000), of which six million (6,000,000) are to have a par value of One Hundred Dollars ($100) per share, eight million (8,000,000) are to have a par value of Twenty-five Dollars ($25) per share, one hundred seventy-five million (175,000,000) are to have a par value of Nine Dollars ($9) per share and eight million (8,000,000) are to have no par value. The shares so authorized are to be classified as follows:

(a) DESIGNATION OF CLASSES.

Preferred Stock, Six million (6,000,000) shares, with a par value of $100 per share;

Class A Preferred Stock, Eight million (8,000,000) shares, with a par value of Twenty-five Dollars ($25) per share;

Preference Stock, Eight million (8,000,000) shares, with no par value;

Common Stock, One hundred seventy-five million (175,000,000) shares, with a par value of $9 per share.

(b) EXPRESS TERMS AND PROVISIONS OF CLASSES.

See Exhibit A attached hereto which is made a part hereof as though fully set forth at this place.

OTHER PROVISIONS

Rights of Directors in Declaring Dividends:

A director shall be fully protected in relying in good faith upon the books of account of the Corporation or statements prepared by any of its officials as to the value and amount of the assets, liabilities and/or net profits of the Corporation, or any other facts pertinent to the existence and amount of surplus or other funds from which dividends might properly be declared and paid.

Rights to Treat Registered Holders as Owners:

The Corporation shall be entitled to treat the person in whose name any share, right or option is registered as the owner thereof, for all purposes, and shall not be bound to recognize any equitable or other claim to or interest in such share, right or option on the part of any other person, whether or not the Corporation shall have notice thereof, save as may be expressly provided by the laws of the State of Ohio.

FIFTH: No creditor of the Corporation shall have any claim or right of action against a shareholder as such, except as may be expressly provided by the laws of the State of Ohio.

SIXTH: The number of directors of the Corporation which shall constitute the whole Board shall be such as from time to time shall be fixed by, or in the manner provided in, the Code of Regulations, and such number may be altered from time to time in the manner provided in such Code of Regulations, or by amendment thereof, adopted by the stockholders in the manner provided therein and by

the laws of Ohio, but such number shall in no case be less than three. Vacancies caused by an increase in the number of Directors or otherwise may be filled by the Board of Directors in the manner provided in the Code of Regulations. Directors need not be stockholders. Any director may be removed at any time with or without cause upon the affirmative vote of the holders of a majority of the stock of the Corporation at that time entitled to vote for directors.

SEVENTH: The following additional provisions are inserted for the management of the business and for the conduct of the affairs of this Corporation and for the creation, definition, limitation and regulation of the powers of the Corporation, the directors and the stockholders:

(1) The Board of Directors shall have power from time to time to fix and determine and to vary the amount to be reserved as a working capital of the Corporation and, before the payment of any dividends or making any distribution of profits, it may set aside out of the net profits of the Corporation such sum or sums as it may from time to time in its absolute discretion think proper whether as a reserve fund to meet contingencies or for the equalizing of dividends or for repairing or maintaining any property of the Corporation or for such corporate purposes as the Board shall think conducive to the interests of the Corporation, subject only to such limitations as the Code of Regulations of the Corporation may from time to time impose.

(2) In the absence of fraud no contract or other transaction between this Corporation and any other corporation shall be affected by the fact that directors of this Corporation are directors of such other corporation, if such contract or transaction shall be approved or ratified by the affirmative vote of a majority of the directors present at a meeting of the Board of Directors or the committee of this Corporation having authority in the premises, who are not so interested. Any director individually, or any firm of which any director is a partner, may be a party to or may be interested in any contract or transaction of this Corporation provided that such contract or transaction shall be approved or ratified by the affirmative vote of at least a majority of the directors present at a meeting of the Board of Directors or the committee of the Corporation having authority in the premises, who are not so interested. No director shall be liable by reason of his interest in such transaction or contract to account to the Corporation for any profit realized by him from or through any such transaction or contract of the Corporation, ratified or approved as aforesaid.

Directors interested in any contracts or transactions of the types described in the foregoing paragraph may be counted when present at meetings of the Board of Directors or of any committee for the purpose of determining the existence of a quorum to consider and vote upon any such contract or transaction. Any director whose interest in any such contract or transaction arises solely by reason of the fact that he is a stockholder, officer or creditor of such other company (or solely by reason of the fact that he is a director of such other company or partner in such firm where such dealing, contract or arrangement is made by officers or employees of the Corporation in the ordinary performance of their duties and without the actual participation of such director) shall not be deemed interested in such contract or other transaction under any of the provisions of this paragraph (2), nor shall any such contract or transaction be void or voidable, nor shall any such director be liable to account because of such interest nor need any such interest be disclosed.

No contract or other transaction between this Corporation and any other corporation, at least a majority of the stock of which having voting power is owned or controlled by the Corporation or which owns or controls at least a majority of the stock having voting power of the Corporation, shall in any case be void or voidable because of the fact that directors of this Corporation are directors of such other corporation, nor shall any such director be deemed interested in such contract or other transaction under any of the provisions of this subdivision (2), nor shall any such director be liable to account because of such relation, nor need any such relation be disclosed.

No contract or other transaction between this Corporation and any other corporation or firm which provides for the purchase and sale of securities or other property or for any other action by this Corporation upon terms not less favorable to this Corporation than those offered to others, shall in any case be void or voidable because of the fact that directors of this Corporation are directors of such other corporations or partners in such firm, nor shall any director be deemed interested in such contract or other transaction under any of the provisions of this subdivision (2), nor shall any such director be liable to account because of such relation, nor need any such relation be disclosed.

Any contract, or act, including contracts in which any director or directors of the Corporation are interested directly or indirectly, that shall be approved or ratified by the vote of the holders of a majority of the capital stock of the Corporation having voting powers which is represented in person or by proxy at any annual meeting of stockholders or at

any special meeting called for the purpose, among others, of considering the approval or ratification of the acts of officers and/or directors (provided that a lawful quorum of stockholders be there represented in person or by proxy) shall be as valid and as binding upon the Corporation and upon all its stockholders as though it had been approved or ratified by every stockholder of the Corporation.

(3) The Board of Directors shall also have power without the assent or vote of the stockholders to fix the times for the declaration and payment of dividends; to authorize and cause to be executed and delivered mortgages on and instruments of pledge, or any other instruments creating liens, on the real and personal property of the Corporation; and to make and determine the use and disposition of any surplus or net profits over and above the stated capital of the Corporation.

(4) The Board of Directors shall have power, in its discretion, to redeem any preferred or special shares, if subject to redemption, or to purchase any preferred or special shares which are subject to redemption at not exceeding the redemption price thereof, and, in the case of the redemption or purchase of such preferred or special shares which are subject to redemption, to withdraw and apply to such redemption or purchase an amount out of its stated capital which shall not exceed with respect to any share an amount equal to that part of the consideration received by the Corporation for said share as stated capital plus that part if any of the surplus which may have been transferred to stated capital with respect to such share. Nothing contained in this paragraph (4) shall in any way affect the rights of the Corporation to redeem or purchase any of its shares to the extent of the surplus of the aggregate of its assets over the aggregate of its liabilities plus stated capital and to hold such shares or to resell them for such consideration as shall be fixed from time to time by the Board of Directors, and power and authorization so to redeem, purchase, hold, and resell its shares or to purchase, hold and sell the shares of a corporation which owns or controls shares of the Corporation entitling such corporation to elect a majority of the Board of Directors of the Corporation is vested solely in the Board of Directors.

(5) In the event that any excess of assets over the amount of the stated capital of the Corporation at any time is created by any reduction of stated capital, then the Board of Directors is hereby expressly authorized to dispose of such excess of assets created by the reduction of stated capital and such excess of assets shall be passed to and added to the surplus of the Corporation and thereafter shall be subject to disposition by the Board of Directors in all respects as surplus paid in by shareholders.

(6) The Board of Directors may authorize any mortgage, deed of trust or similar instrument on all or any part of the Corporation's property, real or personal, for the purpose of securing the payment or performance of any contract or obligation. No vote or consent of shareholders shall be necessary to authorize such action by the Board of Directors.

(7) The Board of Directors shall have the power to appoint an Executive Committee from among their number, which Committee, to the extent and in the manner provided in the Code of Regulations of the Corporation, shall have and may exercise all of the powers of the Board of Directors, so far as may be permitted by law, in the management of the business and affairs of the Corporation whenever the Board of Directors is not in session. The fact that the Executive Committee has acted shall be conclusive evidence that the Board of Directors was not in session at the time of such action.

(8) The Board of Directors, in addition to the powers and authority expressly conferred upon it hereinbefore and by statute and by the Code of Regulations, is hereby empowered to exercise all such powers as may be exercised by the Corporation; subject, nevertheless, to the provisions of the statutes of the State of Ohio, of these Articles as they may be from time to time amended and to any regulation that may from time to time be made by the stockholders, provided that no regulation so made shall invalidate any provision of these Articles as they may be from time to time amended or any prior act of the directors which would have continued valid if such regulation had not been made.

EIGHTH: The Corporation may, by action taken at any meeting of its Board of Directors, sell, lease, exchange or otherwise dispose of all or substantially all of its property and assets, including its good will, upon such terms and conditions and for such considerations, which may be money, shares, bonds, or other instruments for the payment of money or other property or considerations, and, if desired, may divide or distribute such considerations among its shareholders on such terms and basis and in such manner as its Board of Directors deems expedient, when and as authorized by the vote of holders of shares entitling them to exercise a majority of the voting power on such proposal, at a shareholders' meeting called for that purpose.

Nothing in this Article Eighth is intended to restrict the power of the Corporation, without the authorization thereof by the shareholders, to sell, lease, exchange, or otherwise dispose of, any of its property if thereby the corporate business be not substantially limited, or if the proceeds of such property be appropriated to the conduct or development of its remaining business.

NINTH: The Corporation may upon the affirmative vote of the holders of shares entitling them to exercise a majority of the voting power of the Corporation as hereinbefore described, at a meeting called for the purpose, confer upon the holders of any bonds, debentures or obligations issued or to be issued by the Corporation whether secured by mortgage or otherwise the power to vote on election of directors and in respect of the corporate affairs and management of the Corporation and, in such case, shall fix the extent to which and the conditions and the manner in which such power to vote shall be exercised; provided, however, that when such voting power has been conferred it shall not be diminished as to any bonds, debentures or obligations while they are outstanding and, likewise, the Corporation may, but shall not be obligated to, confer upon the holders of bonds, debentures or obligations the right of inspection of the books of account and minutes of the meetings, and any other rights which the shareholders of said Corporation have or may have, to the extent that may be determined at such meeting.

TENTH: Except as in these Articles otherwise expressly provided, any dissenting shareholder who by the provisions of the statutes of the State of Ohio is entitled to relief when the articles of the Corporation have been amended or when all or substantially all of the corporate assets of the Corporation have been authorized to be sold, leased, exchanged or otherwise disposed of or when a consolidation or reorganization of the Corporation has been authorized, shall be compensated in the manner set forth and subject to the terms and conditions provided in this Article Tenth, and not otherwise. In the event that such shareholder (a) shall have objected in writing to such proposed amendment or other matter prior to or by vote or otherwise in writing at the meeting of the shareholders called for the purpose of voting upon such amendment or other matter which entitles such shareholder to such relief, and (b) shall have within twenty days after the amendment or certificate effecting such amendment or other matter has been filed with the Secretary of State demanded in writing from the Corporation payment of his stock, such shareholder shall be paid by the Corporation the fair cash value (as hereinafter described) of his stock at the date that written notice of said proposed amendment or other matter on which action was to be taken was sent to the shareholders of the meeting to be held for such purpose.

In the event that the shares of stock held by such dissenting shareholder are of a class or classes which is or are dealt in on an established Stock Exchange, the fair cash value of his share shall be conclusively presumed to be the average closing price on such exchange for the seven (7) successive business days (excluding Sundays and holidays) ending with the day of mailing the notice aforesaid. If there is no established Stock Exchange upon which said stock is quoted and the Corporation and such shareholder fail to come to an agreement within thirty days after the date of such written demand, such shareholder may demand an appraisal of his

stock by three disinterested persons, one of whom shall be designated by the shareholder, one by the directors of the Corporation and the other by the two selected as aforesaid and may serve written notice on such Corporation designating therein one appraiser and requiring the Corporation to designate a second appraiser within thirty days from the date of service of such notice. If within thirty days from the date of service of such notice the Corporation or its successor shall have failed to designate a second appraiser or if the two appraisers first designated shall fail to designate a third appraiser within thirty days from the designation of the second appraiser, such shareholder may apply to the Court of Common Pleas, or to a judge thereof, in the county in which the principal office of the Corporation or its successor is located to designate a second and a third appraiser, or a third appraiser, as the case may be; and the decision of the appraisers as to the value of such stock shall be final and binding upon the Corporation and such shareholder; in case the value of such stock as so fixed by the appraisers is not paid to such shareholder within sixty days of notice of such decision to the Corporation or its successor, the decision of the appraisers shall be evidence of the amount due from the Corporation or its successors, and such amount may be collected as other debts are by law collectible. Upon receipt of payment in full of the value of such stock, such shareholder shall transfer his stock to the Corporation or its successor, to be disposed of by the directors thereof, or to be retained for the benefit of the remaining shareholders.

A shareholder who so objects in writing and demands in writing the payment of the fair cash value of any shares shall not be entitled to vote such shares or to receive any dividends or distributions thereon or to exercise any rights respecting such shares, unless and until the sale, lease, exchange, other disposition, consolidation, reorganization or amendment shall be abandoned, or, with the consent of the Corporation, the objection and demand shall be withdrawn.

Any shareholder who does not object and demand in writing the payment of the fair cash value of his shares in the manner and at the time hereinabove provided, shall be concluded by the vote of assenting shareholders.

ELEVENTH: The Corporation reserves the right to increase or decrease its authorized capital stock, or any class or series thereof, or to reclassify the same, and to amend, alter, change or repeal any provision contained in these Articles under which the Corporation is organized or in any amendment thereto, in the manner now or hereafter prescribed by law, and all rights conferred upon stockholders in said Articles or any amendment thereto are granted subject to this reservation; provided, however, that the Corporation shall not decrease the amounts which any class or series of the Preferred Stock shall be entitled to receive as dividends or upon dissolution, liquidation or winding up in preference to any other

class, or decrease the redemption price of such class or series, unless the holders of all the Preferred Stock of such class or series so affected shall consent thereto.

To the extent that the affirmative vote of the holders of shares of Common Stock of the Corporation is required (whether as a class vote, individually or in conjunction with class votes of other classes, or otherwise) to effect an amendment, alteration, change or repeal of any provision contained in these Articles, the affirmative vote of the holders of a majority of such shares shall satisfy such requirement.

TWELFTH: Holders of shares of Preferred Stock, Class A Preferred Stock, Preference Stock, and holders of Common Stock of the Corporation shall have no preemptive rights to subscribe to any additional issues of shares of the capital stock of the Corporation of any class, or any rights to exchange shares issued for shares to be issued.

THIRTEENTH: Subject to change, and until changed, as provided in the section of the Ohio General Corporation Act relating to the appointment of such an agent, G. F. LaFlame, whose address (including street and number) is 76 South Main Street, Akron, Ohio 44308, is appointed the agent of the Corporation upon whom process, tax notices or demands required or permitted by statute to be served upon a corporation may be served.

FOURTEENTH: The code of regulations of the Corporation shall be the code of regulations of Ohio Edison Company as of the date hereof, or as the Code of Regulations may be amended in the manner provided for herein or in the Code of Regulations.

FIFTEENTH: These Amended Articles of Incorporation take the place of and supersede the existing articles of incorporation as heretofore amended.

IN WITNESS WHEREOF, the above named officers, acting for and on behalf of the corporation, have subscribed their names this 21st day of June, 1994.

/s/ W. R. Holland
W. R. Holland, President and
Chief Executive Officer

/s/ G. F. LaFlame
G. F. LaFlame, Secretary

OHIO EDISON COMPANY

STATEMENT OF THE EXPRESS TERMS OF THE SHARES OF: PREFERRED STOCK, CLASS A PREFERRED STOCK, PREFERENCE STOCK AND COMMON STOCK OF OHIO EDISON COMPANY, AND OF CERTAIN OTHER PROVISIONS RELATING THERETO, AS CONTAINED IN THE ARTICLES OF INCORPORATION OF OHIO EDISON COMPANY, AS AMENDED THROUGH JUNE 21, 1994.

EXHIBIT A
AMENDED ARTICLES OF INCORPORATION

OHIO EDISON COMPANY

STATEMENT OF THE EXPRESS TERMS OF THE SHARES OF:
PREFERRED STOCK, CLASS A PREFERRED STOCK, PREFERENCE STOCK AND COMMON STOCK OF OHIO EDISON COMPANY, AND OF CERTAIN OTHER PROVISIONS RELATING THERETO, AS CONTAINED IN THE ARTICLES OF INCORPORATION OF OHIO EDISON COMPANY, AS AMENDED.

Express Terms and Provisions of Classes

The express terms and provisions of the shares of each class are as follows:

PREFERRED STOCK

Provision for Division Into and Issue in Series of Preferred Stock and Grant of Authority to Board of Directors

The Shares of the Preferred Stock may be divided into and issued in series. Each such series shall be designated so as to distinguish the shares thereof from the shares of all other series and classes and all shares of the Preferred Stock, irrespective of series, shall be identical except as to the following rights and preferences in respect of any or all of which there may be variations between different series, and authority is hereby expressly granted to and vested in the Board of Directors to establish series and to determine by amendment to these Articles, adopted prior to the issuance of any shares of such series, the following rights and preferences of the shares thereof in accordance with the provisions of the General Corporation Law of the State of Ohio applicable thereto:

(a) The rate of dividend and the dividend payment dates;

(b) The price at which shares may be redeemed, such price to be not less than \$100 or more than \$115 per share, plus accrued dividends to the date of redemption;

(c) The amount payable upon shares in event of involuntary liquidation, which amount shall not be less than \$100 per share or more than \$115 per share, plus accrued dividends;

(d) The amount payable upon shares in event of voluntary liquidation, which amount shall not be less than \$100 per share or more than \$115 per share, plus accrued dividends;

(e) The terms and conditions, if any, on which shares of such series shall be by their terms convertible into or exchangeable for shares of any other class of stock of the Corporation over which the Preferred Stock has preference as to payment of dividends and as to assets;

(f) The sinking fund requirements, if any, for the purchase or redemption of shares of such series which requirements shall not permit the purchase or redemption of shares of such series while the Corporation is subject to the Public Utility Holding Company Act of 1935 if the Corporation is in arrears with respect to dividends on any series of Preferred Stock or Class A Preferred Stock, unless approval for such purchase or redemption has been obtained under that Act.

The Board of Directors are hereby authorized to issue and sell all the authorized unissued shares of Preferred Stock as shares of any series.

CLASS A PREFERRED STOCK

Provision for Division Into and Issue in Series of Class A Preferred Stock and Grant of Authority to Board of Directors

The shares of Class A Preferred Stock may be divided into and issued in series. Each such series shall be designated so as to distinguish the shares thereof from the shares of all other series and classes and all shares of the Class A Preferred Stock, irrespective series, shall be identical except as to the following rights and preferences in respect of any or all of which there may be variations between different series, and authority is hereby expressly granted to and vested in the Board of Directors to establish series and to determine by amendment to these Articles, adopted prior to the issuance of any shares of such series, the following rights and preferences of the shares thereof in accordance with the provisions of the General Corporation Law of the State of Ohio applicable thereto:

(a) The rate of dividend and the dividend payment dates;

(b) The price at which shares may be redeemed, such price to be not less than $25 per share or more than $28.75 per share, plus accrued dividends to the date of redemption;

(c) The amount payable upon shares in event of involuntary liquidation, which amount shall not be less than $25 per share or more than $28.75 per share, plus accrued dividends;

(d) The amount payable upon shares in event of voluntary liquidation, which amount shall not be less than $25 per share or more than $28.75 per share, plus accrued dividends;

(e) The terms and conditions, if any, on which shares of such series shall be by their terms convertible into or exchangeable for shares of any other class of stock of the Corporation over which the Class A Preferred Stock has preference as to payment of dividends and as to assets;

(f) The sinking fund requirements, if any, for the purchase or redemption of shares of such series which requirements shall not permit the purchase or redemption of shares of such series while the Corporation is subject to the Public Utility Holding Company Act of 1935 if the Corporation is in arrears with respect to dividends on any series of Class A Preferred Stock or Preferred Stock, unless approval for such purchase or redemption has been obtained under that Act.

The Board of Directors are hereby authorized to issue and sell all the authorized and unissued shares of Class A Preferred Stock as shares of any series.

General Provisions

The following provisions shall apply to all of the Preferred Stock and Class A Preferred Stock irrespective of series:

(A) The holders of the Preferred Stock and Class A Preferred Stock of each series shall be entitled to receive dividends, payable when and as declared by the Board of Directors, on such dates and at such rates as shall be determined for the respective series, from the first day of the current dividend period within which such stock shall have been originally issued, before any dividends shall be declared or paid upon or set apart for the Common Stock or any other class of stock of the Corporation not having preference over the Preferred Stock and Class A Preferred Stock as to payment of dividends. Such dividends shall be cumulative so that if for any dividend period or periods dividends shall not have been paid or declared and set apart for payment upon all outstanding Preferred Stock and Class A Preferred Stock at the rates determined for the respective series, the deficiency shall be fully paid, or declared and set apart for payment, before any dividends shall be declared or paid upon the Common Stock or any other class of stock of the Corporation not having preference over the Preferred Stock and Class A Preferred Stock as to payment of dividends. Dividends shall not be declared and set apart for payment, or paid, on the Preferred Stock or Class A Preferred Stock of any one series, for any dividend period, unless dividends have been or are contemporaneously declared and set apart for payment or paid on the Preferred Stock and Class A Preferred Stock of all series for all dividend periods terminating on the same or an earlier date.

(B) When full cumulative dividends as aforesaid upon the Preferred Stock and Class A Preferred Stock of all series then outstanding for all past dividend periods and for the current dividend periods shall have been paid or declared and set apart for payment, the Board of Directors may declare dividends on the Common Stock or any other class of stock over which the Preferred Stock or Class A Preferred Stock has preference as to payment of dividends, and no holders of any series of the Preferred Stock or Class A Preferred Stock as such shall be entitled to share therein; provided, however, that, so long as any shares of the 4.40% Preferred Stock or the 3.90% Preferred Stock are outstanding, no dividends (other than dividends paid in or presently thereafter repaid to the Corporation for or as a capital contribution with respect to stock over which the Preferred Stock and Class A Preferred Stock have preference as to payment of dividends and as to assets) shall be paid or any other distribution of assets made, by purchase of shares or otherwise, on Common Stock or any other class of stock over which the Preferred Stock and Class A Preferred Stock have preference as to payment of dividends or as to assets except out of accumulated surplus available for distribution to stock over which the Preferred Stock and Class A Preferred Stock have preference as to payment of dividends and as to assets, earned subsequent to September 30, 1944, or if, at the time of declaration thereof or the making of such distribution, there shall not remain to the credit of earned surplus account (after deducting therefrom the amount of such dividends and distribution) an amount at least equal to one and one-half times the annual dividend requirements on all then outstanding shares of the Preferred Stock and Class A Preferred Stock and on all other classes of stock over which the Preferred Stock and Class A Preferred Stock do not have preference as to payment of dividends and as to assets.

So long as any shares of the Preferred Stock and Class A Preferred Stock are outstanding, the Corporation shall not (except as may be approved or permitted by the affirmative favorable vote of the holders of at least 66-2/3% of the total number of shares of Preferred Stock and Class A Preferred Stock at the time outstanding voting as a single class, such total number of shares for this purpose to be calculated on the basis of each share of Preferred Stock being counted as one share and each share of Class A Preferred Stock being counted as one-quarter share), declare or pay any dividends on the Common Stock, except as follows:

(a) If and so long as the common stock equity at the end of the calendar month immediately preceding the date on which a dividend on Common Stock is declared is, or as a result of such dividend would become, less than 20% of total capitalization, the Corporation shall not declare such dividend in an amount which, together with all other dividends on Common Stock paid within the year ending with and including the date on which such dividend is payable,

exceeds 50% of the consolidated net income of the Corporation and its subsidiary companies available for dividends on the Common Stock for the twelve full calendar months immediately preceding the month in which such dividend is declared;

(b) If and so long as the common stock equity at the end of the calendar month immediately preceding the date on which a dividend on Common Stock is declared is, or as a result of such dividend would become, less than 25% but not less than 20% of total capitalization, the Corporation shall not declare such dividend in an amount which, together with all other dividends on Common Stock paid within the year ending with and including the date on which such dividend is payable, exceeds 75% of the consolidated net income of the Corporation and its subsidiary companies available for dividends on the Common Stock for the twelve full calendar months immediately preceding the month in which such dividend is declared; and

(c) At any time when the common stock equity is 25% or more of total capitalization, the Corporation may not declare dividends on shares of the Common Stock which would reduce the common stock equity below 25% of total capitalization, except to the extent provided in subparagraphs (a) and (b) above.

For the purposes of the foregoing limitation (i) the term "common stock equity" shall mean the sum of the par value of, or stated value or capital represented by, the shares of Common Stock of the Corporation, and the consolidated surplus, earned, capital and paid-in, of the Corporation and its subsidiary companies (including any premiums on Common Stock but excluding any premiums on the Preferred Stock and Class A Preferred Stock), whether or not available for the payment of dividends on the Common Stock; (ii) the term "total capitalization" shall mean the sum of the par value of, or stated value or capital represented by, the capital stock of all classes of the Corporation and its subsidiary companies outstanding in the hands of the public, the consolidated surplus, earned, capital and paid-in, of the Corporation and its subsidiary companies (including any premiums on any such capital stock), whether or not available for the payment of dividends on the Common Stock, and the principal amount of all debt of the Corporation and its subsidiary companies outstanding in the hands of the public, maturing more than twelve months after the date of the determination of the total capitalization; and (iii) the term "dividends on Common Stock" shall embrace dividends on Common Stock of the Corporation (other than dividends payable only in shares of such Common Stock), distributions on, and purchases or other acquisitions for value of any Common Stock of the Corporation.

(C) Upon any dissolution, liquidation or winding up of the Corporation, whether voluntary or involuntary, the holders of Preferred Stock and Class A Preferred Stock of each series, without any preference of the shares of any series of Preferred Stock or Class A Preferred Stock over the shares of any other series of Preferred Stock or Class A Preferred Stock, shall be entitled to receive out of the assets of the Corporation, whether capital, surplus or other, before any distribution of the assets to be distributed shall be made to the holders of Common Stock or of any other class of stock not having preference as to assets over the Preferred Stock and Class A Preferred Stock, the amount determined to be payable on the shares of such series in the event of voluntary or involuntary liquidation, as the case may be. In case the assets shall not be sufficient to pay in full the amounts determined to be payable on all the shares of Preferred Stock and Class A Preferred Stock in the event of voluntary or involuntary liquidation, as the case may be, then the assets available for such payment shall be distributed to the extent available as follows: first, to the payment, pro rata, of an amount per share on each share of Preferred Stock and Class A Preferred Stock outstanding irrespective of series equal to the par value thereof; second, to the payment of the accrued dividends on such shares, such payment to be made pro rata in accordance with the amount of accrued dividends on each such share; and, third, to the payment of any amounts in excess of the par value per share plus accrued dividends which shall have been determined to be payable on the shares of any series of Preferred Stock and Class A Preferred Stock in the event of voluntary or involuntary liquidation, as the case may be, such payment also to be made pro rata in accordance with the amounts, if any, so payable on each such share. After payment to the holders of the Preferred Stock and of the Class A Preferred Stock of the full preferential amounts hereinabove provided for, the holders of the Preferred Stock and of the Class A Preferred Stock as such shall have no right or claim to any of the remaining assets of the Corporation, either upon any distribution of such assets or upon dissolution, liquidation or winding up, and the remaining assets to be distributed, if any, upon a distribution of such assets or upon dissolution, liquidation or winding up, may be distributed among the holders of the Common Stock or of any other class of stock over which the Preferred Stock and the Class A Preferred Stock have preference as to assets. Without limiting the right of the Corporation to distribute its assets or to dissolve, liquidate or wind up in connection with any sale, merger, or consolidation, the sale of all or substantially all of the property of the Corporation to, or the merger or consolidation of the Corporation with or into, any other corporation shall not be deemed to be a distribution of assets or a dissolution, liquidation, or winding up for the purposes of this paragraph.

(D) At the option of the Board of Directors of the Corporation, the Corporation may redeem any series of Preferred Stock or Class A Preferred Stock determined to be redeemable, or any part of any series, at any time at the redemption price determined for such series; provided, however, that not less than thirty nor more than sixty days previous to the date fixed for redemption a notice of the time and place thereof shall be given to the holders of record of the Preferred Stock or Class A Preferred Stock so to be redeemed, by mail or publication, in such manner as may be prescribed by the Code of Regulations of the Corporation or by resolution of the Board of Directors; and, provided, further, that, in every case of redemption of less than all of the outstanding shares of any one series of Preferred Stock or Class A Preferred Stock, the shares of such series to be redeemed shall be chosen by lot in such manner as may be prescribed by resolution of the Board of Directors. At any time after notice of redemption has been given in the manner prescribed by the Code of Regulations of the Corporation or by resolution of the Board of Directors to the holders of stock so to be redeemed, the Corporation may deposit the aggregate redemption price with some bank or trust company in the Borough of Manhattan, the City of New York, named in such notice, payable on the date fixed for redemption as aforesaid and in the amounts aforesaid to the respective orders of the holders of the shares so to be redeemed, on endorsement to the Corporation, or otherwise, as may be required, and upon surrender of the certificates for such shares. Upon the deposit of said money as aforesaid, or, if no such deposit is made, upon said redemption date (unless the Corporation defaults in making payment of the redemption price as set forth in such notice), such holders shall cease to be shareholders with respect to said shares, and from and after the making of said deposit, or, if no such deposit is made, after the redemption date (the Corporation not having defaulted in making payment of the redemption price as set forth in such notice), the said holders shall have no interest in or claim against the Corporation, with respect to said shares, but from and after the date fixed for redemption as aforesaid shall be entitled only to receive said monies from said bank or trust company, or if no such deposit is made, or if such deposit has been made and thereafter paid over to the Corporation as hereinafter provided, from the Corporation, without interest thereon, upon endorsement, if required, and surrender of the certificates as aforesaid.

In case the holder of any such Preferred Stock or Class A Preferred Stock shall not, within six years after said deposit, claim the amount deposited as above stated for the redemption thereof, the Depositary shall upon demand pay over to the Corporation such amounts so deposited and the Depositary, but not the Corporation, shall thereupon be relieved from all responsibility to the holder thereof.

Nothing herein contained shall limit any legal right of the Corporation to purchase any shares of the Preferred Stock or Class A Preferred Stock. Any shares of Preferred Stock or Class A Preferred Stock redeemed, purchased or otherwise acquired shall not be reissued but shall be retired and cancelled.

(E) So long as any shares of the Preferred Stock or Class A Preferred Stock are outstanding, the Corporation shall not:

(a) without the affirmative vote in favor thereof of the holders of at least 66-2/3% of the total number of shares of Preferred Stock and Class A Preferred Stock at the time outstanding voting as a single class, such total number of shares for this purpose to be calculated on the basis of each share of Preferred Stock being counted as one share and each share of Class A Preferred Stock being counted as one-quarter share, issue (such issuance to be within 180 days after such a vote) any shares of any class of stock preferred as to dividends or assets over the Preferred Stock and Class A Preferred Stock or any security convertible into such class of stock, or adopt an amendment of these Articles, which would either (i) create or authorize any shares of any class preferred as to dividends or assets over the Preferred Stock and Class A Preferred Stock, or (ii) change any of the rights and preferences of the then outstanding Preferred Stock or Class A Preferred Stock in any manner substantially prejudicial to the holders thereof; provided, however, that if any such change would adversely affect the holders of only one such class of stock, only the affirmative vote of the holders of at least 66-2/3% of the class so affected shall be required; and provided, further, that nothing in this paragraph contained shall authorize the adoption of any amendment of these Articles by the vote of the holders of a less number of shares of Preferred Stock or Class A Preferred Stock, or of any other class of stock, or of all classes of stock, then is required for adoption of such amendment by the laws of the State of Ohio at the time applicable thereto;

(b) sell, lease, exchange, or otherwise dispose of all or substantially all its property or merge or consolidate with or into any other corporation or corporations, without the affirmative vote in favor of such sale, lease, exchange, disposition, merger or consolidation of the holders of at least a majority of the total number of shares of Preferred Stock and Class A Preferred Stock at the time

outstanding voting as a single class, such total number of shares for this purpose to be calculated on the basis of each share of Preferred Stock being counted as one share and each share of Class A Preferred Stock being counted as one-quarter share, unless such sale, lease, exchange, disposition, merger or consolidation, or the issuance and assumption of all securities to be issued or assumed in connection with any such sale, lease, exchange, disposition, merger or consolidation, shall have been ordered, approved or permitted by a regulatory authority of the United States of America having jurisdiction in the premises; provided, however, that nothing in this paragraph contained shall authorize any such sale, lease, exchange, disposition, merger or consolidation by the vote of the holders of a less number of shares of the Preferred Stock or Class A Preferred Stock, or of any other class of stock, or of all classes of stock, than is required for such sale, lease, exchange, disposition, merger or consolidation by the laws of the State of Ohio at the time applicable thereto; and provided, further, that the provisions of this paragraph shall not apply to a purchase or other acquisition by the Corporation of franchises or assets of another corporation in any manner which does not involve a merger or consolidation;

(c) issue or assume (unless such issue or assumption shall have been approved by the affirmative vote of the holders of at least a majority of the total number of shares of Preferred Stock and Class A Preferred Stock at the time outstanding voting as a single class, such total number of shares for this purpose to be calculated on the basis of each share of Preferred Stock being counted as one share and each share of Class A Preferred Stock being counted as one-quarter share), any unsecured notes, debentures or other securities representing unsecured indebtedness for purposes other than (i) the refunding of outstanding unsecured indebtedness theretofore issued or assumed by the Corporation, (ii) the reacquisition, redemption or other retirement of any indebtedness, or (iii) the reacquisition, redemption or other retirement of all outstanding shares of the Preferred Stock and issue or assumption, the total principal amount of all unsecured notes, debentures or other securities representing unsecured indebtedness issued or assumed by the Corporation and then outstanding (including unsecured securities then to be issued or

assumed but excluding the principal amount of any unsecured notes, debentures or other securities representing unsecured indebtedness having a maturity in excess of ten (10) years and in amount not exceeding 20% of the aggregate of (1) and (2) immediately hereinbelow described) would exceed 20% of the aggregate of (1) the total principal amount of all bonds or other securities representing secured indebtedness issued or assumed by the Corporation and then to be outstanding and (2) the aggregate, at the time of such issue or assumption, of the par value of, or stated capital represented by, the outstanding shares of all classes of stock and of the surplus of the Corporation, paid-in, earned and other, if any. When unsecured notes, debentures or other securities representing unsecured debt of a maturity in excess of ten (10) years shall become of a maturity of ten (10) years or less, it shall then be regarded as unsecured debt of a maturity of less than ten (10) years and shall be computed with such debt for the purpose of determining the percentage ratio to the sum of (1) and (2) above of unsecured debt of a maturity of less than ten (10) years, and when provision shall have been made, whether through a sinking fund or otherwise, for the retirement, prior to their maturity, of unsecured notes, debentures or other securities, representing unsecured debt of a maturity in excess of ten (10) years, the amount of any such security so required to be retired in less than ten (10) years shall be regarded as unsecured debt of a maturity of less than ten (10) years (and not as unsecured debt of a maturity in excess of ten (10) years) and shall be computed with such debt for the purpose of determining the percentage ratio to the sum of (1) and (2) above of unsecured debt of a maturity of less than ten (10) years, provided, however, that the payment due upon the maturity of unsecured debt having an original single maturity in excess of ten (10) years or the payment due upon the latest maturity of any serial unsecured debt of which the original latest maturity was in excess of ten (10) years shall not, for purposes of this provision, be regarded as unsecured debt of a maturity of less than ten (10) years until such payment or payments shall be required to be made within five (5) years; furthermore, when unsecured notes, debentures or other securities representing unsecured debt of a maturity of less than ten (10) years shall exceed 20% of the sum of (1) and (2) above, no additional unsecured notes, debentures or

other securities representing unsecured debt shall be issued or assumed (except for the purposes set forth in (i), (ii) and (iii) above) until such ratio is reduced to 20% of the sum of (1) and (2) above; or

(d) issue, sell or otherwise dispose of any shares of Preferred Stock or Class A Preferred Stock, or issue, sell or otherwise dispose of any class of stock ranking <u>pari passu</u> with the Preferred Stock and Class A Preferred Stock as to the payment of dividends and as to assets, unless, in either case, (i) the net income of the Corporation available for the payment of dividends for a period of twelve consecutive calendar months within the fifteen calendar months immediately preceding the issuance, sale or disposition of such stock (including, in any case in which such stock is to be issued, sold or otherwise disposed of in connection with the acquisition of property, the net income of the property to be acquired, computed on the same basis as the net income of the Corporation available for the payment of dividends) is at least equal to twice the annual dividend requirements on all shares of Preferred Stock and Class A Preferred Stock and of all classes of stock over which the Preferred Stock and Class A Preferred Stock do not have preference as to the payment of dividends and as to assets, including the shares proposed to be issued, to be outstanding immediately following such issuance, sale or disposition, and (ii) the gross income of the Corporation available for the payment of interest for a period of twelve consecutive calendar months within the fifteen calendar months immediately preceding the issuance, sale or disposition of such stock (including, in any case in which such stock is to be issued, sold or otherwise disposed of in connection with the acquisition of property, the gross income of the property to be so acquired, computed on the same basis as the gross income of the Corporation available for the payment of interest) is at least equal to one and one-half (1-1/2) times the aggregate of the annual interest requirements (adjusted by provision for amortization of debt discount and expense or of premium on debt, as the case may be) on all indebtedness of the Corporation and the annual dividend requirements (adjusted by provision for amortization of Preferred Stock and Class A Preferred Stock premium and expense) on all shares of Preferred Stock and Class A Preferred Stock and of all classes of stock

over which the Preferred Stock and Class A Preferred Stock do not have preference as to the payment of dividends and as to assets, including the shares proposed to be issued, to be outstanding immediately following such issuance, sale or disposition, and (iii) the aggregate of the capital of the Corporation applicable to the Common Stock and the surplus of the Corporation shall be not less than the aggregate amount payable on the involuntary liquidation, dissolution or winding up of the Corporation, in respect of all shares of the Preferred Stock and Class A Preferred Stock and all shares of stock, if any, ranking prior thereto, or on a parity therewith, as to dividends or distributions, which will be outstanding after the issue of the shares proposed to be issued; provided, that the Corporation shall not thereafter pay any dividends on Common Stock (the term "dividends on Common Stock" shall have the definition set forth in paragraph (B) hereinabove) unless immediately thereafter the Corporation's common stock equity (the words "common stock equity" as used in this sub-paragraph meaning the sum of the par or stated value of the outstanding Common Stock of the Corporation, the earned surplus and the capital and paid-in surplus of the Corporation, whether or not available for the payment of dividends on the Common Stock, and any premium on the Common Stock of the Corporation) shall be at least equal to the aggregate amount payable, on involuntary liquidation, dissolution or winding up of the Corporation, on all shares of the Preferred Stock and Class A Preferred Stock and of any stock ranking prior to, or on a parity with, the Preferred Stock and Class A Preferred Stock, as to dividends or other distributions, at the time outstanding; provided, however, that all or any of the foregoing limitations contained in (ii) and (iii) of this subdivision (d) may at any time and all or any of the foregoing limitations contained in (i) of this subdivision (d) may, if and whenever there are no longer outstanding shares of the 4.40% Preferred Stock or of the 3.90% Preferred Stock, be waived by the affirmative vote in favor thereof of the holders of at least a majority of the total number of shares of preferred Stock and Class A Preferred Stock at the time outstanding voting as a single class, such total number of shares for this purpose to be calculated on the basis of each share of Preferred Stock being counted as one share and each share of Class A Preferred Stock being counted as one-quarter share.

(F) So long as there are any shares of the 4.40% Preferred Stock or of the 3.90% Preferred Stock outstanding, the Corporation shall not issue, sell or otherwise dispose of any shares of Preferred Stock or Class A Preferred Stock if the total number of shares thereof thereafter issued and outstanding would exceed 200,000, such total number of shares for this purpose to be calculated on the basis of each share of Preferred Stock being counted as one share and each share of Class A Preferred Stock being counted as one-quarter share, or issue, sell or otherwise dispose of any class of stock ranking pari passu with the Preferred Stock and Class A Preferred Stock as to the payment of dividends and as to assets, unless, in any such case, prior thereto or simultaneously therewith, the total par value of, or stated capital represented by, shares of stock over which the Preferred Stock and Class A Preferred Stock have preference as to the payment of dividends and as to assets shall have been increased over $14,366,776 by an amount at least equal to $75 for each share so to be issued of Preferred Stock and $18.75 for each share so to be issued of Class A Preferred Stock, including the shares to be issued, in excess of 200,000 shares calculated as set forth above and by an amount equal to $75 for each share so to be issued of any kind of stock over which the Preferred Stock and Class A Preferred Stock do not have preference as to the payment of dividends and as to assets.

(G) The term "accrued dividends" shall be deemed to mean in respect of any share of the Preferred Stock or Class A Preferred Stock of any series, as of any given date, the amount, if any, by which the product of the rate of dividend per annum, determined upon the shares of such series, multiplied by the number of years and any fractional part of a year which shall have elapsed from the date after which dividends on such stock became cumulative to such given date, exceeds the total dividends actually paid on such stock and the dividends declared and set apart for payment. Accumulations of dividends shall not bear interest.

The term "outstanding", whenever used herein with respect to shares of Preferred Stock or Class A Preferred Stock or of any other class of stock which are by their terms redeemable, or with respect to bonds or other evidences of indebtedness, shall not include any such shares or bonds or evidences of indebtedness which have been called for redemption in accordance with the provisions applicable thereto, of which call for redemption notice shall have been given, as required by such provisions, and for the redemption of which a sum of money sufficient to pay the amount payable on such redemption shall have been deposited with a bank or trust company, in trust for such purpose, or any bonds or other evidences of indebtedness for the payment of which at maturity provision has been made in a similar manner.

The term "net income of the Corporation available for the payment of dividends" shall mean the balance remaining after deducting from the total gross earnings of the Corporation from all sources the following: (a) all operating expenses and taxes, including charges to income for general taxes and for federal income and excess profits taxes, for retirement or depreciation reserve and for amortization or other disposition of amounts, if any, classified as amounts in excess of original cost of utility plant, and (b) all interest charges and other income deductions, including charges to income for amortization of debt discount, premium and expense. For the purpose of computing such net income of the Corporation available for the payment of dividends, there shall not be deducted any provision made for the amortization of Preferred Stock or Class A Preferred Stock premium, discount, commission and expense.

The term "gross income of the Corporation available for the payment of interest" shall be determined in accordance with generally accepted accounting practices, but in any event after deducting the amount charged for the period by the Corporation on its books for all taxes, including charges to income for general taxes and for federal and state taxes measured by income, for retirement or depreciation reserve and, so long as classified as an operating expense, for amortization or other disposition of amounts, if any, classified as amounts in excess of original cost of utility plant.

PREFERENCE STOCK

Provision for Division Into and Issue in Series of Preference Stock and Grant of Authority to Board of Directors

The shares of the Preference Stock may be divided into and issued in series. Each such series shall be designated so as to distinguish the shares thereof from the shares of all other series and classes, and all shares of the Preference Stock, irrespective of series, shall be identical except as to the following rights and preferences in respect of any or all of which there may be variations between different series, and authority is hereby expressly granted to and vested in the Board of Directors to establish series and to determine by amendment to these Articles, adopted prior to the issuance of any shares of such series, the following rights and preferences of the shares thereof in accordance with the provisions of the General Corporation Law of Ohio applicable thereto:

(a) The rate of dividend and the dividend payment dates;

(b) The price at and the terms and conditions on which shares may be redeemed;

(c) The amount payable upon shares in event of involuntary liquidation;

(d) The amount payable upon shares in event of voluntary liquidation;

(e) Sinking fund provisions, if any, for the redemption or purchase of shares (the term "sinking fund" as used herein, including any analogous fund, however designated); and

(f) The terms and conditions on which shares may be converted, if the shares of any series are issued with the privilege of conversion.

The Board of Directors are hereby authorized to issue and sell all the authorized and unissued shares of Preference Stock as shares of any series which shall have been duly established, and in the event that the Corporation shall acquire, by purchase or redemption or otherwise, any issued shares of its Preference Stock of any series, the Board of Directors may resell or convert and sell, in their discretion, any shares so acquired as shares of the same or of any other series of Preference Stock which shall have been duly established.

Shares of any series of Preference Stock, without par value, may be issued for such consideration, not less than the event of involuntary liquidation, as may be fixed by the Board of Directors prior to the time of such issuance and, except as otherwise determined by the Board of Directors in accordance with the provisions of the General Corporation Law of Ohio applicable thereto, the entire amount of such consideration shall be stated capital.

General Provisions

The following provisions shall apply to all shares of the Preference Stock irrespective of series:

(A) The shares of Preference Stock shall be subordinate to the Preferred Stock and the Class A Preferred Stock but in preference to the Common Stock as to the payment of dividends. The holders of the Preference Stock of each series shall be entitled to receive dividends payable quarterly when and as declared by the Board of Directors on such dates and at such rates as shall be determined for the respective series, from the date upon which such shares shall have been originally issued, before any dividends shall be declared or paid upon or set apart for the Common Stock or any other stock of the Company not having preference over the Preference Stock as to payment of dividends. Such dividends shall be cumulative so that if for any dividend period or periods dividends shall not have been

paid or declared and set apart for payment upon all outstanding Preference Stock at the rates determined for the respective series, the deficiency shall be fully paid, or declared and set apart for payment before any dividends shall be declared or paid upon the Common Stock or any other stock of the Corporation not having preference over the Preference Stock as to payment of dividends. Dividends shall not be declared and set apart for payment, or paid, on the Preference Stock of any one series, for any dividend period, unless dividends have been or are contemporaneously declared and set apart for payment or paid on the Preference Stock of all series for all dividend periods terminating on the same or an earlier date.

(B) When full cumulative dividends as aforesaid upon the Preference Stock of all series then outstanding for all past dividend periods and for the current dividend periods shall have been paid or declared and set apart for payment, the Board of Directors may declare dividends on the Common Stock or any other stock over which the Preference Stock has a preference as to payment of dividends, and no holders of any series of Preference Stock as such shall be entitled to share therein.

(C) The shares of Preference Stock shall be subordinate to the Preferred Stock and the Class A Preferred Stock but in preference to the Common Stock upon any dissolution, liquidation or winding up of the Corporation, whether voluntary or involuntary. Upon any such dissolution, liquidation or winding up of the Corporation whether voluntary or involuntary, the holders of Preference Stock of each series, without any preference of the shares of any series of Preference Stock over the shares of any other series of Preference Stock, shall be entitled to receive out of the assets of the Corporation, whether capital, surplus or other, before any distribution of the assets to be distributed shall be made to the holders of Common Stock or of any other stock not having preference as to assets over the Preference Stock, the amount determined to be payable on the shares of such series in the event of voluntary or involuntary liquidation, as the case may be. In case the assets shall not be sufficient to pay in full the amounts determined to be payable on all shares of Preference Stock in the event of voluntary or involuntary liquidation, as the case may be, then the assets available for such payment shall be distributed ratably among the holders of the Preference Stock of all series in accordance with the amounts determined to be payable on the shares of each series, in the event of voluntary or involuntary liquidation, as the case may be, in proportion to the full preferential amounts to which they are respectively entitled. After payment to the holders of the Preference Stock of the full preferential amounts hereinbefore provided for, the holders of the Preference Stock as such shall have no right or claim to any of the remaining assets of the Corporation, either upon any distribution of such assets or upon dissolution, liquidation or winding up, and the remaining assets to be distributed, if any, upon a distribution of such assets or upon

dissolution, liquidation or winding up, may be distributed, subject to the laws of the State of Ohio and the Articles of Incorporation, among the holders of the Common Stock or of any other stock over which the Preference Stock has preference as to assets. Without limiting the right of the Corporation to distribute its assets or to dissolve, liquidate or wind up in connection with any sale, merger, or consolidation, the sale of all or substantially all the property of the Corporation to, or the merger or consolidation of the Corporation into or with, any other corporation shall not be deemed to be a distribution of assets or a dissolution, liquidation or winding up for the purposes of this paragraph.

(D) At the option of the Board of Directors of the Corporation, the Corporation may redeem any series of Preference Stock determined to be redeemable, or any part of any series, at any time at the redemption price determined for such series; provided, however, that not less than thirty nor more than sixty days previous to the date fixed for redemption a notice of the time and place thereof shall be given to the holders of record of the Preference Stock so to be redeemed, by mail or publication, in such manner as may be prescribed by the Code of Regulations of the Corporation or by resolution of the Board of Directors; and, provided, further, that in every case of redemption of less than all of the outstanding shares of any one series of Preference Stock, the shares of such series to be redeemed shall be chosen by lot in such manner as may be prescribed by resolution of the Board of Directors. At any time after notice of redemption has been given in the manner prescribed by the Code of Regulations of the Corporation or by resolution of the Board of Directors to the holders of stock so to be redeemed, the Corporation may deposit, or may cause its nominee to deposit, the aggregate redemption price with some bank or trust company named in such notice, payable on the date fixed for redemption as aforesaid and in the amounts aforesaid to the respective orders of the holders of the shares so to be redeemed, on endorsement to the Corporation or its nominee, or otherwise, as may be required, and upon surrender of the certificates for such shares. Upon the deposit of said money as aforesaid, or, if no such deposit is made, upon said redemption date (unless the Corporation defaults in making payment of the redemption price as set forth in such notice), such holders shall cease to be stockholders with respect to said shares and from and after the making of said deposit, or, if no such deposit is made, after the redemption date (the Corporation not having defaulted in making payment of the redemption price as set forth in such notice), the said holders shall have no interest in or claim against the Corporation, or its nominee, with respect to said shares, but shall be entitled only to receive said monies on and after the date fixed for redemption as aforesaid from said bank or trust company, or if no such deposit is made, or if such deposit has been made and thereafter paid over to the Corporation as hereafter provided, from the Corporation, without interest thereon, upon endorsement, if required, and surrender of the certificates as aforesaid.

If such deposit shall be made by a nominee of the Corporation as aforesaid, such nominee shall upon such deposit become the owner of the shares with respect to which such deposit was made and certificates of stock may be issued to such nominee in evidence of such ownership.

In case the holder of any such Preference Stock shall not, within six years after said deposit, claim the amount deposited as above stated for the redemption thereof, the Depositary shall upon demand pay over to the Corporation such amounts so deposited and the Depositary shall thereupon be relieved from all responsibility to the holder thereof.

Nothing herein contained shall limit any legal right of the Corporation to purchase any shares of the Preference Stock.

(E) So long as any shares of the Preference Stock are outstanding, no amendment to the Articles of Incorporation shall be adopted without the affirmative vote of the holders of at least 66-2/3% of the shares of Preference Stock outstanding at the time of the adoption of such amendment, which would either (a) create any class of shares preferred as to dividends or assets over the Preference Stock, or (b) change the designations, preferences, qualifications, limitations, restrictions or other special or relative rights of the then outstanding Preference Stocks, provided, however, nothing in this paragraph contained shall authorize the adoption of any amendment of the Articles of Incorporation by the vote of the holders of a less number of shares of Preference Stock, or of any other class of stock, or of all classes of stock, than is required for the adoption of such amendment by the laws of the State of Ohio, at that time applicable thereto.

COMMON STOCK

There shall be a class of stock of the Corporation designated Common Stock and each share of Common Stock shall be equal to every other share of said stock in every respect.

VOTING POWERS AND OTHER RIGHTS

At all elections of directors of the Corporation, and on all other matters, except on matters in respect of which the laws of the State of Ohio shall provide that all shareholders shall have the right to vote irrespective of whether such right has been relinquished by any of such shareholders and except as otherwise herein provided, the holders of the Common Stock shall have the exclusive right to vote.

Whenever and as often as four quarterly dividends payable on the Preferred Stock or the Class A Preferred Stock of any series shall be in default, in whole or in part, the holders of the Preferred Stock and the Class A Preferred Stock shall have the exclusive right, voting separately from any other class of stock and as a single class, each share of Preferred Stock being counted as one and each share of Class A Preferred Stock being counted as one-quarter, to vote for and to elect the smallest number of directors which shall constitute a majority of the then authorized number of directors of the Corporation, and, in all matters with respect to the governing of the affairs of the Corporation other than the election of directors, each share of the Preferred Stock shall be counted as one and each share of the Class A Preferred Stock shall be counted as one-quarter so that each holder of one or more shares of Preferred Stock held by him, and each holder of one or more shares of Class A Preferred Stock shall be entitled to one-quarter vote for each such share of stock held by him.

Whenever and as often as six quarterly dividends payable on the Preference Stock of any series shall be in default, in whole or in part, the holders of the Preference Stock, subject to any right of the holders of the Preferred Stock and the Class A Preferred Stock to elect a majority of directors as aforesaid, shall have the exclusive right, voting separately from any other class of stock and as a class, each share of Preference Stock being counted as one, to vote for and to elect two directors of the Corporation, and, in all matters with respect to the governing of the affairs of the Corporation other than the election of directors, each share of the Preference Stock shall be counted as one so that each holder of one or more shares of Preference Stock shall be entitled to one vote for each such share of stock held by him.

In the event of defaults entitling the Preferred Stock and Class A Preferred Stock and/or the Preference Stock to vote as aforesaid, the holders of the Common Stock shall have the exclusive right, voting separately and as a class, to vote for and to elect the number of directors which shall not be required to be elected by the Preferred Stock and Class A Preferred Stock and/or the Preference Stock, as the case may be, and, in all matters other than the election of directors, each holder of Common Stock shall be entitled to one vote for each such share of stock held by him. The voting rights of the holders of the Preferred Stock and the Class A Preferred Stock, taken as a single class, or of the holders of the Preference Stock, as the case may be, shall cease when all defaults in the payment of dividends on their respective class of stock shall have been cured, and such dividends shall be declared and paid out of any funds legally available therefore as soon as reasonably practicable. Whenever the right shall have accrued to the holders of the Preferred Stock and the Class A Preferred Stock to elect directors, voting separately from any other class of stock and as a class, the terms of office, as directors, of all persons who may be

directors of the Corporation at the time, other than persons who were elected as directors by the holders of the Preference Stock as aforesaid and who constitute less than a majority of the Board of Directors, shall terminate upon the election of a majority of the Board of Directors by the holders of the Preferred Stock and the Class A Preferred Stock, and whenever the right shall have accrued to the holders of the Preference Stock to elect two directors, voting separately from any other class of stock and as a single class, the terms of office, as directors, of all other than persons who were elected as directors by the holders of the Preferred Stock and the Class A Preferred Stock as aforesaid, shall terminate upon the election of two directors by the holders of the Preference Stock. In either case, if the holders of the Common Stock shall not then have elected the remaining directors of the Corporation, the directors of the Corporation in office just prior to the election of a majority of the Board of Directors by the holders of the Preferred Stock and the Class A Preferred Stock and/or the election of two directors by the holders of the Preference Stock, as the case may be, shall elect the remaining directors of the Corporation. Thereafter so long as the majority of the Board of Directors is being elected by the holders of the Preferred Stock and the Class A Preferred Stock and/or two directors are being elected by the holders of the Preference Stock, as the case may be, the remaining directors, whether elected by directors as aforesaid or by the holders of the Common Stock, shall continue in office until their successors are elected by the holders of the Common Stock. Any vacancy in the Board of Directors occurring during any period that the Preferred Stock and Class A Preferred Stock and/or the Preference Stock shall have representatives on the board shall be filled by a majority vote of the remaining directors representing the class or classes of stock theretofore represented by the director causing the vacancy or by the remaining director representing such class or classes if there be but one. Upon the termination of the exclusive right of the holders of the Preferred Stock and Class A Preferred Stock to elect a majority of the directors of the Corporation and/or the exclusive right of the holders of the Preference Stock to elect two directors, as the case may be, the terms of office of all the directors of the Corporation representing the stockholders whose right to elect directors has terminated shall terminate and their successors may be elected by the vote of a majority of the remaining directors who represent the holders of the Common Stock.

Whenever the right shall have accrued to the holders of the Preferred Stock and Class A Preferred Stock and/or the holders of the Preference Stock to elect directors as aforesaid, it shall be the duty of the president, a vice-president or the secretary of the Corporation forthwith to call and cause notice to be given to the shareholders entitled to vote at a meeting to be held at such time as the Corporation's officers may fix, not less than forty-five nor more than sixty days after the accrual of such right, for the

purpose of electing directors. The notice so given shall be mailed to each holder of record of the Preferred Stock or Class A Preferred Stock and/or each holder of the Preference Stock, as the case may be, at his last known address appearing on the books of the Corporation. If the notice is to the holders of the Preferred Stock and the Class A Preferred Stock, it shall set forth, among other things, (i) that by reason of the fact that dividends payable on the Preferred Stock or Class A Preferred Stock are in default in an amount equal to four full quarterly payments or more per share, the holders of the Preferred Stock and Class A Preferred Stock, voting separately as a single class, have the right to elect the smallest number of directors necessary to constitute a majority of the full Board of Directors of the Corporation, (ii) that any holder of the Preferred Stock and Class A Preferred Stock has the right, at any reasonable time, to inspect, and make copies of, the list or lists of holders of the Preferred Stock and Class A Preferred Stock maintained at the principal office of the Corporation or at the office of any Transfer Agent of the Preferred Stock or Class A Preferred Stock, and (iii) either the entirety of the next following paragraph or the substance thereof with respect to the number of shares of the Preferred Stock and Class A Preferred Stock required to be represented at any meeting, or adjournment thereof, called for the election of directors of the Corporation. If the notice is to the holders of the Preference Stock, it shall set forth, among other things, (i) that by reason of the fact that dividends payable on the Preference Stock are in default in an amount equal to six full quarterly payments or more per share, the holders of the Preference Stock, voting separately as a class, have the right to elect two directors of the Corporation, (ii) that any holder of the Preference Stock has the right, at any reasonable time, to inspect, and make copies of, the list or lists of holders of the Preference Stock maintained at the principal office of the Corporation or at the office of any Transfer Agent of the Preference Stock, and (iii) either the entirety of the next following paragraph of the substance thereof with respect to the number of shares of the Preference Stock required to be represented at any meeting, or adjournment thereof, called for the election of directors of the Corporation.

At the first meeting of stockholders held for the purpose of electing directors during such time as the holders of the Preferred Stock and Class A Preferred Stock and/or the holders of the Preference Stock shall have the special right to elect directors, the presence in person or by proxy of the holders of a majority of the outstanding Common Stock shall be required to constitute a quorum of such class for the election of directors, the presence in person or by proxy of the holders of a majority of the outstanding Preferred Stock and Class A Preferred Stock, taken together as a single class, shall be required to constitute a quorum of such class for the election of directors. In the absence of a quorum of any class of stockholders (the holders of the Preferred Stock and

Class A Preferred Stock being treated as a single class), no election of directors by such class of stockholders shall be held. If because of the preceding sentence the holders of the Preferred Stock and Class A Preferred Stock and/or the holders of the Preference Stock are not able to exercise their right to elect directors as provided herein, a majority of the holders of either of such classes of stockholders (the holders of the Preferred Stock and Class A Preferred Stock being treated as a single class) who have not been able to exercise their right to elect directors as aforesaid, which majority is present in person or by proxy shall have power to adjourn the election of the directors who will represent the holders of the Preferred Stock and the Class A Preferred Stock and/or the holders of the Preference Stock, as the case may be, to a date not less than fifteen nor more than fifty days from the giving of the notice of such adjourned meeting hereinafter provided for; and provided, further, that at such adjourned meeting, as applicable, the presence in person or by proxy of the holders of 35% of the outstanding Preferred Stock and Class A Preferred Stock, taken together as a single class, shall be required to constitute a quorum of such class for the election of directors and the presence in person or by proxy of the holders of 35% of the outstanding Preference Stock shall be required to constitute a quorum of such class for the election of directors. For the purposes of this paragraph, in determining whether a quorum exists, each share of Preferred Stock shall be counted as one, each share of Class A Preferred Stock shall be counted as one-quarter, each share of Preference Stock shall be counted as one and each share of Common Stock shall be counted as one. In the event such first meeting of stockholders shall be so adjourned, it shall be the duty of the president, a vice-president or the secretary of the Corporation, within ten days from the date on which such first meeting shall have been adjourned, to cause notice of such adjourned meeting to be given to the shareholders entitled to vote thereat, such adjourned meeting to be held not less than fifteen days nor more than fifty days from the giving of such second notice. Such second notice shall be given in the form and manner hereinabove provided for with respect to the notice required to be given of such first meeting of stockholders, and shall further set forth, as applicable, that a quorum of the holders of the Preferred Stock and Class A Preferred Stock was not present at such first meeting and that the holders of 35% of the outstanding Preferred Stock and Class A Preferred Stock, taken together as a single class, each share of Preferred Stock being counted as one-quarter, shall be required to constitute a quorum of such class for the election of directors at such adjourned meeting and/or that a quorum of the holders of the Preference Stock was not present at such first meeting and that the holders of 35% of the outstanding Preference Stock shall be required to constitute a quorum of such class for the election of directors at such adjourned meeting. If the requisite quorum of holders of the Preferred Stock and Class A Preferred Stock, taken together as a single class, and/or the requisite quorum of holders of the Preference Stock, as

the case may be, shall not be present at said adjourned meeting, then no election of directors by the class not mustering a quorum shall be held and the directors of the Corporation otherwise in office (taken into account the actions, if any, properly taken at such meeting) shall remain in office until the next Annual Meeting of the Corporation, or special meeting in lieu thereof, and until their successors shall have been elected and shall qualify. Neither such first meeting nor such adjourned meeting shall be held on a date within sixty days of the date of the next Annual Meeting of the Corporation or special meeting in lieu thereof. At each Annual Meeting of the Corporation, or special meeting in lieu thereof, held during such time as the holders of the Preferred Stock and Class A Preferred Stock, voting separately as a single class, shall have the right to elect a majority of the Board of Directors and/or the holders of the Preference Stock shall have the right to elect two directors, the foregoing provisions of this paragraph shall govern such Annual Meeting, or special meeting in lieu thereof, as if said Annual Meeting or special meeting were the first meeting of stockholders held for the purpose of electing directors after such rights of the holders of the Preferred Stock and Class A Preferred Stock and/or the holders of the Preference Stock should have accrued, with the exception that if, at any adjourned Annual Meeting, or special meeting in lieu thereof, a quorum of 35% of the outstanding Preferred Stock and Class A Preferred Stock taken together as a single class and/or a quorum of 35% of the outstanding Preference Stock is not present in person or by proxy, all the directors, other than those elected by the holders of the Preferred Stock and Class A Preferred Stock taken together as a single class or by the holders of the Preference Stock (as a result of either the holders of the Preferred Stock and Class A Preferred Stock or the holders of the Preference Stock mustering a quorum), shall be elected by a vote of the holders of a majority of the Common Stock of the Corporation present or represented at the meeting.

At all elections of directors of the Corporation, each shareholder entitled to vote for directors shall have the right to cumulate his shares and to give to one candidate for whom he may vote as many votes as the number of directors to be elected by the holders of the class of stock held by such shareholder multiplied by the number of his shares equals (with each share, in the case of Class A Preferred Stock, being counted as one-quarter share), or to distribute them on the same principle among as many such candidates as he sees fit.

Established Series of Preferred Stock

Without limitation of the foregoing authority conferred upon the Board of Directors, there shall be series of Preferred Stock designated as 4.40%, 3.90%, 4.56%, 4.44%, 7.24%, 7.36%, 8.20%, and 8.45% Preferred Stock.

4.40% Preferred Stock

The rights and preferences of the series 4.40% Preferred Stock in those respects in which the shares thereof may vary from the shares of other series shall be as follows:

(a) The rate of dividend shall be 4.40% per annum and the dividend payment dates shall be the first days of January, April, July and October in each year;

(b) The price at which shares may be redeemed shall be $108 per share, plus accrued dividends to the date of redemption;

(c) The amount payable in event of involuntary liquidation shall be $100 per share, plus accrued dividends;

(d) The amount payable in event of voluntary liquidation shall be the redemption price in effect at the date of such liquidation;

(e) They shall not be, by their terms, convertible or exchangeable; and

(f) There shall not be any sinking fund requirements for the purchase or redemption of the 4.40% Preferred Stock.

3.90% Preferred Stock

The rights and preferences of the series of 3.90% Preferred Stock in those respects in which the shares thereof may vary from the shares of the other series shall be as follows:

(a) The rate of dividend shall be 3.90% per annum and the dividend payment dates shall be the first days of January, April, July and October in each year;

(b) The price at which shares may be redeemed shall be $103.625 per share, plus accrued dividends to the date of redemption;

(c) The amount payable in the event of involuntary liquidation shall be $100 per share, plus accrued dividends;

(d) The amount payable in the event of voluntary liquidation shall be the redemption price in effect at the date of such liquidation;

(e) They shall not be, by their terms, convertible or exchangeable; and

(f) There shall not be any sinking fund requirements for the purchase or redemption of the 3.90% Preferred Stock.

4.56% Preferred Stock

The rights and preferences of the series of 4.56% Preferred Stock in those respects in which the shares thereof may vary from the shares of other series shall be as follows:

(a) The rate of dividend shall be 4.56% per annum and the dividend payment dates shall be the first days of March, June, September and December in each year;

(b) The price at which shares may be redeemed shall be $103.375 per share, plus accrued dividends to the date of redemption;

(c) The amount payable in the event of involuntary liquidation shall be $100 per share, plus accrued dividends;

(d) The amount payable in the event of voluntary liquidation shall be the redemption price in effect at the date of such liquidation;

(e) The shares shall not be, by their terms, convertible or exchangeable; and

(f) There shall not be any sinking fund requirements for the purchase or redemption of the 4.56% Preferred Stock.

4.44% Preferred Stock

The rights and preferences of the series of 4.44% Preferred Stock in those respects in which the shares thereof may vary from the shares of other series shall be as follows:

(a) The rate of dividend shall be 4.44% per annum and the dividend payment dates shall be the first days of January, April, July and October in each year;

(b) The price at which shares may be redeemed shall be $103.50 per share plus accrued dividends to the date of redemption;

(c) The amount payable in the event of involuntary liquidation shall be $100 per share, plus accrued dividends;

(d) The amount payable in the event of voluntary liquidation shall be the redemption price in effect at the date of such liquidation;

(e) The shares shall not be, by their terms, convertible or exchangeable; and

(f) There shall not be any sinking fund requirements for the purchase or redemption of the 4.44% Preferred Stock.

7.24% Preferred Stock

The rights and preferences of the series of 7.24% Preferred Stock in those respects in which the shares thereof may vary from the shares of other series shall be as follows:

(a) The rate of dividend shall be 7.24% per annum and the dividend payment dates shall be the twenty-ninth days of March, June, September and December in each year;

(b) The price at which shares may be redeemed shall be $101.98 per share, plus accrued dividends in each case to the date of redemption;

(c) The amount payable in the event of involuntary liquidation shall be $100 per share, plus accrued dividends;

(d) The amount payable in the event of voluntary liquidation shall be the redemption price in effect at the date of such liquidation;

(e) The shares shall not be, by their terms, convertible or exchangeable; and

(f) There shall not be any sinking fund requirements for the purchase or redemption of the 7.24% Preferred Stock.

7.36% Preferred Stock

The rights and preferences of the 7.36% Preferred Stock in those respects in which the shares thereof may vary from the shares of other series shall be as follows:

(a) The rate of dividend shall be 7.36% per annum and the dividend payment dates shall be the fourteenth days of March, June, September and December in each year;

(b) The price at which shares may be redeemed shall be $102.84 per share if the date of redemption is after March 1, 1988 and on or prior to March 1, 1993, and $101.74 per share if the date of redemption is after March 1, 1993, plus accrued dividends in each case to the date of redemption;

(c) The amount payable in the event of involuntary liquidation shall be $100 per share, plus accrued dividends;

(d) The amount payable in the event of voluntary liquidation shall be the redemption price in effect at the date of such liquidation;

(e) The shares shall not be, by their terms, convertible or exchangeable; and

(f) There shall not be any sinking fund requirements for the purchase or redemption of the 7.36% Preferred Stock.

8.20% Preferred Stock

The rights and preferences of the 8.20% Preferred Stock in those respects in which the shares thereof may vary from the shares of other series shall be as follows:

(a) The rate of dividend shall be 8.20% per annum and the dividend payment dates shall be the twenty-sixth days of February, May, August and November in each year;

(b) The price at which shares may be redeemed shall be $103.30 per share if the date of redemption is after February 1, 1989, and on or prior to February 1, 1994, and $102.07 per share if the date of redemption is after February 1, 1994, plus accrued dividends in each case to the date of redemption;

(c) The amount payable in the event of involuntary liquidation shall be $100 per share, plus accrued dividends;

(d) The amount payable in the event of involuntary liquidation shall be the redemption price in effect at date of such liquidation;

(e) The shares shall not be, by their terms, convertible or exchangeable; and

(f) There shall not be any sinking fund requirements for the purchase or redemption of the 8.20% Preferred Stock.

8.45% PREFERRED STOCK

The rights and preferences of the 8.45% Preferred Stock, in those respects in which the series thereof may vary from the shares of other series, shall be as follows:

(a) The rate of dividend shall be 8.45% per share per annum and the dividend payment dates shall be the sixteenth day of March, June, September and December, in each year, commencing December 16, 1991, provided that accumulated and unpaid dividends accrued for any prior quarterly period may be paid at any time, and provided that with respect to the dividend payable on December 16, 1991, the first day of the dividend period with respect to which such dividend is paid shall be the day of the actual issuance of the 8.45% Preferred Stock;

(b) The amount payable in the event of involuntary liquidation shall be $100 per share, plus accrued dividends;

(c) The amount payable in the event of voluntary liquidation shall be $100 per share, plus accrued dividends;

(d) The shares shall not be, by their terms, convertible or exchangeable;

(e) The requirements for the mandatory redemption of shares of the 8.45% Preferred Stock shall be as follows:

(i) On September 16, 1997 and on each September 16 thereafter through and including September 16, 2001 (each a "Mandatory Redemption Date") the Corporation shall redeem out of funds legally available therefore 50,000 shares of the 8.45% Preferred Stock (or the number of shares then outstanding if less than 50,000) at a redemption price equal to $100 per share plus accrued dividends to the date of redemption. Whenever on any such Mandatory Redemption Date funds legally available therefore are insufficient to permit the Corporation to redeem the full number of shares of 8.45% Preferred Stock so required to be redeemed on such date, the Corporation shall apply to such redemption the proportion of such legally available funds which bears the same ratio to the amount required for the redemption of the full number of such shares as the total amount of such legally available funds bears to the total amount required for the purchase or redemption of shares of all classes of Preferred Stock and of any kind of stock over which the Preferred Stock does not have preference as to the payment of dividends and as to assets which the Corporation is then obligated to redeem or purchase, and the number of shares of 8.45% Preferred Stock required to be redeemed pursuant to the previous sentence hereof on the next succeeding Mandatory Redemption Date shall be increased by an amount equal to the difference between the number of shares of 8.45% Preferred Stock so redeemed and the number of such shares that would have been redeemed had there been sufficient funds legally available therefore.

(ii) No redemption, acquisition or purchase of any stock ranking equally with or junior to the 8.45% Preferred Stock shall occur during any period when the mandatory redemption of shares described in paragraph (i) of this subsection (e) is in arrears, except for payments of arrears through redemptions of shares of classes of Preferred Stock and of any kind of stock over which the Preferred Stock does not have preference as to the payment of dividends and as to assets which the Company is then obligated to redeem or purchase; and

(f) All redemptions of shares of the 8.45% Preferred Stock pursuant to subsection (e) hereof will be made as nearly as practicable <u>pro rata</u> among the holders of the 8.45% Preferred Stock then outstanding, if the holders of all outstanding shares of 8.45% Preferred Stock shall so agree.

Established Series of Class A Preferred Stock

Without limitation of the foregoing authority conferred upon the Board of Directors, there shall be a series of Class A Preferred Stock designated as 7.75% Class A Preferred Stock.

7.75% Class A Preferred Stock

The rights and preferences of the 7.75% Class A Preferred Stock in those respects in which the series thereof may vary from the shares of other series shall be as follows:

(a) The rate of dividend shall be 7-3/4% per share per annum and the dividend payment dates shall be the first days of January, April, July and October in each year, commencing July, 1993, provided that accumulated and unpaid dividends accrued for any prior quarterly period may be paid at any time and dividends for the first period shall begin to accrue from the date of original issuance. The amount of the dividend payable for any quarterly period shall be computed on the basis of a 360-day year of twelve 30-day months;

(b) The 7-3/4% Class A Preferred Stock is not redeemable on or before April 1, 1998. After April 1, 1998, the shares shall be redeemable at a price of $25 per share plus accumulated and unpaid dividends;

(c) The amount payable in the event of an involuntary liquidation shall be $25 per share, plus accumulated and unpaid dividends;

(d) The amount payable in the event of a voluntary liquidation, dissolution or winding up of the Corporation shall be $25 per share, plus accumulated and unpaid dividends;

(e) The 7-3/4% Class A Preferred Stock shall not be, by its terms, convertible; and

(f) There shall not be any sinking fund requirements for the purchase or redemption of the 7-3/4% Class A Preferred Stock.

CERTIFICATE
OF
AMENDED ARTICLES OF INCORPORATION
OF
OHIO EDISON COMPANY

W. R. Holland, who is President and G. F. LaFlame, who is Secretary of the above named Ohio corporation for profit with its principal location at Akron, Ohio do hereby certify that at a meeting of the Board of Directors called and held on the 21st day of June, 1994, Amended Articles of Incorporation were unanimously adopted to consolidate the provisions of the Company's original Articles and all previously adopted amendments thereto which were then in force. These Amended Articles take the place of and supersede the existing Articles as theretofore amended. The Amended Articles so adopted are as follows:

AMENDED ARTICLES OF INCORPORATION

FIRST: The name of the corporation is Ohio Edison Company (hereinafter referred to as the "Corporation").

SECOND: The place in the State of Ohio where its principal office is located is the City of Akron, Summit County.

THIRD: The purpose or purposes for which such Corporation is formed are:

(1) To manufacture, acquire by purchase, lease or otherwise, transmit, distribute, sell and supply electricity to public and private consumers for light, heat and power and any or all other uses.

(2) To manufacture, acquire by purchase, lease or otherwise transmit, distribute, sell and supply steam and hot water for heat and power and any or all other uses.

(3) To manufacture, acquire by purchase, lease or otherwise, transmit, distribute, sell and supply cold water and ice for cold storage and refrigerator purposes and any or all other uses.

(4) To manufacture, acquire by purchase, lease or otherwise, transmit, distribute, sell and supply natural or artificial gas for light, heat and power and any or all other uses.

(5) To acquire, own, maintain, operate and dispose of street and interurban railroads, with all necessary or convenient appurtenances and appliances incidental to the operation of street and interurban railroads, said railroads to be operated by electric or other motive power except steam or animal power, telegraph and telephone lines, and to acquire, own, maintain, operate and dispose of automobiles and busses with all necessary or convenient appurtenances and appliances incidental to the operation of automobiles and busses and to engage in the general business of a common carrier upon its railroad or lines of railway, and telegraph and telephone lines, or with its automobiles and busses.

(6) To acquire and hold the securities of electric power and light and gas companies and other public utility companies and companies owning the stocks or securities of public utility companies.

(7) To acquire and hold the securities of companies engaged in the business of operating or supervising the operation of public utility companies and of companies doing a general construction, engineering or contracting business with public utility or other companies.

(8) To invest and deal with the monies of the Corporation in any manner, and to acquire by purchase, by the exchange of stock or other securities of the Corporation, by subscription or otherwise and to invest in, to hold for investment or for any other purpose and to deal in and to use, sell, pledge or otherwise dispose of any stocks, bonds, notes, debentures and other securities and obligations of any Government, State, municipality or corporation or association or partnership, domestic or foreign, (including without prejudice to the generality of the foregoing the companies described in paragraphs 6 and 7 above), and while owner of any such stocks, bonds, notes, debentures or other securities or obligations, to exercise all the rights, powers and privileges of ownership, including among other things the right to vote thereon for any and all purposes.

(9) Either directly, or through subsidiary companies, to engage in the business of operating or supervising the management or operation of public utility companies.

(10) To aid in any lawful manner by loan, subsidy, guaranty or otherwise, any company whose stocks, bonds, notes, debentures or other securities or obligations are held or controlled directly or indirectly by the corporation, and to do any and all lawful acts or things necessary or advisable to protect, preserve, improve or enhance the value of any such stocks, bonds, notes, debentures or other securities or obligations.

(11) To guarantee and to assume the payment of any dividends on any shares of the capital stock of any company in which the Corporation may either directly or indirectly have an interest as stockholder or otherwise, and to assume and to guarantee by endorsement or otherwise the payment of the principal of and the interest on bonds, notes or other obligations created or to be created by any such company.

(12) To acquire, to develop, to improve, to sell, to assign, to transfer, to convey, to lease, to sublease, to

pledge and to otherwise alienate and dispose of and to mortgage or otherwise encumber real property situated in any part of the world and the fixtures and personal property incident thereto or connected therewith.

(13) To develop and turn to account any land acquired by or in which the Corporation is interested and in particular by laying out and preparing the same for building purposes, constructing, altering and fully equipping buildings and by letting the same by building lease or building agreement and by advancing money to and entering into contracts and arrangements of all kinds with builders, contractors, tenants and others.

(14) To construct, improve and fully equip electric power generating works, stations and substations, transmission lines, steam heating plants, water works, gas works, reservoirs, roads and additions to or extensions or betterments of any and all of the same, and other works and conveniences which the Corporation may deem directly or indirectly conducive to these objects, and to sell, assign, transfer, convey, lease and/or sublease any of said stations, substations, works or conveniences to any other corporation or corporations, association or associations, or individual or individuals authorized to purchase or otherwise acquire or lease the same.

(15) To purchase, to sell, to manufacture and generally to deal in building materials and goods, wares and merchandise and to carry on any other lawful trade or business incidental to or proper or useful in connection with the purchase, sale, ownership, construction and equipment of its property.

(16) To acquire, to hold, to own, to make, to dispose of and generally to deal in grants, concessions, franchises, rights of way and contracts of every kind from or with any person, firm, association, corporation, private, public or municipal, or body politic, and from or with the government or public authorities of the United States, or of any State, territory, possession or dependency thereof, or from or with the District of Columbia, or from or with any foreign government; to cause to be formed, to promote and to aid in any way in the formation of any corporation or association, domestic or foreign.

(17) To make and enter into all manner and kinds of contracts, agreements and obligations for the purchasing, acquiring, holding, using, dealing in, selling or otherwise disposing of any and all kinds of property, real and personal.

(18) To borrow money, to issue bonds, debentures, notes or other obligations secured or unsecured of the Corporation; to secure the same by mortgage or mortgages or deed or deeds of trust or pledge or other lien upon any or all of the property, rights, privileges and franchises of the Corporation wheresoever situated, acquired or to be acquired; to confer upon the holders of any debentures, bonds, notes or other obligations of the Corporation secured or unsecured the right to convert the same into any class of stock of any

series of the Corporation now or hereafter to be issued upon such terms as shall be fixed by the Board of Directors subject to the provisions hereof; to sell, to pledge and to otherwise dispose of any or all bonds, debentures, notes or other obligations of the Corporation; to purchase and otherwise to acquire shares of its own capital stock and to hold, to sell, to assign, to transfer and to reissue any or all of such shares; provided that the Corporation shall not use its funds or property for the purchase of its own shares of capital stock when such use would cause any impairment of the stated capital of the Corporation, except as such purchase out of capital may be permitted by law, and provided further that shares of its own capital stock owned by the Corporation shall not be voted upon directly or indirectly.

(19) To acquire, to hold, to use, to sell, to assign, to lease, to mortgage and otherwise to dispose of letters patent of the United States or of any other country, patents, patent rights, copyrights, licenses and privileges, inventions, improvements and processes, trade marks and trade names or pending applications therefore, relating to or useful in connection with any business of the Corporation or of any other company or association in which the Corporation may have an interest directly or indirectly as a stockholder or otherwise.

(20) To deal in stocks and securities either as an agent or broker or underwriter, or otherwise; to make advances or loans upon the pledge of securities to be bought, sold or otherwise dealt in, or without security, so far as may be permitted by law.

(21) To have and to exercise all the powers now or hereafter conferred by the laws of the State of Ohio upon corporations organized under the laws under which the Corporation is organized and any and all laws amendatory thereof and supplemental thereto.

(22) To conduct business in the State of Ohio, other States, the District of Columbia, the territories and colonies of the United States and in foreign countries, and to have one or more offices out of the State of Ohio, as well as within said State, and to hold, purchase, mortgage and convey real and personal property out of the State of Ohio as well as within said State.

(23) Generally to carry on and undertake any other lawful business of the same general nature, which may from time to time seem to the directors of the Corporation capable of being conveniently carried on in connection with the above objects, or calculated directly or indirectly to render valuable or enhance the value of any of the Corporation's properties, privileges or rights.

(24) Generally to perform any and all acts connected with, arising from or incidental to the business to be carried on by the Corporation, and to do all acts necessary and proper for the purposes of its business.

The foregoing clauses shall be construed both as objects and powers; and it is hereby expressly provided that the foregoing enumeration of specific powers shall not be held to limit or restrict in any manner the objects or powers of the Corporation, and that the Corporation shall possess such incidental powers as are reasonably necessary or convenient for the accomplishment of any of the objects or powers hereinbefore enumerated, either alone or in association with other corporations, associations, firms or individuals, to the same extent and as fully as individuals might or could do as principals, agents, contractors or otherwise.

FOURTH: The maximum number of shares which the Corporation is authorized to have outstanding is one hundred ninety-seven million (197,000,000), of which six million (6,000,000) are to have a par value of One Hundred Dollars ($100) per share, eight million (8,000,000) are to have a par value of Twenty-five Dollars ($25) per share, one hundred seventy-five million (175,000,000) are to have a par value of Nine Dollars ($9) per share and eight million (8,000,000) are to have no par value. The shares so authorized are to be classified as follows:

(a) DESIGNATION OF CLASSES.

Preferred Stock, Six million (6,000,000) shares, with a par value of $100 per share;

Class A Preferred Stock, Eight million (8,000,000) shares, with a par value of Twenty-five Dollars ($25) per share;

Preference Stock, Eight million (8,000,000) shares, with no par value;

Common Stock, One hundred seventy-five million (175,000,000) shares, with a par value of $9 per share.

(b) EXPRESS TERMS AND PROVISIONS OF CLASSES.

See Exhibit A attached hereto which is made a part hereof as though fully set forth at this place.

OTHER PROVISIONS

Rights of Directors in Declaring Dividends:

A director shall be fully protected in relying in good faith upon the books of account of the Corporation or statements prepared by any of its officials as to the value and amount of the assets, liabilities and/or net profits of the Corporation, or any other facts pertinent to the existence and amount of surplus or other funds from which dividends might properly be declared and paid.

Rights to Treat Registered Holders as Owners:

The Corporation shall be entitled to treat the person in whose name any share, right or option is registered as the owner thereof, for all purposes, and shall not be bound to recognize any equitable or other claim to or interest in such share, right or option on the part of any other person, whether or not the Corporation shall have notice thereof, save as may be expressly provided by the laws of the State of Ohio.

FIFTH: No creditor of the Corporation shall have any claim or right of action against a shareholder as such, except as may be expressly provided by the laws of the State of Ohio.

SIXTH: The number of directors of the Corporation which shall constitute the whole Board shall be such as from time to time shall be fixed by, or in the manner provided in, the Code of Regulations, and such number may be altered from time to time in the manner provided in such Code of Regulations, or by amendment thereof, adopted by the stockholders in the manner provided therein and by the laws of Ohio, but such number shall in no case be less than three. Vacancies caused by an increase in the number of Directors or otherwise may be filled by the Board of Directors in the manner provided in the Code of Regulations. Directors need not be stockholders. Any director may be removed at any time with or without cause upon the affirmative vote of the holders of a majority of the stock of the Corporation at that time entitled to vote for directors.

SEVENTH: The following additional provisions are inserted

for the management of the business and for the conduct of the affairs of this Corporation and for the creation, definition, limitation and regulation of the powers of the Corporation, the directors and the stockholders:

(1) The Board of Directors shall have power from time to time to fix and determine and to vary the amount to be reserved as a working capital of the Corporation and, before the payment of any dividends or making any distribution of profits, it may set aside out of the net profits of the Corporation such sum or sums as it may from time to time in its absolute discretion think proper whether as a reserve fund to meet contingencies or for the equalizing of dividends or for repairing or maintaining any property of the Corporation or for such corporate purposes as the Board shall think conducive to the interests of the Corporation, subject only to such limitations as the Code of Regulations of the Corporation may from time to time impose.

(2) In the absence of fraud no contract or other transaction between this Corporation and any other corporation shall be affected by the fact that directors of this Corporation are directors of such other corporation, if such contract or transaction shall be approved or ratified by the affirmative vote of a majority of the directors present at a meeting of the Board of Directors or the committee of this Corporation having authority in the premises, who are not so interested. Any director individually, or any firm of which any director is a partner, may be a party to or may be interested in any contract or transaction of this Corporation provided that such contract or transaction shall be approved or ratified by the affirmative vote of at least a majority of the directors present at a meeting of the Board of Directors or the committee of the Corporation having authority in the premises, who are not so interested. No director shall be liable by reason of his interest in such transaction or contract to account to the Corporation for any profit realized by him from or through any such transaction or contract of the Corporation, ratified or approved as aforesaid.

Directors interested in any contracts or transactions of the types described in the foregoing paragraph may be counted when present at meetings of the Board of Directors or of any committee for the purpose of determining the existence of a quorum to consider and vote upon any such contract or transaction. Any director whose interest in any such contract or transaction arises solely by reason of the fact that he is a stockholder, officer or creditor of such other company (or solely by reason of the fact that he is a director of such other company or partner in such firm where such dealing, contract or arrangement is made by officers or employees of the Corporation in the ordinary performance of their duties and without the actual participation of such director) shall not be deemed interested in such contract or other transaction under any of the provisions of this paragraph (2), nor shall any such contract or transaction be void or voidable, nor shall any such director be liable to account because of such interest nor need any such interest be disclosed.

No contract or other transaction between this Corporation and any other corporation, at least a majority of the stock of which having voting power is owned or controlled by the Corporation or which owns or controls at least a majority of the stock having voting power of the Corporation, shall in any case be void or voidable because of the fact that directors of this Corporation are directors of such other corporation, nor shall any such director be deemed interested in such contract or other transaction under any of the provisions of this subdivision (2), nor shall any such director be liable to account because of such relation, nor need any such relation be disclosed.

No contract or other transaction between this Corporation and any other corporation or firm which provides for the purchase and sale of securities or other property or for any other action by this Corporation upon terms not less favorable to this Corporation than those offered to others, shall in any case be void or voidable because of the fact that directors of this Corporation are directors of such other corporations or partners in such firm, nor shall any director be deemed interested in such contract or other transaction under any of the provisions of this subdivision (2), nor shall any such director be liable to account because of such relation, nor need any such relation be disclosed.

Any contract, or act, including contracts in which any director or directors of the Corporation are interested directly or indirectly, that shall be approved or ratified by the vote of the holders of a majority of the capital stock of the Corporation having voting powers which is represented in person or by proxy at any annual meeting of stockholders or at any special meeting called for the purpose, among others, of considering the approval or ratification of the acts of officers and/or directors (provided that a lawful quorum of stockholders be there represented in person or by proxy) shall be as valid and as binding upon the Corporation and upon all its stockholders as though it had been approved or ratified by every stockholder of the Corporation.

(3) The Board of Directors shall also have power

without the assent or vote of the stockholders to fix the times for the declaration and payment of dividends; to authorize and cause to be executed and delivered mortgages on and instruments of pledge, or any other instruments creating liens, on the real and personal property of the Corporation; and to make and determine the use and disposition of any surplus or net profits over and above the stated capital of the Corporation.

(4) The Board of Directors shall have power, in its discretion, to redeem any preferred or special shares, if subject to redemption, or to purchase any preferred or special shares which are subject to redemption at not exceeding the redemption price thereof, and, in the case of the redemption or purchase of such preferred or special shares which are subject to redemption, to withdraw and apply to such redemption or purchase an amount out of its stated capital which shall not exceed with respect to any share an amount equal to that part of the consideration received by the Corporation for said share as stated capital plus that part if any of the surplus which may have been transferred to stated capital with respect to such share. Nothing contained in this paragraph (4) shall in any way affect the rights of the Corporation to redeem or purchase any of its shares to the extent of the surplus of the aggregate of its assets over the aggregate of its liabilities plus stated capital and to hold such shares or to resell them for such consideration as shall be fixed from time to time by the Board of Directors, and power and authorization so to redeem, purchase, hold, and resell its shares or to purchase, hold and sell the shares of a corporation which owns or controls shares of the Corporation entitling such corporation to elect a majority of the Board of Directors of the Corporation is vested solely in the Board of Directors.

(5) In the event that any excess of assets over the amount of the stated capital of the Corporation at any time is created by any reduction of stated capital, then the Board of Directors is hereby expressly authorized to dispose of such excess of assets created by the reduction of stated capital and such excess of assets shall be passed to and added to the surplus of the Corporation and thereafter shall be subject to disposition by the Board of Directors in all respects as surplus paid in by shareholders.

(6) The Board of Directors may authorize any mortgage, deed of trust or similar instrument on all or any part of the Corporation's property, real or personal, for the purpose of securing the payment or performance of any contract or obligation. No vote or consent of shareholders shall be necessary to authorize such action by the Board of Directors.

(7) The Board of Directors shall have the power to appoint an Executive Committee from among their number, which Committee, to the extent and in the manner provided in the Code of Regulations of the Corporation, shall have and may exercise all of the powers of the Board of Directors, so far as may be permitted by law, in the management of the business and affairs of the Corporation whenever the Board of Directors is not in session. The fact that the Executive Committee has acted shall be conclusive evidence that the Board of Directors was not in session at the time of such action.

(8) The Board of Directors, in addition to the powers and authority expressly conferred upon it hereinbefore and by statute and by the Code of Regulations, is hereby empowered to exercise all such powers as may be exercised by the Corporation; subject, nevertheless, to the provisions of the statutes of the State of Ohio, of these Articles as they may be from time to time amended and to any regulation that may from time to time be made by the stockholders, provided that no regulation so made shall invalidate any provision of these Articles as they may be from time to time amended or any prior act of the directors which would have continued valid if such regulation had not been made.

EIGHTH: The Corporation may, by action taken at any meeting of its Board of Directors, sell, lease, exchange or otherwise dispose of all or substantially all of its property and assets, including its good will, upon such terms and conditions and for such considerations, which may be money, shares, bonds, or other instruments for the payment of money or other property or considerations, and, if desired, may divide or distribute such considerations among its shareholders on such terms and basis and in such manner as its Board of Directors deems expedient, when and as authorized by the vote of holders of shares entitling them to exercise a majority of the voting power on such proposal, at a shareholders' meeting called for that purpose.

Nothing in this Article Eighth is intended to restrict the power of the Corporation, without the authorization thereof by the shareholders, to sell, lease, exchange, or otherwise dispose of, any of its property if thereby the corporate business be not substantially limited, or if the proceeds of such property .be appropriated to the conduct or development of its remaining business.

NINTH: The Corporation may upon the affirmative vote of the holders of shares entitling them to exercise a majority of the voting power of the Corporation as hereinbefore described, at a meeting called for the purpose, confer upon the holders of any bonds, debentures or obligations issued or to be issued by the Corporation whether secured by mortgage or otherwise the power to vote on election of directors and in respect of the corporate affairs and management of the Corporation and, in such case, shall fix the extent to which and the conditions and the manner in which such power to vote shall be exercised; provided, however, that when such voting power has been conferred it shall not be diminished as to any bonds, debentures or obligations while they are outstanding and, likewise, the Corporation may, but shall not be obligated to, confer upon the holders of bonds, debentures or obligations the right of inspection of the books of account and minutes of the meetings, and any other rights which the shareholders of said Corporation have or may have, to the extent that may be determined at such meeting.

TENTH: Except as in these Articles otherwise expressly provided, any dissenting shareholder who by the provisions of the statutes of the State of Ohio is entitled to relief when the articles of the Corporation have been amended or when all or substantially all of the corporate assets of the Corporation have been authorized to be sold, leased, exchanged or otherwise disposed of or when a consolidation or reorganization of the Corporation has been authorized, shall be compensated in the manner set forth and subject to the terms and conditions provided in this Article Tenth, and not otherwise. In the event that such shareholder (a) shall have objected in writing to such proposed amendment or other matter prior to or by vote or otherwise in writing at the meeting of the shareholders called for the purpose of voting upon such amendment or other matter which entitles such shareholder to such relief, and (b) shall have within twenty days after the amendment or certificate effecting such amendment or other matter has been filed with the Secretary of State demanded in writing from the Corporation payment of his stock, such shareholder shall be paid by the Corporation the fair cash value (as hereinafter described) of his stock at the date that written notice of said proposed amendment or other matter on which action was to be taken was sent to the shareholders of the meeting to be held for such purpose.

In the event that the shares of stock held by such dissenting shareholder are of a class or classes which is or are dealt in on an established Stock Exchange, the fair cash value of his share shall be conclusively presumed to be the average closing price on such exchange for the seven (7) successive business days (excluding Sundays and holidays) ending with the day of mailing the notice aforesaid. If there is no established Stock Exchange upon which said stock is quoted and the Corporation and such shareholder fail to come to an agreement within thirty days after the date of such written demand, such shareholder may demand an appraisal of his stock by three disinterested persons, one of whom shall be designated by the shareholder, one by the directors of the Corporation and the other by the two selected as aforesaid and may serve written notice on such Corporation designating therein one appraiser and requiring the Corporation to designate a second appraiser within thirty days from the date of service of such notice. If within thirty days from the date of service of such notice the Corporation or its successor shall have failed to designate a second appraiser or if the two appraisers first designated shall fail to designate a third appraiser within thirty days from the designation of the second appraiser, such shareholder

may apply to the Court of Common Pleas, or to a judge thereof, in the county in which the principal office of the Corporation or its successor is located to designate a second and a third appraiser, or a third appraiser, as the case may be; and the decision of the appraisers as to the value of such stock shall be final and binding upon the Corporation and such shareholder; in case the value of such stock as so fixed by the appraisers is not paid to such shareholder within sixty days of notice of such decision to the Corporation or its successor, the decision of the appraisers shall be evidence of the amount due from the Corporation or its successors, and such amount may be collected as other debts are by law collectible. Upon receipt of payment in full of the value of such stock, such shareholder shall transfer his stock to the Corporation or its successor, to be disposed of by the directors thereof, or to be retained for the benefit of the remaining shareholders.

A shareholder who so objects in writing and demands in writing the payment of the fair cash value of any shares shall not be entitled to vote such shares or to receive any dividends or distributions thereon or to exercise any rights respecting such shares, unless and until the sale, lease, exchange, other disposition, consolidation, reorganization or amendment shall be abandoned, or, with the consent of the Corporation, the objection and demand shall be withdrawn.

Any shareholder who does not object and demand in writing the payment of the fair cash value of his shares in the manner and at the time hereinabove provided, shall be concluded by the vote of assenting shareholders.

ELEVENTH: The Corporation reserves the right to increase or decrease its authorized capital stock, or any class or series thereof, or to reclassify the same, and to amend, alter, change or repeal any provision contained in these Articles under which the Corporation is organized or in any amendment thereto, in the manner now or hereafter prescribed by law, and all rights conferred upon stockholders in said Articles or any amendment thereto are granted subject to this reservation; provided, however, that the Corporation shall not decrease the amounts which any class or series of the Preferred Stock shall be entitled to receive as dividends or upon dissolution, liquidation or winding up in preference to any other class, or decrease the redemption price of such class or series, unless the holders of all the Preferred Stock of such class or series so affected shall consent thereto.

To the extent that the affirmative vote of the holders of shares of Common Stock of the Corporation is required (whether as a class vote, individually or in conjunction with class votes of other classes, or otherwise) to effect an amendment, alteration, change or repeal of any provision contained in these Articles, the affirmative vote of the holders of a majority of such shares shall satisfy such requirement.

TWELFTH: Holders of shares of Preferred Stock, Class A Preferred Stock, Preference Stock, and holders of Common Stock of the Corporation shall have no preemptive rights to subscribe to any additional issues of shares of the capital stock of the Corporation of any class, or any rights to exchange shares issued for shares to be issued.

THIRTEENTH: Subject to change, and until changed, as provided in the section of the Ohio General Corporation Act relating to the

appointment of such an agent, G. F. LaFlame, whose address (including street and number) is 76 South Main Street, Akron, Ohio 44308, is appointed the agent of the Corporation upon whom process, tax notices or demands required or permitted by statute to be served upon a corporation may be served.

FOURTEENTH: The code of regulations of the Corporation shall be the code of regulations of Ohio Edison Company as of the date hereof, or as the Code of Regulations may be amended in the manner provided for herein or in the Code of Regulations.

FIFTEENTH: These Amended Articles of Incorporation take the place of and supersede the existing articles of incorporation as heretofore amended.

IN WITNESS WHEREOF, the above named officers, acting for and on behalf of the corporation, have subscribed their names this 21st day of June, 1994.

/s/ W. R. Holland
W. R. Holland, President and
Chief Executive Officer

/s/ G. F. LaFlame
G. F. LaFlame, Secretary

CORPORATE BY-LAWS

AMENDED AND RESTATED

CODE OF REGULATIONS

OF

OHIO EDISON COMPANY

December 14, 2007

MEETINGS OF SHAREHOLDERS

Section 1. Annual Meetings.

The annual meeting of shareholders shall be held on such date and at such time as the Board of Directors may determine each year. Such meetings may be held within or without the State of Ohio at such time and place as the Directors may determine. The Directors may determine that the meeting shall not be held at any physical place, but instead may be held solely by means of communications equipment as authorized by Section 9 below.

Section 2. Special Meetings.

Special meetings of the shareholders may be called at any time by (i) the Chairman of the Board, (ii) the President, (iii) the Directors, by action at a meeting or a majority of the Directors acting without a meeting, or (iv) the holders of 25% or more of the outstanding shares entitled to vote thereat. Such meetings may be held within or without the State of Ohio at such time and place as may be specified in the notice thereof.

Section 3. Notice of Meetings.

Written notice stating the time, place, if any, and purposes of a meeting of the shareholders, and the means, if any, by which shareholders can be present and vote at the meeting through the use of communications equipment shall be given by personal delivery, or by mail, facsimile transmission, overnight delivery service, or any other means of communication authorized by the shareholder to whom the notice is given, not less than seven nor more than sixty days before the date of the meeting. Such notice may be given by or at the direction of the Chairman of the Board, the President or the Corporate Secretary. Notices sent by mail shall be sent postage prepaid and shall be addressed to each shareholder at his address as it appears upon the records of the Corporation. Notice by mail shall be deemed to be given at the time when the notice is deposited in the mail, notice by personal delivery or by overnight delivery service shall be deemed to be given when received, and notice by facsimile, or other electronic communications shall be deemed to be given at the time when confirmation of successful transmission is received.

Any shareholder may waive in writing notice of any meeting, either before or after the holding of such meeting, and by attending any meeting without protesting the lack of proper notice, shall be deemed to have waived notice thereof.

Section 4. Business Transacted at Meetings.

Business transacted at any meeting of shareholders shall be for the purposes stated in the notice.

Section 5. Quorum and Adjournments.

The holders of a majority of the stock issued and outstanding and entitled to vote thereat, present in person or represented by proxy, shall constitute a quorum at all meetings of the shareholders for the transaction of business except as otherwise provided by statute or by the Articles of Incorporation. If, however, such quorum shall not be present or represented at any meeting of the shareholders, the shareholders entitled to vote thereat, present in person or represented by proxy, shall have power to adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum shall be present or represented. At such adjourned meeting at which a quorum shall be present or represented, any business may be transacted which might have been transacted at the meeting as originally notified.

Section 6. Required Vote; Inspectors.

(a) When a quorum is present or represented at any meeting, the vote of the holders of a majority of the stock having voting power present in person or represented by proxy shall decide any question brought before such meeting, unless the question is one upon which by express provision of the statutes or of the Articles of Incorporation a different vote is required in which case such express provision shall govern and control the decision of such question.

(b) Inspectors of election may be appointed to act at any meeting of shareholders in accordance with Ohio law.

Section 7. Voting Power of Shareholders.

Every shareholder of record of the Corporation shall be entitled at each meeting of shareholders to one vote for each share of stock held by such shareholder according to the books of the Corporation as of the date of such vote or, if a record date is set by the Board of Directors, as of such record date.

Section 8. Voting by Proxy.

At any meeting of the shareholders, any shareholder may be represented and vote by a proxy or proxies appointed by an instrument in writing or by any other form of verifiable communication, including any form of electronic or other communications, to the full extent legally permitted (now or hereafter). In the event that any such instrument shall designate two or more persons to act as proxies, a majority of such persons present at the meeting, or, if only one shall be present,

then that one shall have and may exercise all of the powers conferred by such instrument upon all of the persons so designated unless the instrument shall otherwise provide. No such proxy shall be valid after the expiration of eleven (11) months from the date of its execution, unless coupled with an interest, or unless the person executing it specifies therein the length of time for which it is to continue in force. Subject to the above, any proxy duly executed is not revoked and continues in full force and effect until an instrument or verifiable communication revoking it or a duly executed proxy bearing a later date is filed with the Corporate Secretary of the Corporation.

Section 9. Participation by Shareholders Through Communications Equipment.

If authorized by the Directors, the shareholders and proxyholders who are not physically present at a meeting of shareholders may attend a meeting of shareholders by use of communications equipment that enables the shareholder or proxyholder an opportunity to participate in the meeting and to vote on matters submitted to the shareholders, including an opportunity to read or hear the proceedings of the meeting and to speak or otherwise participate in the proceedings contemporaneously with those physically present.

Section 10. Action by Shareholders Without a Meeting.

Any action which may be taken by the vote of the shareholders at a meeting may be taken without a meeting if authorized by a writing or writings signed by all of the holders of shares who would be entitled to notice of a meeting for such purpose. Such written consent shall be filed with or entered upon the records of the Corporation.

DIRECTORS

Section 11. Authority of Directors.

The business of the Corporation shall be managed by its Board of Directors, which may exercise all such powers of the Corporation and do all such lawful acts and things as are not by statute, the Articles of Incorporation, or these Regulations directed or required to be exercised or done by the shareholders.

Section 12. Number; Qualifications.

The number of Directors shall be not less than three (3) and not more than five (5) (plus any Directors separately elected by the holders of any class of stock other than the Common Stock as provided in the Articles of Incorporation as amended from time to time). The number of Directors may be determined (a) by the vote of the holders of a majority of the shares entitled to vote thereon at any annual meeting or special meeting called for the purpose of electing Directors or (b) by action of the Board of Directors at a meeting by the vote of a majority of the Directors in office at the time or in a writing signed by all the Directors in office at the time. When so fixed, such number shall continue to be the authorized number of Directors until changed by the shareholders or Directors in the manner described above. Any increase in the number of Directors shall be deemed to create a

vacancy or vacancies which may be filled as provided in Section 15. A reduction in the number of Directors shall not be applied to remove any Director from office prior to the expiration of his term. Directors need not be shareholders of the Corporation.

Section 13. Election of Directors.

At each meeting of the shareholders for the election of Directors, the persons receiving the greatest number of votes shall be the Directors. Such elections shall be by ballot whenever requested by any person entitled to vote at such meeting; but unless so requested, such election may be conducted in any way approved at such meeting.

Section 14. Term of Office; Removal; Resignations.

(a) Directors shall hold office until the annual meeting of the shareholders next following their election and until their respective successors are elected, or until their earlier resignation, death or removal from office.

(b) Any Director or the entire Board of Directors may be removed upon the affirmative vote of the holders of a majority of the voting power of the Corporation.

(c) Any Director may resign at any time by giving written notice of his resignation to the President or Corporate Secretary. Any resignation will be effective upon actual receipt by such person or, if later, as of the date and time specified in such written notice.

Section 15. Vacancies.

Vacancies, including those caused by an increase in the number of Directors, may be filled by a majority of the remaining Directors though less than a quorum. When one or more Directors shall give notice of his or their resignation to the Board, effective at a future date, the Board shall have the power to fill such vacancy or vacancies to take effect when such resignation or resignations shall become effective, each Director so appointed to hold office during the remainder of the term of office of the resigning Director or Directors. Whenever any vacancy shall occur among the Directors, the remaining Directors shall constitute the Directors of the Corporation until such vacancy is filled or until the number of Directors is changed as in Section 12 hereof.

MEETINGS OF THE BOARD OF DIRECTORS

Section 16. Organizational Meeting.

Immediately after each annual meeting of the shareholders at which Directors are elected, or each special meeting held in lieu thereof, the newly elected Directors, if a quorum thereof is present, shall hold an organizational meeting at the same place or at such other time and place as may be fixed by the shareholders at such meeting, for the purpose of electing officers and transacting any other business. Notice of such meeting need not be given. If for any reason such organizational

meeting is not held at such time, a special meeting of the Directors for such purpose shall be held as soon thereafter as practicable.

Section 17. Special Meetings.

Special meetings of the Directors may be held at any time within or without the State of Ohio upon call by the Chairman of the Board, the President, or the Corporate Secretary upon the written request of two Directors.

Notice of the place, if any, and time of each meeting of the Directors shall be given to each Director either by personal delivery or by mail, facsimile transmission, overnight delivery service, or any other means of communication authorized by the Director, at least two days before the meeting. The notice need not specify the purposes of the meeting. Notices sent by mail shall be sent postage prepaid and shall be addressed to each Director at his address as it appears upon the records of the Corporation. Notice by mail shall be deemed to be given at the time when the notice is deposited in the mail, notice by personal delivery or by overnight delivery service shall be deemed to be given when received, and notice by facsimile, or other electronic communications shall be deemed to be given at the time when confirmation of successful transmission is received. Such notice may be waived in writing by Directors either before or after the meeting, and such written waivers shall be filed with or entered upon the records of the meeting. The attendance of any Director at any such meeting without protesting the lack of proper notice, prior to or at the commencement of the meeting, shall be deemed to be a waiver by the Director of notice of the meeting. Unless otherwise limited in the notice thereof, any business may be transacted at any organizational, regular or special meeting.

Section 18. Quorum and Adjournments; Participation by Communications Equipment.

(a) A majority of the Directors, at a meeting duly called and held, shall be necessary to constitute a quorum for the transaction of business and the act of a majority of the Directors present at any meeting at which a quorum is present shall be the act of the Board of Directors, except as may be otherwise specifically provided by statute or by the Articles of Incorporation. Any action required or permitted to be taken at a meeting of the Directors may be taken without a meeting if a consent in writing, setting forth the action so taken, shall be signed by all of the Directors entitled to vote with respect to the subject matter thereof. Any meeting duly called, whether or not a quorum is present, may, by vote of a majority of the Directors present, be adjourned from time to time and place to place within or without the State of Ohio, in which case no further notice of the adjourned meeting need be given.

(b) Meetings of the Board of Directors or of any committee of the Board of Directors may be held through any means of communications equipment if all persons participating can hear each other, and such participation will constitute presence in person at such meeting.

Section 19. Committees.

The Board of Directors may, by resolution passed by a majority of the Directors, designate one or more committees, each committee to consist of one or more of the Directors of

the Corporation, which, to the extent provided in the resolution, shall have and may exercise the powers of the Board of Directors in the management of the business and affairs of the Corporation. Such committee or committees shall have such name or names as may be determined from time to time by resolution adopted by the Board of Directors. The committees shall keep regular minutes of their proceedings and report the same to the Board when required.

Section 20. Compensation.

The Directors may be paid their expenses, if any, for attendance at each meeting of the Board of Directors and may be paid a fixed sum for attendance at each meeting of the Board of Directors. The sums may be different for different Directors, and the sum shall be established by resolution of the Board of Directors and may be changed from time to time by resolution. No such payment shall preclude any Director from serving the Corporation in any other capacity and receiving compensation therefor. Members of special or standing committees may be allowed like compensation for attending committee meetings.

Section 21. Action by Directors Without a Meeting.

Any action required or permitted to be taken at a meeting of the Board of Directors or any committee of the Board of Directors may be taken without a meeting if, prior or subsequent to such action, all members of the Board of Directors or of such committee, as the case may be, consent thereto in writing and such written consents are filed with the Corporate Secretary of the Corporation.

EXECUTIVE COMMITTEE

Section 22. Executive Committee.

The Board of Directors at any time may elect from its members an Executive Committee which shall consist of not less than three (3) members. Each member of such Committee shall hold office during the pleasure of the Board and may be removed by a majority vote of the whole Board at any time with or without cause. Vacancies occurring in the Committee may be filled by the Board. The Committee shall prescribe its own rules for calling and holding meetings, and for transacting business, subject, however, to any rules prescribed by the Board of Directors, and the Committee shall keep minutes of its actions. Action by the Committee may be taken at meetings thereof attended by not less than a majority thereof, or without a meeting by instrument in writing signed by not less than a majority of the members. Except as the Committee's powers and duties may be limited or otherwise prescribed by the Board of Directors, the Committee, during the intervals between the meetings of the Board, shall possess and may exercise all of the powers and authority of the Board of Directors, however conferred, provided, however, that the Committee shall not be empowered to elect the officers (other than Assistant Secretaries and Assistant Treasurers) or to fill vacancies in the Board of Directors or in the Executive Committee. Subject to such exceptions, persons dealing with the Corporation shall be entitled to rely upon any action of the Committee with the same force and effect as though such action had been taken by the Board of Directors.

OFFICERS

Section 23. Generally.

The Corporation may have a Chairman, elected by the Directors from among their number, and shall have a President, a Corporate Secretary and a Treasurer. The Corporation may also have one or more Vice Chairmen, Vice Presidents, Senior Vice Presidents and such other officers and assistant officers as the Board of Directors may deem appropriate. If the Board of Directors so desires, it may elect a Chief Executive Officer to manage the affairs of the Corporation, subject to the direction and control of the Board of Directors. All of the officers shall be elected by the Board of Directors. Notwithstanding the foregoing, by specific action, the Board of Directors may authorize the Chairman or the President to appoint any person to any office other than Chairman, President, Corporate Secretary, or Treasurer. Any number of offices may be held by the same person, and no two offices must be held by the same person. Any of the offices may be left vacant from time to time as the Board of Directors may determine. In case of the absence or disability of any officer of the Corporation or for any other reason deemed sufficient by a majority of the Board of Directors, the Board of Directors may delegate the absent or disabled officer's powers or duties to any other officer or to any Director.

Section 24. Authority and Duties of Officers.

The officers of the Corporation shall have such authority and shall perform such duties as are customarily incident to their respective offices, or as may be specified from time to time by the Board of Directors, the Chairman or the President regardless of whether such authority and duties are customarily incident to such office.

Section 25. Compensation.

The compensation of all officers and agents of the Corporation who are also members of the Board of Directors of the Corporation will be fixed by the Board of Directors or by a committee of the Board of Directors. The Board of Directors may fix, or delegate the power to fix, the compensation of the other officers and agents of the Corporation to the Chief Executive Officer or any other officer of the Corporation.

Section 26. Succession.

The officers of the Corporation will hold office until their successors are elected. Any officer may be removed at any time by the affirmative vote of a majority of the whole Board. Any vacancy occurring in any office of the Corporation may be filled by the Board of Directors or by the Chairman or President as provided in Section 23.

Section 27. Delegation of Duties.

The Directors are authorized to delegate the duties of any officers to any other officer and generally to control the action of the officers and to require the performance of duties in addition to those mentioned herein.

SHARES CERTIFICATES

Section 28. Transfer and Registration of Certificates

The Board of Directors shall have authority to make such rules and regulations, not inconsistent with law, the Articles, or these Regulations, as it deems expedient concerning the issuance, transfer, and registration of certificates for shares and the shares represented thereby and may appoint transfer agents and registrars thereof. The Directors may provide by resolution that some or all of any or all classes and series of shares shall be uncertificated shares, subject to any disclosure obligations therefore under Section 1701.24 of the Ohio Revised Code, and provided that any then-outstanding shares of that class or series represented by a certificate shall not become uncertificated shares until the certificate is surrendered to the Corporation.

Section 29. Substituted Certificates

Any person claiming that a certificate for shares has been lost, stolen, or destroyed shall make an affidavit or affirmation of that fact and, if required, shall give the Corporation (and its registrar or registrars and its transfer agent or agents, if any) a bond of indemnity, in such form and with one (1) or more sureties satisfactory to the Board, and if required by the Board of Directors, shall advertise the same in such manner as the Board of Directors may require, whereupon a new certificate may be executed and delivered of the same tenor and for the same number of shares as the one alleged to have been lost, stolen, or destroyed.

RECORD DATES AND CLOSING OF TRANSFER BOOKS

Section 30. Record Dates and Closing of Transfer Books.

The Board of Directors may fix a time not exceeding sixty (60) days preceding the date of any meeting of shareholders or the date fixed for the payment of any dividend or distribution or the date for the allotment of rights as the record date for the determination of the shareholders entitled to notice of or to vote at any such meeting or entitled to receive payment of any such dividend, distribution or allotment of rights, and in such case only shareholders of record on the date so fixed shall be entitled to notice of or to vote at such meeting or to receive payment of such dividend, distribution or allotment of rights, as the case may be, notwithstanding any transfer of any shares on the books of the Corporation after any record date so fixed. The Board of Directors may close the books of the Corporation against transfers of shares during the whole or any part of the period between such record date and the date of the event in respect for which such record date was fixed.

REGISTERED SHAREHOLDERS

Section 31. Recognition of Record Ownership.

The Corporation shall be entitled to recognize the exclusive right of a person registered on its books as the owner of shares to receive dividends, and to vote as such owner, and to hold liable for calls and assessments a person registered on its books as the owner of shares, and shall not be bound to recognize any equitable or other claim to or interest in such share or shares on the part of any other person, whether or not it shall have express or other notice thereof, except as otherwise provided by the laws of Ohio.

GENERAL PROVISIONS

DIVIDENDS

Section 32. Payment of Dividends.

The Board of Directors may declare dividends upon the capital stock of the Corporation, subject to the provisions of the Articles of Incorporation, if any, at any regular or special meeting pursuant to law. Dividends may be paid in cash, in property or in shares of the capital stock, subject to the provisions of the Articles of Incorporation. Before payment of any dividend, there may be set aside out of any funds of the Corporation available for dividends such sum or sums as the Directors from time to time, in their absolute discretion, think proper as a reserve or reserves to meet contingencies, or for equalizing dividends, or for repairing or maintaining any property of the Corporation, or for such other purpose as the Directors shall think conducive to the interest of the Corporation and the Directors may modify or abolish any such reserves in the manner in which it was created.

FISCAL YEAR

Section 33. Fiscal Year.

The fiscal year of the Corporation shall be fixed by resolution of the Board of Directors.

SEAL

Section 34. Corporate Seal.

The Directors may adopt a corporate seal of the Corporation which shall be of such design, and shall contain such words, as may be prescribed by the Directors. Failure to affix any such corporate seal shall not affect the validity of any instrument.

TRANSFER AGENT AND REGISTRAR

Section 35. Transfer Agent; Registrar.

The Corporation may open transfer books in any state of the United States or in any foreign country for the purpose of transferring securities issued by it, and it may employ an agent or agents to keep the records of its securities to transfer or to register securities or both, in Ohio or in other states or in a foreign country, or both, and the acts of such agents shall be binding on the Corporation. The duties and liabilities of such agent or agents shall be such as may be agreed to by the Corporation. If no such transfer agent is appointed to act in Ohio in respect to its shares, the Corporation shall keep an office in Ohio at which shares shall be transferable, and at which it shall keep books in which shall be recorded the names and addresses of all shareholders and all transfers of shares.

PROVISIONS IN ARTICLES OF INCORPORATION

Section 36. Governance By Articles of Incorporation.

These Regulations are at all times subject to the provisions of the Articles of Incorporation of the Corporation (including in such term whenever used in these Regulations, amendments thereto), and in case of any conflict between any provision herein and in the Articles of Incorporation, the provisions in the Articles of Incorporation shall be deemed to govern.

AMENDMENTS

Section 37. Procedure for Amendments.

These Regulations may be altered, amended, or repealed in any respect or superseded by new Regulations in whole or in part, (a) by the affirmative vote of the holders of record of shares entitling them to exercise a majority of the voting power of the Corporation at an annual or special meeting called for such purpose, or by their unanimous written consent; or (b) by the Board of Directors at an annual or special meeting called for such purpose, or by their unanimous written consent, as provided in Ohio Rev. Code Section 1701.11.

INDEMNIFICATION AND INSURANCE

Section 38. Indemnification.

The Corporation shall indemnify any person who was or is a party, or is threatened to be made a party, to any threatened, pending, or completed action, suit, or proceeding, whether civil, criminal, administrative or investigative, by reason of the fact that he or she is or was a director, officer, employee, or agent of the Corporation, or is or was serving at the request of the Corporation as a director, trustee, officer, employee, member, manager, or agent of another corporation, limited liability company, partnership, joint venture, trust or other enterprise, against expenses, including attorney's fees, judgments, fines and amounts paid in settlement, actually and reasonably incurred by him or her in connection with such action, suit, or proceeding, if he or she acted in good faith and in a manner he or she reasonably believed to be in or not opposed to the best interests of the corporation, and with respect to any criminal action or proceeding, if he or she had no reasonable cause to believe his or her conduct was unlawful, to the full extent and according to the procedures and requirements set forth in the Ohio General Corporation Law as now in effect or as amended from time to time. The Corporation shall pay, to the full extent then permitted by law, expenses, including attorney's fees, incurred by a member of the Board of Directors in defending any such action, suit or proceeding as they are incurred, in advance of the final disposition thereof, and may pay, in the same manner and to the full extent then permitted by law, such expenses incurred by any other person.

The indemnification and payment of expenses provided hereby shall not be exclusive of, and shall be in addition to, any other rights granted to those seeking indemnification under any law, the Articles of Incorporation, any agreement, vote of shareholders or disinterested members of the Board of Directors, or otherwise, both as to action in official capacities and as to action in another capacity while he or she is a member of the Board of Directors, or an officer, employee or agent of the Corporation, and shall continue as to a person who has ceased to be a member of the Board of Directors, officer, employee or agent and shall inure to the benefit of the heirs, executors and administrators of such a person.

Section 39. Insurance.

The Corporation may, to the full extent then permitted by law and authorized by the Board of Directors, purchase and maintain insurance or furnish similar protection, including but not limited to trust funds, letters of credit or self-insurance, on behalf of or for any persons described in Section 38 against any liability asserted against and incurred by any such person in any such capacity, or arising out of his status as such, whether or not the Corporation would have the power to indemnify such person against such liability. Insurance may be purchased from or maintained with a person in which the Corporation has a financial interest.

EMERGENCY REGULATIONS

Section 40. Emergency Regulations.

The Board of Directors may adopt, at any meeting, either before or during "an emergency" as that term is defined in Section 1701.01 of the Ohio Revised Code, emergency regulations to be operative during, but only during, an emergency. The emergency regulations may contain any provisions which may be made by emergency regulations as provided in Section 1701.111 of the Ohio Revised Code.

AMENDED AND RESTATED

CODE OF REGULATIONS

OF

OHIO EDISON COMPANY

(Effective March 15, 2002)

MEETINGS OF SHAREHOLDERS

Section 1. Annual Meetings.

The annual meeting of shareholders shall be held on such date and at such time as the Board of Directors may determine each year. Such meetings may be held within or without the State of Ohio at such time and place as the directors may determine.

Section 2. Special Meetings.

Special meetings of the shareholders may be called at any time by (i) the Chairman of the Board, (ii) the President, (iii) the Directors, by action at a meeting or a majority of the Directors acting without a meeting, or (iv) the holders of 25% or more of the outstanding shares entitled to vote thereat. Such meetings may be held within or without the State of Ohio at such time and place as may be specified in the notice thereof.

Section 3. Notice of Meetings.

Written notice of every annual or special meeting of the shareholders stating the time, place and purposes thereof shall be given to each shareholder entitled to notice as provided by law, not less than seven (7) nor more than sixty (60) days before the date of the meeting. Such notice may be given by or at the direction of the Chairman of the Board, the President or the Corporate Secretary. Except to the full extent that notice is legally permitted (now or hereafter) to be given by any other form of media, including any form of electronic or other communications, notice shall be given by personal delivery or by mail addressed to the shareholder at his last address as it appears on the records of the Corporation. Any shareholder may waive in writing notice of any meeting, either before or after the holding of such meeting, and, by attending any meeting without protesting the lack of proper notice, shall be deemed to have waived notice thereof.

__Section 4__. ***__Business Transacted at Meetings__.***

Business transacted at any meeting of shareholders shall be for the purposes stated in the notice.

__Section 5__. ***__Quorum and Adjournments__.***

The holders of a majority of the stock issued and outstanding and entitled to vote thereat, present in person or represented by proxy, shall constitute a quorum at all meetings of the shareholders for the transaction of business except as otherwise provided by statute or by the Articles of Incorporation. If, however, such quorum shall not be present or represented at any meeting of the shareholders, the shareholders entitled to vote thereat, present in person or represented by proxy, shall have power to adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum shall be present or represented. At such adjourned meeting at which a quorum shall be present or represented, any business may be transacted which might have been transacted at the meeting as originally notified.

__Section 6__. ***__Required Vote; Inspectors__.***

(a) When a quorum is present or represented at any meeting, the vote of the holders of a majority of the stock having voting power present in person or represented by proxy shall decide any question brought before such meeting, unless the question is one upon which by express provision of the statutes or of the Articles of Incorporation a different vote is required in which case such express provision shall govern and control the decision of such question.

(b) Inspectors of election may be appointed to act at any meeting of shareholders in accordance with Ohio law.

__Section 7__. ***__Voting Power of Shareholders__.***

Every shareholder of record of the Corporation shall be entitled at each meeting of shareholders to one vote for each share of Common Stock held by such shareholder, one vote for each share of Preferred Stock, $100 par value, held by such shareholder, and one-quarter vote for each share of Class A Preferred Stock, $25 par value, held by such shareholder, in each case according to the books of the Corporation as of the date of such vote or, if a record date is set by the Board of Directors, as of such record date.

__Section 8__. ***__Voting by Proxy__.***

At any meeting of the shareholders, any shareholder may be represented and vote by a proxy or proxies appointed by an instrument in writing or by any other form of verifiable communication, including any form of electronic or other communications, to the full extent legally permitted (now or hereafter). In the event that any such instrument shall designate two or more persons to act as proxies, a majority of such persons present at the meeting, or, if only one shall be present, then that one shall have and may exercise all of the powers conferred by such instrument upon all of the persons so designated unless the instrument shall otherwise provide. No such proxy

shall be valid after the expiration of eleven (11) months from the date of its execution, unless coupled with an interest, or unless the person executing it specifies therein the length of time for which it is to continue in force. Subject to the above, any proxy duly executed is not revoked and continues in full force and effect until an instrument or verifiable communication revoking it or a duly executed proxy bearing a later date is filed with the Secretary of the Corporation.

Section 9. Action by Shareholders Without a Meeting.

Any action which may be taken by the vote of the shareholders at a meeting may be taken without a meeting if authorized by the written consent of the shareholders holding at least a majority of the voting power, unless the provisions of the statutes or of the Articles of Incorporation provide that a greater proportion of written consents shall be required. Such written consent shall be filed with or entered upon the records of the Corporation.

DIRECTORS

Section 10. Authority of Directors.

(a) The business of the Corporation shall be managed by its Board of Directors, which may exercise all such powers of the Corporation and do all such lawful acts and things as are not by statute, the Articles of Incorporation, or these Regulations directed or required to be exercised or done by the shareholders.

(b) Any action required or permitted to be taken at a meeting of the Board of Directors or any committee of the Board of Directors may be taken without a meeting if, prior or subsequent to such action, all members of the Board of Directors or of such committee, as the case may be, consent thereto in writing and such written consents are filed with the Secretary of the Corporation.

Section 11. Number; Qualifications.

The number of Directors shall be not less than three (3) and not more than five (5) (plus any Directors separately elected by the holders of any class of stock other than the Common Stock as provided in the Articles of Incorporation as amended from time to time). The number of Directors may be determined (a) by the vote of the holders of a majority of the shares entitled to vote thereon at any annual meeting or special meeting called for the purpose of electing Directors or (b) by action of the Board of Directors at a meeting by the vote of a majority of the Directors in office at the time or in a writing signed by all the Directors in office at the time. When so fixed, such number shall continue to be the authorized number of Directors until changed by the shareholders or Directors in the manner described above. Any increase in the number of Directors shall be deemed to create a vacancy or vacancies which may be filled as provided in Section 14. A reduction in the number of Directors shall not be applied to remove any Director from office prior to the expiration of his term. Directors need not be shareholders of the Corporation.

Section 12. Election of Directors.

At each meeting of the shareholders for the election of Directors, the persons receiving the greatest number of votes shall be the Directors. Such elections shall be by ballot whenever requested by any person entitled to vote at such meeting; but unless so requested, such election may be conducted in any way approved at such meeting.

Section 13. Term of Office; Removal; Resignations.

(a) Directors shall hold office until the annual meeting of the shareholders next following their election and until their respective successors are elected, or until their earlier resignation, death or removal from office.

(b) Any Director or the entire Board of Directors may be removed upon the affirmative vote of the holders of a majority of the voting power of the Corporation.

(c) Any Director may resign at any time by giving written notice of his resignation to the President or Secretary. Any resignation will be effective upon actual receipt by such person or, if later, as of the date and time specified in such written notice.

Section 14. Vacancies.

Vacancies, including those caused by an increase in the number of Directors, may be filled by a majority of the remaining Directors though less than a quorum. When one or more Directors shall give notice of his or their resignation to the Board, effective at a future date, the Board shall have the power to fill such vacancy or vacancies to take effect when such resignation or resignations shall become effective, each Director so appointed to hold office during the remainder of the term of office of the resigning Director or Directors. Whenever any vacancy shall occur among the Directors, the remaining Directors shall constitute the Directors of the Corporation until such vacancy is filled or until the number of Directors is changed as in Section 11 hereof.

MEETINGS OF THE BOARD OF DIRECTORS

Section 15. Organizational Meeting.

Immediately after each annual meeting of the shareholders at which Directors are elected, or each special meeting held in lieu thereof, the newly elected Directors, if a quorum thereof is present, shall hold an organizational meeting at the same place or at such other time and place as may be fixed by the shareholders at such meeting, for the purpose of electing officers and transacting any other business. Notice of such meeting need not be given. If for any reason such organizational meeting is not held at such time, a special meeting of the Directors for such purpose shall be held as soon thereafter as practicable.

Section 16. Regular Meetings.

Regular meetings of the Directors may be held without notice at such times and places within or without the State of Ohio as shall be determined by the Directors from time to time.

Section 17. Special Meetings.

Special meetings of the Directors may be held at any time within or without the State of Ohio upon call by the Chairman of the Board, the President, or the Corporate Secretary upon the written request of two Directors. Notice of each such meeting shall be given to each Director by letter, facsimile, telegram, telephone, or in person not less than forty-eight (48) hours prior to such meeting. Notices sent by mail shall be sent postage prepaid and shall be addressed to each Director at his address as it appears upon the records of the Corporation. Notice by mail shall be deemed to be given at the time when the notice is deposited in the mail, and notice by facsimile or telegram shall be deemed to be given at the time when confirmation of successful transmission is received. Such notice may be waived in writing by Directors either before or after the meeting, and such written waivers shall be filed with or entered upon the records of the meeting. The attendance of any Director at any such meeting without protesting the lack of proper notice, prior to or at the commencement of the meeting, shall be deemed to be a waiver by the Director of notice of the meeting. Unless otherwise limited in the notice thereof, any business may be transacted at any organizational, regular or special meeting.

Section 18. Quorum and Adjournments; Participation by Communications Equipment.

(a) A majority of the Directors, at a meeting duly called and held, shall be necessary to constitute a quorum for the transaction of business and the act of a majority of the Directors present at any meeting at which a quorum is present shall be the act of the Board of Directors, except as may be otherwise specifically provided by statute or by the Articles of Incorporation. Any action required or permitted to be taken at a meeting of the Directors may be taken without a meeting if a consent in writing, setting forth the action so taken, shall be signed by all of the Directors entitled to vote with respect to the subject matter thereof. Any meeting duly called, whether or not a quorum is present, may, by vote of a majority of the Directors present, be adjourned from time to time and place to place within or without the State of Ohio, in which case no further notice of the adjourned meeting need be given.

(b) Meetings of the Board of Directors or of any committee of the Board of Directors may be held through any means of communications equipment if all persons participating can hear each other, and such participation will constitute presence in person at such meeting.

Section 19. Committees.

The Board of Directors may, by resolution passed by a majority of the Directors, designate one or more committees, each committee to consist of one or more of the Directors of the Corporation, which, to the extent provided in the resolution, shall have and may exercise the powers of the Board of Directors in the management of the business and affairs of the Corporation. Such committee or committees shall have such name or names as may be

determined from time to time by resolution adopted by the Board of Directors. The committees shall keep regular minutes of their proceedings and report the same to the Board when required.

Section 20. Compensation.

The Directors may be paid their expenses, if any, for attendance at each meeting of the Board of Directors and may be paid a fixed sum for attendance at each meeting of the Board of Directors. The sums may be different for different Directors, and the sum shall be established by resolution of the Board of Directors and may be changed from time to time by resolution. No such payment shall preclude any Director from serving the Corporation in any other capacity and receiving compensation therefor. Members of special or standing committees may be allowed like compensation for attending committee meetings.

EXECUTIVE COMMITTEE

Section 21. Executive Committee

The Board of Directors at any time may elect from its members an Executive Committee which shall consist of not less than three (3) members. Each member of such Committee shall hold office during the pleasure of the Board and may be removed by a majority vote of the whole Board at any time with or without cause. Vacancies occurring in the Committee may be filled by the Board. The Committee shall prescribe its own rules for calling and holding meetings, and for transacting business, subject, however, to any rules prescribed by the Board of Directors, and the Committee shall keep minutes of its actions. Action by the Committee may be taken at meetings thereof attended by not less than a majority thereof, or without a meeting by instrument in writing signed by not less than a majority of the members. Except as the Committee's powers and duties may be limited or otherwise prescribed by the Board of Directors, the Committee, during the intervals between the meetings of the Board, shall possess and may exercise all of the powers and authority of the Board of Directors, however conferred, provided, however, that the Committee shall not be empowered to elect the officers (other than Assistant Secretaries and Assistant Treasurers) or to fill vacancies in the Board of Directors or in the Executive Committee. Subject to such exceptions, persons dealing with the Corporation shall be entitled to rely upon any action of the Committee with the same force and effect as though such action had been taken by the Board of Directors.

OFFICERS

Section 22. Generally.

The Corporation may have a Chairman, elected by the directors from among their number, and shall have a President, a Corporate Secretary and a Treasurer. The Corporation may also have one or more Vice Chairmen, Vice Presidents, Senior Vice Presidents and such other officers and assistant officers as the Board of Directors may deem appropriate. If the Board of Directors so desires, it may elect a Chief Executive Officer to manage the affairs of the

Corporation, subject to the direction and control of the Board of Directors. All of the officers shall be elected by the Board of Directors. Notwithstanding the foregoing, by specific action, the Board of Directors may authorize the Chairman or the President to appoint any person to any office other than Chairman, President, Corporate Secretary, or Treasurer. Any number of offices may be held by the same person, and no two offices must be held by the same person. Any of the offices may be left vacant from time to time as the Board of Directors may determine. In case of the absence or disability of any officer of the Corporation or for any other reason deemed sufficient by a majority of the Board of Directors, the Board of Directors may delegate the absent or disabled officer's powers or duties to any other officer or to any director.

Section 23. Authority and Duties of Officers.

The officers of the Corporation shall have such authority and shall perform such duties as are customarily incident to their respective offices, or as may be specified from time to time by the Board of Directors, the Chairman or the President regardless of whether such authority and duties are customarily incident to such office.

Section 24. Compensation.

The compensation of all officers and agents of the Corporation who are also members of the Board of Directors of the Corporation will be fixed by the Board of Directors or by a committee of the Board of Directors. The Board of Directors may fix, or delegate the power to fix, the compensation of the other officers and agents of the Corporation to the Chief Executive Officer or any other officer of the Corporation.

Section 25. Succession.

The officers of the Corporation will hold office until their successors are elected. Any officer may be removed at any time by the affirmative vote of a majority of the whole Board. Any vacancy occurring in any office of the Corporation may be filled by the Board of Directors or by the Chairman or President as provided in Regulation 22.

Section 26. Delegation of Duties.

The Directors are authorized to delegate the duties of any officers to any other officer and generally to control the action of the officers and to require the performance of duties in addition to those mentioned herein.

Section 27. Signing Checks and Other Instruments.

The Directors are authorized to determine or provide the method of determining how checks, notes, bills or exchange and similar instruments shall be signed, countersigned or endorsed.

CERTIFICATES OF STOCK

Section 28. Contents of Certificates.

Every shareholder shall be entitled to one or more certificates, signed by the President or a Vice President and by the Treasurer, an Assistant Treasurer, the Corporate Secretary, or an Assistant Corporate Secretary of the Corporation, certifying the number and class of shares owned by him in the Corporation. If the Corporation is authorized to issue shares of more than one class or more than one series of any class, there shall be set forth upon the face or back of the certificate a full or summary statement of the designations, preferences and relative, participating, optional or other special rights of the various classes of stock or series thereof and the qualifications, limitations or restrictions of such rights, or the certificate shall have a statement that the Corporation will furnish such information to any shareholders upon request and without charge. If the Corporation shall be authorized to issue only special stock, such certificate shall set forth in full or summarize the rights of the holders of such stock.

Section 29. Countersignature of Authentication by Transfer Agents or Registrars.

Whenever any certificate is countersigned or otherwise authenticated by a transfer agent or registrar, then a facsimile of the signatures of such officers of the Corporation may be engraved, stamped, or printed upon such certificate in lieu of the actual signatures. In case any officer or officers who shall have signed, or whose facsimile signature or signatures shall have been used on, any such certificate or certificates shall cease to be an officer or officers of the Corporation, whether because of death, resignation or otherwise, before such certificate or certificates shall have been delivered by the Corporation, such certificate or certificates may nevertheless be adopted by the Corporation and be issued and delivered as though the person or persons who signed such certificate or certificates, or whose facsimile signature or signatures shall have been used thereon, had not ceased to be an officer or officers of such Corporation.

LOST CERTIFICATES

Section 30. Replacement of Lost Certificates.

The Board of Directors may direct a new certificate or certificates to be issued in place of any certificate or certificates theretofore issued by the Corporation alleged to have been lost or destroyed, upon the making of an affidavit of that fact by the person claiming the certificate of stock to be lost or destroyed. When authorizing such issue of a new certificate or certificates, the Board of Directors may, in its discretion and as a condition precedent to the issuance thereof, require the owner of such lost or destroyed certificate or certificates, or his legal representative, to advertise the same in such manner as it shall require and/or give the Corporation a bond in such sum as it may direct as indemnity against any claim that may be made against the Corporation with respect to the certificate alleged to have been lost or destroyed.

TRANSFER OF STOCK

Section 31. Transfer of Stock.

Upon surrender to the Corporation or the transfer agent of the Corporation of a certificate for shares duly endorsed or accompanied by proper evidence of succession, assignment or authority to transfer, it shall be the duty of the Corporation to issue a new certificate to the person entitled thereto, cancel the old certificate and record the transaction on its books.

RECORD DATES AND CLOSING OF TRANSFER BOOKS

Section 32. Record Dates and Closing of Transfer Books.

The Board of Directors may fix a time not exceeding sixty (60) days preceding the date of any meeting of shareholders or the date fixed for the payment of any dividend or distribution or the date for the allotment of rights as the record date for the determination of the shareholders entitled to notice of or to vote at any such meeting or entitled to receive payment of any such dividend, distribution or allotment of rights, and in such case only shareholders of record on the date so fixed shall be entitled to notice of or to vote at such meeting or to receive payment of such dividend, distribution or allotment of rights, as the case may be, notwithstanding any transfer of any shares on the books of the Corporation after any record date so fixed. The Board of Directors may close the books of the Corporation against transfers of shares during the whole or any part of the period between such record date and the date of the event in respect for which such record date was fixed.

REGISTERED SHAREHOLDERS

Section 33. Recognition of Record Ownership.

The Corporation shall be entitled to recognize the exclusive right of a person registered on its books as the owner of shares to receive dividends, and to vote as such owner, and to hold liable for calls and assessments a person registered on its books as the owner of shares, and shall not be bound to recognize any equitable or other claim to or interest in such share or shares on the part of any other person, whether or not it shall have express or other notice thereof, except as otherwise provided by the laws of Ohio.

GENERAL PROVISIONS

DIVIDENDS

Section 34. Payment of Dividends.

The Board of Directors may declare dividends upon the capital stock of the Corporation, subject to the provisions of the Articles of Incorporation, if any, at any regular or special meeting pursuant to law. Dividends may be paid in cash, in property or in shares of the capital stock, subject to the provisions of the Articles of Incorporation. Before payment of any dividend, there may be set aside out of any funds of the Corporation available for dividends such sum or sums as the Directors from time to time, in their absolute discretion, think proper as a reserve or reserves to meet contingencies, or for equalizing dividends, or for repairing or maintaining any property of the Corporation, or for such other purpose as the Directors shall think conducive to the interest of the Corporation and the Directors may modify or abolish any such reserves in the manner in which it was created.

FISCAL YEAR

Section 35. Fiscal Year.

The fiscal year of the Corporation shall be fixed by resolution of the Board of Directors.

SEAL

Section 36. Corporate Seal.

The corporate seal of the Corporation shall be of such design, and shall contain such words, as may be prescribed by the Directors.

TRANSFER AGENT AND REGISTRAR

Section 37. Transfer Agent; Registrar.

The Corporation may open transfer books in any state of the United States or in any foreign country for the purpose of transferring securities issued by it, and it may employ an agent or agents to keep the records of its securities to transfer or to register securities or both, in Ohio or in other states or in a foreign country, or both, and the acts of such agents shall be binding on the Corporation. The duties and liabilities of such agent or agents shall be such as may be agreed to by the Corporation. If no such transfer agent is appointed to act in Ohio in respect to its

shares, the Corporation shall keep an office in Ohio at which shares shall be transferable, and at which it shall keep books in which shall be recorded the names and addresses of all shareholders and all transfers of shares.

PROVISIONS IN ARTICLES OF INCORPORATION

Section 38. Governance By Articles of Incorporation.

These Regulations are at all times subject to the provisions of the Articles of Incorporation of the Corporation (including in such term whenever used in these Regulations, amendments thereto), and in case of any conflict between any provision herein and in the Articles of Incorporation, the provisions in the Articles of Incorporation shall be deemed to govern.

AMENDMENTS

Section 39. Procedure for Amendments.

These Regulations may be altered, changed or amended in any respect or superseded by new Regulations in whole or in part, by the affirmative vote of the holders of record of shares entitling them to exercise a majority of the voting power of the Corporation at an annual or special meeting called for such purpose or without a meeting by the written consent of the holders of record of shares entitling them to exercise a majority of the voting power of the Corporation. In case of adoption of any Regulation or amendment by such written consent, the Corporate Secretary shall enter the same in the corporate records and mail a copy thereof to each shareholder who would have been entitled to vote thereon and did not participate in the adoption thereof.

INDEMNIFICATION AND INSURANCE

Section 40. Indemnification.

The Corporation shall indemnify, to the full extent then permitted by law, any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative, by reason of the fact that he or she is or was a member of the Board of Directors or an officer, employee or agent of the Corporation, or is or was serving at the request of the Corporation as a director, trustee, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise. The Corporation shall indemnify such person against expenses, including attorney's fees, judgments, fines and amounts paid in settlement, actually and reasonably incurred by him by reason of the fact that he is or was such person to the full extent to which the Corporation is empowered or authorized to indemnify any person under the Ohio General Corporation Law as now in effect or as amended from time to time. The Corporation shall pay,

to the full extent then permitted by law, expenses, including attorney's fees, incurred by a member of the Board of Directors in defending any such action, suit or proceeding as they are incurred, in advance of the final disposition thereof, and may pay, in the same manner and to the full extent then permitted by law, such expenses incurred by any other person.

The indemnification and payment of expenses provided hereby shall not be exclusive of, and shall be in addition to, any other rights granted to those seeking indemnification under any law, the Articles of Incorporation, any agreement, vote of shareholders or disinterested members of the Board of Directors, or otherwise, both as to action in official capacities and as to action in another capacity while he or she is a member of the Board of Directors, or an officer, employee or agent of the Corporation, and shall continue as to a person who has ceased to be a member of the Board of Directors, officer, employee or agent and shall inure to the benefit of the heirs, executors and administrators of such a person.

Section 41. Insurance.

The Corporation may, to the full extent then permitted by law and authorized by the Board of Directors, purchase and maintain insurance or furnish similar protection, including but not limited to trust funds, letters of credit or self-insurance, on behalf of or for any persons described in Section 40 against any liability asserted against and incurred by any such person in any such capacity, or arising out of his status as such, whether or not the Corporation would have the power to indemnify such person against such liability. Insurance may be purchased from or maintained with a person in which the Corporation has a financial interest.

EMERGENCY REGULATIONS

Section 42. Emergency Regulations.

The Board of Directors may adopt, at any meeting, either before or during "an emergency" as that term is defined in Section 1701.01 of the Ohio Revised Code, emergency regulations to be operative during, but only during, an emergency. The emergency regulations may contain any provisions which may be made by emergency regulations as provided in Section 1701.111 of the Ohio Revised Code.

OHIOEDISON
The Energy Makers

CODE OF REGULATIONS

(As Amended April 24, 1986)

CODE OF REGULATIONS

INDEX

OHIO EDISON COMPANY

CODE OF REGULATIONS

OFFICES

1. The place in Ohio where the principal office is to be located is the City of Akron, County of Summit.

The Corporation may also have offices at such other places within or without the State of Ohio as the Board of Directors may from time to time determine.

SEAL

2. The corporate seal shall have inscribed thereon the name of the Corporation, the year of its organization and the words "Corporate Seal, Ohio".

SHAREHOLDERS' MEETINGS

3. All meetings of the shareholders shall be held at the principal office of the Corporation in the City of Akron, County of Summit, State of Ohio, except such meetings as the Board of Directors expressly determine shall be held elsewhere, in which case meetings may be held at such other place or places within the State of Ohio as said Board of Directors may determine.

4. The annual meeting of shareholders for the election of Directors and the consideration of the reports to be laid before such meeting, shall be held on the Thursday following the fourth Tuesday in the month of April, in each year, if not a legal holiday, and if a legal holiday then on the next secular day following, when the shareholders entitled to vote thereon shall elect the Board of Directors, and consider and act upon such reports as are laid before such meeting. Such annual meeting shall commence at a time determined by the Board of Directors specified in a notice of such annual meeting sent to shareholders, which shall not be earlier than 9:00 A.M., nor later than 3:00 P.M., Local Time at the place of the meeting. Except as otherwise provided by the Articles, the candidates for directors who receive the greatest number of votes shall be elected.

5. Except as otherwise provided by the Articles or this Code of Regulations, to constitute a quorum at any meeting of shareholders called for any purpose, including, without in any wise limiting the generality of the foregoing, any meeting for the determination of the number of Directors, or the election of Directors or for consideration and action upon the reports required to be laid before such a meeting, there shall be present in person or by proxy the holders of record of shares entitling them to exercise a majority of the voting power, provided, however, that when the authorization or taking of the action proposed or stated in the notice of the meeting requires a vote of a greater proportion of the voting power, then there shall be present such greater proportion, and provided, further, that the shareholders present in person or by proxy shall, although entitled to exercise less than a majority of the voting power, constitute a quorum for the purpose of adjourning and shall be empowered to adjourn a meeting from time to time to

another time or place until a quorum competent to act on any matter or proposal to be brought before such meeting is present. Any meeting at which there is a quorum present may also be adjourned from time to time to another time or place by a vote of a majority of such quorum. If any meeting is adjourned to another time or place, no further notice as to such adjourned meeting need be given other than by announcement at the meeting at which such adjournment is taken and at any such adjourned meeting at which a quorum competent to act is present, any business may be transacted which might have been transacted at the meeting so adjourned had such a quorum been present.

6. Each shareholder having voting power under the provisions of the Articles, and of record at the date fixed as hereinafter provided for the determination of the persons entitled to vote at a meeting of shareholders or, if no date has been fixed, then at the date of the meeting, shall be entitled at such meeting to one vote for each share of Common Stock, one vote for each share of Preferred Stock, $100 par value, one-quarter vote for each share of Class A Preferred Stock, $25 par value, and one vote for each share of Preference Stock, no par value, having voting power standing in his name on the books of the Corporation, and each shareholder may be represented and may vote by a proxy or proxies appointed by an instrument in writing.

No proxy shall be valid after the expiration of eleven months from the date of its execution unless the shareholder executing it shall have specified therein the length of time it is to continue in force. In the event that any such instrument in writing shall designate two or more persons to act as proxies, a majority of such persons present at the meeting, or, if only one shall be present, then that one shall have and may exercise all of the powers conferred by such written instrument upon all of the persons so designated unless the instrument shall otherwise provide. A proxy shall not be revoked by the death of the maker unless and until written notice of such death is given in writing to the Corporation by the executor or administrator of the estate of such maker and the presence of a shareholder at a meeting shall not operate to revoke a proxy executed by him unless and until notice of such revocation is given to the Corporation in writing or in open meeting.

The vote for Directors, and, upon the demand of any shareholder, the vote upon any question before the meeting except as otherwise provided in this Code of Regulations, shall be by ballot. All questions shall be decided by a plurality of the votes cast except as otherwise provided by the Articles or this Code of Regulations. At all elections of Directors, each shareholder entitled to vote for Directors shall have the right to cumulate his shares and to give one candidate for whom he may vote as many votes as the number of Directors to be elected by the holders of the class of stock held by such shareholder multiplied by the number of his shares equals, or to distribute them on the same principle among as many such candidates as he sees fit.

7. At any meeting of shareholders a list of shareholders entitled to vote, alphabetically arranged showing the number and classes of shares held by each on the date fixed for closing the books against transfers or the record date fixed as hereinafter provided (or if no such date has been fixed, then at the date of the meeting), shall be

produced on the request of any shareholder, and such list shall be prima facie evidence of the ownership of shares and of the right of shareholders to vote, when certified by the Secretary or by the agent of the Corporation having charge of the transfer of shares.

8. Whenever, under the provisions of the Articles or this Code of Regulations or the laws of the State of Ohio, shareholders are required or authorized to elect Directors or to take any action at a meeting, either annual or special, a notice of the meeting shall be given in writing by the Secretary, or an Assistant Secretary, over his signature, which signature may be printed, or in case of his refusal, by the shareholders, person or persons entitled to call such meeting over the signature of the Secretary or an Assistant Secretary or their own signatures. Such notice shall state the purpose or purposes for which the meeting is called and the time when and the place where it is to be held. A copy of such notice shall be served upon or mailed to each shareholder of record entitled to vote at such meeting or entitled to notice, not more than forty-five nor less than ten days before the meeting. If mailed, it shall be directed to a shareholder at his address as it appears upon the records of the Corporation. In the event of the transfer of shares after notice has been given and prior to the holding of the meeting, it shall not be necessary to serve notice upon the transferee. No publication of any such notice, unless required by law, shall be necessary.

No business may be transacted at any such meeting except that referred to in said notice, or in a supplemental notice given also in compliance with the provisions hereof, and except such business as may be germane or supplemental to that stated in said notice or notices.

INSPECTORS OF ELECTION

9. Whenever any person entitled to vote at a meeting of shareholders shall request the appointment of inspectors, a majority of the shareholders present at such meeting and entitled to vote thereat, irrespective of class, shall appoint three inspectors who need not be shareholders. If the right of any person to vote at any such meeting shall be challenged, the inspectors of election shall determine such right. The inspectors shall receive and count the votes upon an election or for the decision of any question, shall determine the result and make and verify a certificate setting forth such result. Their certificate of any vote shall be prima facie evidence thereof and of the result.

DIRECTORS

10. All the capacity of the Corporation shall be vested in and all its authority, except as otherwise provided by the laws of the State of Ohio or by the Articles in regard to action required to be taken, authorized or approved by shareholders, shall be exercised by a Board of Directors of not less than three persons, which shall manage and conduct the business of the Corporation. Except as otherwise provided by the Articles, the Directors shall be elected at the annual meeting of the shareholders and each Director shall be elected to hold office for one year and until his successor be chosen and qualified,

subject, however, to the provisions hereof as to the creation of vacancies; provided that in the event of failure to hold such meeting or to hold such election at such meeting, such election may be held at any special meeting of the shareholders called for that purpose and the Directors then in office shall continue in office until their successors shall have been chosen and qualified.

Each person must, in order to qualify for and thereafter retain the office of Director, be the beneficial owner, directly or indirectly, of not less than 100 shares of the common stock of the Corporation, such qualification being one of the qualifications referred to in the second sentence of Section 12, below; provided, however, that this requirement shall not apply to any Director who has been designated in writing to the Securities and Exchange Commission (or to any agency which succeeds to that agency's administration of the Public Utility Holding Company Act of 1935) as a representative of the Board of Directors of the Trustee under the Corporation's Indenture of Mortgage and Deed of Trust dated as of August 1, 1930. If within 60 days after his election to office or his selection to fill a vacancy on the Board of Directors any Director who is required to, fails to become the beneficial owner, directly or indirectly, of not less than 100 shares of the common stock of the Corporation, or if such Director, at any time after having qualified to hold the office of Director, ceases to be such a beneficial owner, the office of such Director may be declared vacant by the Board of Directors. The provisions of the second sentence of Section 12 below relating to the conclusive presumption of the acquisition of qualifications by a Director prior to the time his office is declared vacant shall apply with equal force in connection with the retention of any such qualifications.

11. Until changed as herein provided, the number of Directors shall be thirteen, provided, however, that the number of Directors may be fixed or changed from time to time by resolution adopted by a majority of the Board of Directors or by the vote of the holders of shares present in person or by proxy at a meeting to elect Directors entitled to exercise a majority of the voting power on such proposal of the shares represented at such meeting but no reduction of the number of Directors by any such resolution shall have the effect of removing any Director prior to the expiration of his term of office or shall reduce the number to less than three. If the number of Directors be increased by resolution of the shareholders, the additional Directors may be elected by the shareholders in the manner herein provided at the meeting at which such increase was authorized or an adjournment thereof. Any Director may, however, be removed, with or without cause, by the vote of the holders of shares present in person or by proxy at a meeting called for the purpose entitled to exercise a majority of the voting power on an election of such Director of the shares represented at such meeting.

12. The office of a Director shall become vacant if he dies, resigns or is removed, or the Board of Directors may declare vacant the office of a Director if he be declared of unsound mind by an order of court or be adjudicated bankrupt or he does not qualify within sixty days from the day of his election by accepting in writing his election to such office or by acting at a meeting of the Board of Directors. No qualifications other than those above described need be acquired, and such qualifications shall be conclusively

deemed to have been acquired by a Director until his office be declared vacant as above provided, and all acts and authorizations of acts by such Director or in which such Director participated prior to such declaration shall be as valid and binding on the Corporation as if such declaration has not been made.

Except as otherwise provided by the Articles, the remaining Director or Directors may, if less than a quorum, by a vote of the majority of their number, of if a quorum, by vote of a majority of the quorum, fill any vacancy in the Board for the unexpired term or terms. Within the meaning hereof, a vacancy or vacancies shall be deemed to exist in case the authorized number of Directors shall be increased by resolution of the Board, or by resolution of the shareholders and the shareholders shall fail at the meeting at which such increase is authorized by an adjournment thereof, to elect the additional Director or Directors so provided for, or in case the shareholders fail at any time to elect the full number of authorized Directors. The Director chosen to fill any vacancy shall hold office until the next meeting of shareholders for the election of Directors and until his successor shall be chosen and qualified.

13. The Board of Directors may hold their meetings and have one or more offices, within and without the State of Ohio, at such place or places as they may from time to time determine.

MEETINGS OF THE BOARD

14. The newly elected Board may meet at such place and time as shall be fixed by the vote of the shareholders at the meeting at which such newly elected Board was elected, for the purpose of organization or otherwise, and no notice of such meeting shall be necessary to the newly elected Directors in order legally to constitute the meeting, provided a quorum shall be present, or they may meet at such place and time as shall be stated in a notice given to such Directors either personally or by mail or telegram two days prior to such meeting or as shall be fixed by the consent in writing of all the Directors, whether given before or after such meeting.

15. Regular meetings of the Board may be held without notice at such time and place, within or without the State of Ohio, as shall from time to time be determined by the Board.

16. Special meetings of the Board may be called by any officer authorized by law, on two days' notice to each Director, by delivered letter, by mail or by telegram or by personal communication either over the telephone or otherwise.

17. At all meetings of the Board of Directors one-third of the number of Directors shall be necessary and sufficient to constitute a quorum for the transaction of business, provided that the Board may, from time to time, by resolution adopted by a majority of a quorum, increase or decrease, but not below one-third, the proportion of the number of Directors necessary and sufficient to constitute a quorum for the transaction of business. The act of a majority of the Directors present at any meeting at which there is a quorum present shall be the act of the Board of Directors, except as may be otherwise specifically

permitted or provided by statute, or by the Articles or by these Regulations. If at any meeting of the Board there shall be less than a quorum present a majority of those present may adjourn the meeting from time to time until a quorum is obtained, and no further notice thereof need be given other than by announcement at said meeting which shall be so adjourned.

EXECUTIVE COMMITTEE

18. There may be an Executive Committee which shall be composed of three or more Directors who shall be appointed by resolution of the Board of Directors and shall serve until otherwise ordered. The act of a majority of the members of such Committee shall be the act of the Committee whether indicated by any written consent without a meeting or by resolution adopted at a meeting. Said Committee may meet at stated times or when called by the Chairman thereof, or on notice to all by any of their own number.

During intervals between meetings of the Board, which shall include the time at which a regular or special meeting has been called if a quorum of the Board of Directors fails to attend such regular or special meeting, such Committee shall advise with and aid the officers of the Corporation in all matters concerning its interests and the management and conduct of its business and affairs and all the capacity of the Corporation vested in and all its authority which may be exercised by the Board of Directors, however conferred, other than that of filling vacancies among the Directors or in any Committee of the Directors, shall be vested in and may be exercised by such Committee, subject, however, at all times to the control and direction of the Board of Directors. The fact that the Executive Committee has acted shall be conclusive evidence that there was not a meeting of the Board of Directors at such time or that a quorum of the Board had failed to attend the regular or special meeting thereof called for such time and an act or authorization of an act by such Committee shall be as effective for all purposes as the act or authorization of the Board of Directors.

Vacancies in the membership of the Committee shall be filled by the Board of Directors at a regular meeting or at a special meeting called for that purpose.

19. The Executive Committee shall keep regular minutes of its proceedings and report the same to the Board as may be required by the Board.

20. The Board of Directors may also designate one or more committees in addition to the Executive Committee by resolution or resolutions adopted by the Board; such committee or committees to consist of three or more Directors of the Corporation, and, to the extent provided in the resolution or resolutions designating them, they shall have or may exercise specific powers of the Board of Directors in the management of the business and affairs of the Corporation and any act or authorization of an act by any such committee within the scope of the power delegated to it, shall be as effective for all purposes as the act or authorization of the Board of Directors. Such committee or committees shall have such name or names as may be determined from time to time by resolution adopted by the Board of Directors.

COMPENSATION OF DIRECTORS

21. Directors, as such, shall not receive any stated salary for their services, but by resolution the Board of Directors may allow payment of an annual retainer and expenses, if any, and a director's fee for attendance at each regular or special meeting of the Board; provided that no Director who receives compensation from the Corporation or from any corporation controlling, controlled by, or under common control with, or rendering services under written contract to, the Corporation as an officer or employee, shall be entitled to receive a director's fee or annual retainer. The amount, which may differ between Directors, of the director's fee and annual retainer to be paid to each director entitled to receive the same shall be established by resolution of the Board of Directors and may be changed from time to time by like resolution.

22. Members of the Executive Committee or of any special or standing committees who are eligible to receive compensation as provided in Section 21 above may be allowed such additional compensation, which may differ both as between committees and as between the members of any committee, as may be determined from time to time by the Board of Directors.

OFFICERS

23. The officers of the Corporation shall be chosen by the Board of Directors. The Corporation shall have a President, a Secretary and a Treasurer, and such other officers and assistant officers as may be deemed necessary by the Board of Directors. The officers of the Corporation shall have such authority and perform such duties as are determined by the Board of Directors.

24. In case of the absence of any officer of the Corporation, or for any other reason that the Board or Executive Committee may deem sufficient, the Board or Executive Committee may delegate, for the time being, the powers or duties, or any of them, of any officer to any other officer, or to any Director.

25. The officers of the Corporation shall hold office, at the pleasure of the Board, for one year and until their successors are chosen and qualified. Any officer elected or appointed by the Board of Directors may be removed at any time by the Board of Directors with or without cause.

TRANSFER AGENT AND REGISTRAR

26. The Corporation may open transfer books in any state of the United States or in any foreign country for the purpose of transferring securities issued by it, and it may employ an agent or agents to keep the records of its securities, to transfer or to register securities or both, in Ohio or in other states or in a foreign country, or both, and the acts of such agents shall be binding on the Corporation. The duties and liabilities of such agent or agents shall be such as may be agreed to by the Corporation. If no such transfer agent is appointed to act in Ohio in respect to its shares, the Corporation shall keep an office in

Ohio at which shares shall be transferable, and at which it shall keep books in which shall be recorded the names and addresses of all shareholders and all transfers of shares.

STOCK AND ACCOUNT BOOKS

27. The Corporation shall keep and maintain adequate and correct accounts of its business transactions, including accounts of its assets, liabilities, receipts, disbursements, accounts, losses, stated capital and shares, together with any particular accounts that are required by the statutes of the State of Ohio.

The books of account, lists of shareholders and their addresses, record of the issuance and transfer of shares, voting trust agreements, if any are filed, and the minutes of meetings of incorporators, shareholders and Directors of the Corporation shall be open to the inspection of every shareholder and at all reasonable times save and except for unreasonable or improper purposes.

The shareholders of the Corporation by a majority vote at any meeting or shareholders duly called, or in case the shareholders shall fail to act, the Board of Directors, shall have power from time to time to determine what are reasonable times for the inspection provided for in the foregoing paragraph and under what conditions and regulations such inspection shall be permitted.

CERTIFICATES OF STOCK

28. Each shareholder shall be entitled to a certificate which shall certify the number and class of paid-up shares held by him in the Corporation, but no certificate for a share shall be issued until such share is fully paid.

EXCHANGE OF NEW CERTIFICATES FOR OLD

29. Whenever the Articles are amended in any way or whenever it becomes desirable for any reason in the discretion of the Board of Directors, to cancel outstanding certificates for shares and to issue new certificates conforming to the requirements of the statutes of the State of Ohio, the Board of Directors may order and require the holders of outstanding shares of any class or classes to surrender and exchange within a reasonable time to be fixed by the Board of Directors the certificates for shares held by them respectively for new certificates for the shares to which they are respectively entitled and such order may provide that no holder of any such certificate so ordered to be surrendered shall be entitled to vote or to receive dividends or to exercise any other rights of a shareholder until he shall have complied with such order, but such order shall only operate to suspend the payment of dividends or the exercise of voting or other rights after notice of the order and until compliance. Not less than 10 days' notice of any such order shall be given by mail to the address of each shareholder affected thereby, as it appears on the records of the Corporation.

TRANSFERS OF SHARES

30. Transfers of shares shall be made on the books of the Corporation only by the person named in the certificate or by attorney lawfully constituted in writing and upon the surrender of the certificate therefor, which shall be cancelled before the new certificate shall be issued.

FIXING RECORD DATE FOR SHAREHOLDERS' MEETINGS

31. The Board of Directors may fix a date which shall not be a past date and which shall not be more than sixty days preceding the date of any meeting of shareholders, or the date fixed for the payment of any dividend or distribution, or the date for the allotment of rights, or (subject to contract rights with respect thereto) the date when any change or conversion or exchange of shares shall be made or go into effect, or the date as of which written consents, waivers or releases are to be obtained from shareholders under other applicable provisions of the statute, as a record date for the determination of the shareholders entitled to notice of and to vote at any such meeting or any adjournments thereof, or entitled to receive payment of any such dividend, distribution or allotment of rights, or to exercise the rights in respect to any such change, conversion or exchange of shares or to execute consents, waivers, or releases, and, in such case, only shareholders of record on the date so fixed shall be entitled to notice of and to vote at such meeting, or any adjournments thereof, or to receive payment of such dividend, distribution, or allotment of rights, or to exercise such rights, or to execute such consents, waivers or releases, as the case may be, notwithstanding any transfer of any shares on the books of the Corporation after any record date fixed as aforesaid. The Board of Directors may close the books of the Corporation against transfers of shares during the whole or any part of such period, including the time of such meeting of the shareholders or any adjournments thereof.

When a shareholders' meeting is called by an officer or shareholders, if so permitted by the statute or the Articles or this Code of Regulations, or when action is taken without a meeting by virtue of consents, waivers or releases as in the statute provided, then in the absence of action by the Board of Directors (taken within such time as the person or persons calling such meeting or initiating such other action may request) fixing a record date for the determination of the shareholders entitled to notice of and to vote at such meeting, or to execute such consents, waivers or releases, the person or persons calling such meeting or initiating such other action may, if desired, fix a record date for such purposes, subject to the limitations set forth in the first paragraph of this Regulation.

The record date fixed for the determination of the shareholders entitled to vote at a shareholders' meeting shall continue to be the record date for all adjournments thereof, even though such meeting is adjourned to a date more than sixty days after the date of the original meeting, unless the Board of Directors or the person or persons who shall have fixed the record date as aforesaid shall fix another date (subject to the limitations set forth in the first paragraph of this Regulation) as the record date for the determination of

the shareholders entitled to notice of and to vote at any such adjourned meeting and shall cause notice thereof and of the date of the adjourned meeting to be given to all shareholders entitled to notice in accordance with the new record date so fixed.

REGISTERED SHAREHOLDERS

32. The Corporation shall be entitled to treat the holders of record of any share or shares as the holder in fact thereof and accordingly shall not be bound to recognize any equitable or other claim to or interest in such share on the part of any other person, whether or not it shall have express or other notice thereof, save as expressly provided by the laws of Ohio.

The Corporation or its Transfer Agent or Registrar shall, on request in writing and the delivery of satisfactory proofs of authority, issue or transfer a certificate for shares to a person as executor, administrator, trustee, guardian, committee, agent or as any fiduciary, and shall insert after the name of such person any description that may be requested, but the Corporation or its Transfer Agent or Registrar, shall not thereby or in any way other than by order of a court of competent jurisdiction become obligated to treat such person otherwise than as the unqualified owner of such shares for all purposes, and they shall not be bound to recognize any equitable interest in or claim to such shares on the part of any other person, whether disclosed upon such certificate or otherwise, and they shall not be obliged to see to the execution of any trust or obligation.

CHECKS

33. All checks or demands for money and notes of the corporation shall be signed by such officer or officers as the Board of Directors may from time to time designate.

FISCAL YEAR

34. The fiscal year shall begin the first day of January in each year, and shall end on the thirty-first day of December of such year.

NOTICES

35. Whenever under the provisions of these Regulations notice is required to be given to any Director, officer or shareholder, it shall not be construed to mean personal notice, unless otherwise provided in these Regulations, but such notice may be given in writing, by mail, by depositing the same in a post office or a letterbox, in a post-paid sealed wrapper, addressed to such shareholder, officer or Director at such address as appears on the records of Corporation, or, in default of other address, to such Director, officer or shareholder at the General Post Office in the City of Akron and State of Ohio, and such notice shall be deemed to be given at the time when the same shall be thus mailed.

Notice need not be given of any adjourned meeting, special or regular, of

shareholders or Directors other than by announcement at the meeting at which such adjournment is taken.

In computing the period of time for the giving of a notice, the day on which notice is served shall be included and the day on which the act as to which notice is given is to be done shall be excluded. If service of notice is permitted to be made by mail, the service shall be complete on the day on which notice is deposited in the mail.

Notice of the time, place and purpose of any meeting of shareholders or Directors or of any committee of Directors, whether required by the statutes of Ohio, the Articles, or the Regulations, may be waived by the written assent of every shareholder entitled to notice, or of every Director or of every member of the committee, as the case may be, filed with or entered upon the records of the meeting, either before or after the holding thereof.

Any action which, under any provision of the statutes of Ohio, or the Articles, or the Regulations, may be taken at a meeting of the shareholders, may be taken without a meeting if authorized by a writing signed by all of the holders of shares who would be entitled to notice of a meeting for such purpose.

Whenever a certificate in respect of any such action is required by statute or the Articles to be filed in the office of the Secretary of State of Ohio, the officers signing the same shall state therein that the action was authorized in the manner aforesaid.

INDEMNIFICATION PROVISION

36. The Corporation shall indemnify any person who is or was a director, officer, employee or agent of the Corporation or any person who is or has served at the request of the Corporation as a director, officer, employee, agent or trustee of another corporation, joint venture, trust or other enterprise (and his heirs, executors and administrators) against expenses, including attorneys' fees, judgments, fines and amounts paid in settlement, actually and reasonably incurred by him by reason of the fact that he is or was such director, officer, employee, agent or trustee in connection with any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative to the full extent and according to the procedures and requirements set forth in any applicable law as the same may be in effect from time to time.

DEFINITIONS

37. The term "Articles" shall include the articles of incorporation, amendments thereto, agreements of consolidation, certificates of reorganization or amended articles, and all certificates heretofore or hereafter required or permitted to be filed in the office of the Secretary of State of Ohio.

The word "securities" shall include obligations, shares, options, rights, fractional shares or fractional rights and all other rights, privileges, powers and immunities capable

of being owned and the evidences thereof and shall include the singular as well as the plural.

The conjunction "or" is used to denote both the conjunctive and disjunctive.

The word "person", unless the context shall otherwise require, shall include a corporation or partnership or two or more persons having a joint or common interest.

The term "shareholder" means "holder of record of shares" or "shareholder of record" and shall include a subscriber to shares unless the context otherwise requires.

EMERGENCY BY-LAWS

38. The Board of Directors may adopt at any meeting, either before or during "an emergency" as that term is defined in Section 1701.01 of the Ohio Revised Code, emergency by-laws to be operative during, but only during an emergency. The emergency by-laws may contain any provisions which may be made by emergency regulations as provided in Section 1701.111 of the Ohio Revised Code.

AMENDMENTS

39. The Corporation may, by the affirmative vote or by the written consent of the holders of record of shares entitling them to exercise a majority of the voting power on such proposal, change or add to this Code of Regulations. If an amendment or addition to the Regulations be adopted by written consent without a meeting of the shareholders, it shall be the duty of the Secretary to enter the amendment or addition in the records of the Corporation and to mail a copy of such amendment or addition to each shareholder of record who would be entitled to vote thereon and did not participate in the adoption thereof.

AUDITED FINANCIAL INFORMATION

OHIO EDISON COMPANY AND SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014

GLOSSARY OF TERMS

The following abbreviations and acronyms are used in these financial statements to identify Ohio Edison Company and its current and former subsidiaries and affiliated companies:

ATSI	American Transmission Systems, Incorporated, formerly a direct subsidiary of FE that became a subsidiary of FET in April 2012, which owns and operates transmission facilities
CEI	The Cleveland Electric Illuminating Company, an Ohio electric utility operating subsidiary
FE	FirstEnergy Corp., a publicly owned holding company
FES	FirstEnergy Solutions Corp., which provides energy-related products and services
FESC	FirstEnergy Service Company, which provides legal, financial and other corporate support services
FET	FirstEnergy Transmission, LLC, formerly known as Allegheny Energy Transmission, LLC, which is the parent of ATSI and TrAIL and has a joint venture in PATH
FirstEnergy	FirstEnergy Corp., together with its consolidated subsidiaries
JCP&L	Jersey Central Power & Light Company, a New Jersey electric utility operating subsidiary
ME	Metropolitan Edison Company, a Pennsylvania electric utility operating subsidiary
MP	Monongahela Power Company, a West Virginia electric utility operating subsidiary
NG	FirstEnergy Nuclear Generation, LLC, a subsidiary of FES, 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
PN	Pennsylvania Electric Company, a Pennsylvania electric utility operating subsidiary
PNBV	PNBV Capital Trust, a special purpose entity created by OE in 1996
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
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 these financial statements:

AEP	American Electric Power Company, Inc.
AFS	Available-for-sale
AOCI	Accumulated Other Comprehensive Income
ARO	Asset Retirement Obligation
ASU	Accounting Standards Update
DCR	Delivery Capital Recovery
DR	Demand Response
ELPC	Environmental Law & Policy Center
ERO	Electric Reliability Organization
ESP	Electric Security Plan
FASB	Financial Accounting Standards Board
FERC	Federal Energy Regulatory Commission
FMB	First Mortgage Bond
FPA	Federal Power Act
GAAP	Accounting Principles Generally Accepted in the United States of America
GWH	Gigawatt-hour
IRS	Internal Revenue Service

GLOSSARY OF TERMS, Continued

kV	Kilovolt
KWH	Kilowatt-hour
LOC	Letter of Credit
MISO	Midcontinent Independent System Operator, Inc.
MW	Megawatt
NDT	Nuclear Decommissioning Trust
NERC	North American Electric Reliability Corporation
NOL	Net Operating Loss
NRC	Nuclear Regulatory Commission
OCC	Ohio Consumers' Counsel
OPEB	Other Post-Employment Benefits
OTTI	Other Than Temporary Impairments
OVEC	Ohio Valley Electric Corporation
PJM	PJM Interconnection, L.L.C.
POLR	Provider of Last Resort
PPA	Purchase Power Agreement
PUCO	Public Utilities Commission of Ohio
R&D	Research and Development
REC	Renewable Energy Credit
RFC	Reliability*First* Corporation
RFP	Request for Proposal
RRS	Retail Rate Stability
RTEP	Regional Transmission Expansion Plan
RTO	Regional Transmission Organization
SB221	Amended Substitute Senate Bill No. 221
SB310	Substitute Senate Bill No. 310
SEC	United States Securities and Exchange Commission
Seventh Circuit	United States Court of Appeals for the Seventh Circuit
SPE	Special Purpose Entity
SSO	Standard Service Offer
VIE	Variable Interest Entity

Independent Auditor's Report

To Management and the Board of Directors
Of Ohio Edison Company

In our opinion, the accompanying consolidated balance sheets and the related consolidated statements of income and comprehensive income, of common stockholder's equity, and of cash flows present fairly, in all material respects, the financial position of Ohio Edison Company and its subsidiaries at December 31, 2015 and 2014, and the results of their operations and their cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits of these statements in accordance with the auditing standards of the Public Company Accounting Oversight Board (United States) and in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

/s/ PricewaterhouseCoopers LLP

Cleveland, Ohio
February 29, 2016

OHIO EDISON COMPANY AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF INCOME AND COMPREHENSIVE INCOME

(In millions)	For the Years Ended December 31 2015	2014
STATEMENTS OF INCOME		
REVENUES		
Electric sales	$ 1,666	$ 1,514
Excise and gross receipts tax collections	107	105
Total revenues	1,773	1,619
OPERATING EXPENSES:		
Purchased power from affiliates	139	124
Purchased power non-affiliates	328	285
Pension and OPEB mark-to-market adjustment	45	100
Other operating expenses	601	530
Provision for depreciation	124	120
Amortization of regulatory assets, net	43	25
General taxes	204	208
Total operating expenses	1,484	1,392
OPERATING INCOME	289	227
OTHER INCOME (EXPENSE):		
Investment income	14	15
Interest expense	(87)	(86)
Capitalized financing costs	10	5
Total other expense	(63)	(66)
INCOME BEFORE INCOME TAXES	226	161
INCOME TAXES	84	57
NET INCOME	$ 142	$ 104
STATEMENTS OF COMPREHENSIVE INCOME		
NET INCOME	$ 142	$ 104
OTHER COMPREHENSIVE LOSS:		
Pension and OPEB prior service costs	(16)	(10)
Change in unrealized gain on available-for-sale securities	(1)	2
Other comprehensive loss	(17)	(8)
Income tax benefits on other comprehensive loss	(6)	(3)
Other comprehensive loss, net of tax	(11)	(5)
COMPREHENSIVE INCOME	$ 131	$ 99

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

OHIO EDISON COMPANY AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS

(In millions, except share amounts)	December 31, 2015	December 31, 2014
ASSETS		
CURRENT ASSETS:		
Receivables-		
Customers, net of allowance for uncollectible accounts of $7 in 2015 and $6 in 2014	$ 174	$ 167
Affiliated companies	104	74
Other	19	17
Notes receivable from affiliated companies	446	314
Prepayments and other	11	11
	754	583
UTILITY PLANT:		
In service	3,882	3,906
Less — Accumulated provision for depreciation	1,376	1,436
	2,506	2,470
Construction work in progress	102	158
	2,608	2,628
OTHER PROPERTY AND INVESTMENTS:		
Investment in lease obligation bonds	16	53
Nuclear plant decommissioning trusts	170	154
Other	86	90
	272	297
DEFERRED CHARGES AND OTHER ASSETS:		
Regulatory assets	120	170
Property taxes	95	100
Other	15	23
	230	293
	$ 3,864	$ 3,801
LIABILITIES AND CAPITALIZATION		
CURRENT LIABILITIES:		
Currently payable long-term debt	$ 9	$ 9
Short-term borrowings - affiliated companies	43	37
Accounts payable -		
Affiliated companies	50	38
Other	50	46
Accrued taxes	104	107
Accrued interest	19	19
Other	81	81
	356	337
CAPITALIZATION:		
Common stockholder's equity-		
Common stock, without par value, authorized 175,000,000 shares - 60 shares outstanding	919	914
Accumulated other comprehensive income	14	25
Retained earnings	187	155
Total common stockholder's equity	1,120	1,094
Noncontrolling interest	—	2
	1,120	1,096
Long-term debt and other long-term obligations	900	909
	2,020	2,005
NONCURRENT LIABILITIES:		
Accumulated deferred income taxes	692	725
Retirement benefits	380	317
Asset retirement obligation	54	51
Other	362	366
	1,488	1,459
COMMITMENTS AND CONTINGENCIES (NOTE 12)		
	$ 3,864	$ 3,801

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

OHIO EDISON COMPANY AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMMON STOCKHOLDER'S EQUITY

(In millions, except share amounts)	Common Stock Number of Shares	Common Stock Carrying Value	Accumulated Other Comprehensive Income	Retained Earnings
Balance, January 1, 2014	60	$ 660	$ 30	$ 61
Net income				104
Pension and OPEB, net of $3 of income tax benefits (Note 3)			(7)	
Change in unrealized gain on available-for-sale securities			2	
Restricted stock		2		
Consolidated tax benefit allocation		2		
Equity contribution from parent		250		
Cash dividends declared on common stock				(10)
Balance, December 31, 2014	60	$ 914	$ 25	$ 155
Net income				142
Pension and OPEB, net of $6 million of income tax benefits (Note 3)			(10)	
Change in unrealized gain on available-for-sale securities			(1)	
Restricted stock		3		
Consolidated tax benefit allocation		2		
Cash dividends declared on common stock				(110)
Balance, December 31, 2015	60	$ 919	$ 14	$ 187

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

OHIO EDISON COMPANY AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS

	For the Years Ended December 31	
(In millions)	**2015**	**2014**
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net Income	$ 142	$ 104
Adjustments to reconcile net income to net cash from operating activities-		
Provision for depreciation	124	120
Amortization of regulatory assets, net	43	25
Deferred rents and lease market valuation liability	(10)	(10)
Deferred income taxes and investment tax credits, net	(23)	11
Pension and OPEB mark-to-market adjustment	45	100
Retirement benefits	(17)	(30)
Changes in current assets and liabilities-		
Receivables	(35)	(11)
Prepayments and other current assets	(1)	1
Accounts payable	15	(21)
Accrued taxes	(3)	(19)
Cash collateral, net	(3)	14
Other	28	6
Net cash provided from operating activities	305	290
CASH FLOWS FROM FINANCING ACTIVITIES:		
New Financing-		
Short-term borrowings, net	6	—
Redemptions and Repayments-		
Long-term debt	(5)	(29)
Short-term borrowings, net	—	(44)
Common stock dividend payments	(110)	(10)
Equity contribution from parent	—	250
Other	(5)	(5)
Net cash (used for) provided from financing activities	(114)	162
CASH FLOWS FROM INVESTING ACTIVITIES:		
Property additions	(192)	(157)
Proceeds from asset sales	135	—
Sales of investment securities held in trusts	27	49
Purchases of investment securities held in trusts	(46)	(60)
Loans to affiliated companies, net	(132)	(308)
Asset removal costs	(27)	(30)
Cash investments	41	51
Other	3	3
Net cash used for investing activities	(191)	(452)
Net change in cash and cash equivalents	—	—
Cash and cash equivalents at beginning of period	—	—
Cash and cash equivalents at end of period	$ —	$ —
SUPPLEMENTAL CASH FLOW INFORMATION:		
Cash paid during the year-		
Interest (net of amounts capitalized)	$ 65	$ 67
Income taxes, net of refunds	$ 98	$ 114

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

OHIO EDISON COMPANY AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. ORGANIZATION AND BASIS OF PRESENTATION

OE, together with its consolidated subsidiary, is a wholly owned subsidiary of FE, and is incorporated in Ohio. OE operates an electric distribution system in Ohio. OE is subject to regulation by the PUCO and FERC.

OE follows GAAP and complies with the regulations, orders, policies and practices prescribed by FERC and the PUCO. 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 indicative of results of operations for any future period. OE has evaluated events and transactions for potential recognition or disclosure through February 29, 2016, the issuance date of the financial statements.

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

REVENUES AND RECEIVABLES

OE's principal business is providing electric service to customers in Ohio. OE's retail customers are metered on a cycle basis. Electric revenues are recorded based on energy delivered through the end of the calendar month. An estimate of unbilled revenues is calculated to recognize electric service provided from the last meter reading through the end of the month. This estimate includes many factors, among which are historical customer usage, load profiles, estimated weather impacts, customer shopping activity and prices in effect for each class of customer. In each accounting period, OE recognizes the estimated unbilled amount receivable as revenue and reverses the related prior period estimate.

Receivables from customers include distribution and retail electric sales to residential, commercial and industrial customers. There was no material concentration of receivables as of December 31, 2015 and 2014, with respect to any particular segment of OE's customers. Billed and unbilled customer receivables were $89 million and $85 million, respectively, as of December 31, 2015, and were $90 million and $77 million, respectively, as of December 31, 2014.

ACCOUNTING FOR THE EFFECTS OF REGULATION

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. OE nets its regulatory assets and liabilities based on federal and state jurisdictions. The following table provides information about the composition of net regulatory assets as of December 31, 2015 and December 31, 2014, and the changes during the year ended December 31, 2015:

Regulatory Assets by Source	December 31, 2015	December 31, 2014	Increase (Decrease)
		(In millions)	
Customer receivables for future income taxes	$ (1)	$ 1	$ (2)
Asset removal costs	(29)	(39)	10
Deferred transmission costs	1	(4)	5
Deferred generation costs	99	116	(17)
Deferred distribution costs	95	87	8
Storm-related costs	(33)	(26)	(7)
Unamortized loss on reacquired debt	20	32	(12)
Other	(32)	3	(35)
Net Regulatory assets included in Consolidated Balance Sheets	$ 120	$ 170	$ (50)

PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment reflects original cost (net of any impairments recognized), including payroll and related costs such as taxes, employee benefits, administrative and general costs, and capitalized interest incurred to place the assets in service. The costs of normal maintenance, repairs and minor replacements are expensed as incurred. OE recognizes liabilities for planned major maintenance projects as they are incurred.

OE provides for depreciation on a straight-line basis at various rates over the estimated lives of property included in plant in service. Depreciation expense was approximately 3.2% and 3.1% of average depreciable property in 2015 and 2014, respectively.

For the years ended December 31, 2015 and 2014, capitalized financing costs on OE's Statements of Income include $7 million and $3 million, respectively, of allowance for equity funds used during construction and $3 million and $2 million, respectively, of capitalized interest.

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

NEW ACCOUNTING PRONOUNCEMENTS

In May 2014, the FASB issued, ASU 2014-09 "Revenue from Contracts with Customers", requiring entities to recognize revenue by applying a five-step model in accordance with the core principle to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. In addition, the accounting for costs to obtain or fulfill a contract with a customer is specified and disclosure requirements for revenue recognition are expanded. In August 2015, the FASB issued a final Accounting Standards Update deferring the effective date until fiscal years beginning after December 15, 2017. Earlier application is permitted only as of annual reporting periods beginning after December 15, 2016, (the original effective date). The standard shall be applied retrospectively to each period presented or as a cumulative-effect adjustment as of the date of adoption. OE is currently evaluating the impact on its financial statements of adopting this standard.

In February 2015, the FASB issued, "Consolidations: Amendments to the Consolidation Analysis", which amends current consolidation guidance including changes to both the variable and voting interest models used by companies to evaluate whether an entity should be consolidated. This standard is effective for interim and annual periods beginning after December 15, 2015, and early adoption is permitted. A reporting entity must apply the amendments using a modified retrospective approach by recording a cumulative-effect adjustment to equity as of the beginning of the period of adoption or apply the amendments retrospectively. OE does not expect this amendment to have a material effect on its financial statements.

In April 2015, the FASB issued, ASU 2015-03 "Simplifying the Presentation of Debt Issuance Costs", which requires debt issuance costs to be presented on the balance sheet as a direct deduction from the carrying value of the associated debt liability, consistent with the presentation of a debt discount. The guidance is effective for financial statements issued for fiscal years beginning after December 15, 2015, and interim periods within those fiscal years. Early adoption is permitted for financial statements that have not been previously issued. Upon adoption, an entity must apply the new guidance retrospectively to all prior periods presented in the financial statements. In addition, in August 2015, the FASB issued ASU 2015-15, "Presentation and Subsequent Measurement of Debt Issuance Costs Associated with Line-of-Credit Arrangements", which states given the absence of authoritative guidance within ASU 2015-03 for debt issuance costs related to the line-of-credit arrangements, the SEC staff would not object to an entity deferring and presenting debt issuance costs as an asset and subsequently amortizing the costs ratably over the term of the arrangement, regardless of whether there are any outstanding borrowings on the line-of-credit. FirstEnergy will adopt ASU 2015-15 and ASU 2015-03 beginning January 1, 2016. As of December 31, 2015, OE debt issuance costs included in Deferred Charges and Other Assets were $3 million. OE will elect to continue presenting debt issuance costs relating to its revolving credit facilities as an asset.

In November 2015, the FASB issued ASU 2015 - 17, "Balance Sheet Classification of Deferred Taxes", which requires all deferred tax assets and liabilities, along with any related valuation allowance, be classified as noncurrent on the balance sheet. The new guidance will be effective for fiscal years beginning after December 15, 2016, and interim periods within those fiscal years. Early adoption is permitted for all entities as of the beginning of an interim or annual reporting period. The guidance may be applied either prospectively, for all deferred tax assets and liabilities, or retrospectively. FirstEnergy early adopted ASU 2015-17 as of December 2015, and applied the new guidance retrospectively to all prior periods presented in the financial statements. There was no impact from the early adoption of ASU 2015-17 on the Consolidated Statements of Income. On the Consolidated Balance Sheet as of December 31, 2014, OE reclassified $25 million of Accumulated Deferred Income Taxes from Current Assets to Noncurrent Liabilities.

In January 2016, the FASB issued ASU 2016-01, "Financial Instruments-Overall: Recognition and Measurement of Financial Assets and Financial Liabilities". Changes to the current GAAP model primarily affect the accounting for equity investments, financial liabilities under the fair value option, and the presentation and disclosure requirements for financial instruments. In addition, the FASB clarified guidance related to the valuation allowance assessment when recognizing deferred tax assets resulting from unrealized losses on available-for-sale debt securities. The ASU will be effective in fiscal years beginning after December 15, 2017, including interim periods within those fiscal years. Early adoption can be elected for all financial statements of fiscal years and interim periods that have not yet been issued or that have not yet been made available for issuance. OE is currently evaluating the impact on its financial statements of adopting this standard.

2. ACCUMULATED OTHER COMPREHENSIVE INCOME

The changes in AOCI, net of tax, for the years ended December 31, 2015 and 2014 for OE are shown in the following tables:

	Unrealized gains on AFS Securities	Defined Benefit Pension & OPEB Plans	Total
		(In millions)	
AOCI Balance, January 1, 2014	$ —	$ 30	$ 30
Other comprehensive income before reclassifications	2	13	15
Amounts reclassified from AOCI	—	(23)	(23)
Other comprehensive income (loss)	2	(10)	(8)
Income tax (benefits) on other comprehensive income (loss)	—	(3)	(3)
Other comprehensive income (loss), net of tax	2	(7)	(5)
AOCI Balance, December 31, 2014	$ 2	$ 23	$ 25
Amounts reclassified from AOCI	(1)	(16)	(17)
Other comprehensive loss	(1)	(16)	(17)
Income tax benefits on other comprehensive loss	—	(6)	(6)
Other comprehensive loss, net of tax	(1)	(10)	(11)
AOCI Balance, December 31, 2015	$ 1	$ 13	$ 14

The following amounts were reclassified from AOCI for OE in the years ended December 31, 2015 and 2014:

Reclassifications out of AOCI [(2)]	Amount Reclassified from AOCI 2015	2014	Affected Line Item in the Statement of Net Income
	(In millions)		
Unrealized gains on AFS securities			
Realized gains on sales of securities	$ (1)	$ —	Investment income
	—	—	Income taxes
	$ (1)	$ —	Net of tax
Defined Benefit Pension and OPEB Plans			
Prior-service costs	$ (16)	$ (23)	[(1)]
	6	9	Income taxes
	$ (10)	$ (14)	Net of tax

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

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

3. PENSION AND OTHER POSTEMPLOYMENT BENEFITS

FirstEnergy provides noncontributory qualified defined benefit pension plans that cover substantially all of its employees and non-qualified pension plans that cover certain employees, including employees of OE. The plans provide defined benefits based on years of service and compensation levels. In addition, FirstEnergy provides a minimum amount of noncontributory life insurance to retired employees in addition to optional contributory insurance. Health care benefits, which include certain employee contributions, deductibles and co-payments, are also available upon retirement to certain employees, their dependents and, under certain circumstances, their survivors. OE recognizes its allocated portion of the expected cost of providing pension and OPEB to employees and their beneficiaries and covered dependents from the time employees are hired until they become eligible to receive those benefits. OE also recognized its allocated portion of obligations to former or inactive employees after employment, but before

retirement, for disability-related benefits. In 2014, the qualified pension plan was amended authorizing a voluntary cashout window program for certain eligible terminated participants with vested benefits. Payment of benefits for participants that elected an immediate lump sum cash payment or an annuity resulted in a $40 million reduction to the underfunded status of the pension plan. Additionally, during 2015 and 2014, certain unions ratified their labor agreements that ended subsidized retiree health care resulting in a reduction to the OPEB benefit obligation by approximately $10 million and $97 million, respectively. OE's share of the net liability reduction was approximately $13 million in 2014 and there was no reduction to OE's net liability in 2015.

FirstEnergy recognizes as a pension and OPEB mark-to-market adjustment the change in the fair value of plan assets and net actuarial gains and losses annually in the fourth quarter of each fiscal year and whenever a plan is determined to qualify for a remeasurement. The remaining components of pension and OPEB expense, primarily service costs, interest on obligations, assumed return on assets and prior service costs, are recorded on a monthly basis. OE's pension and OPEB mark-to-market adjustment for the years ended December 31, 2015 and 2014 were $90 million ($45 million net of amounts capitalized) and $184 million ($100 million net of amounts capitalized), respectively. In 2015, the pension and OPEB mark-to-market adjustment primarily reflects lower than expected asset returns as well as the impact of other demographic assumptions including revisions to the mortality assumptions partially offset by a 25 basis point increase in the discount rate.

FirstEnergy's pension and OPEB funding policy is based on actuarial computations using the projected unit credit method. During the year ended December 31, 2015, FirstEnergy made contributions of $143 million to its qualified pension plan. In 2016, FirstEnergy has minimum required funding obligations of $381 million to its qualified pension plan with $160 million ($114 million from OE) contributed to date. Pension and OPEB costs are affected by employee demographics (including age, compensation levels and employment periods), the level of contributions made to the plans and earnings on plan assets. Pension and OPEB costs may also be affected by changes in key assumptions, including anticipated rates of return on plan assets, the discount rates and health care trend rates used in determining the projected benefit obligations for pension and OPEB costs. FirstEnergy uses a December 31 measurement date for its pension and OPEB plans. The fair value of the plan assets represents the actual market value as of the measurement date.

FirstEnergy's assumed rate of return on pension plan assets considers historical market returns and economic forecasts for the types of investments held by the pension trusts. In 2015, FirstEnergy's qualified pension and OPEB plan assets experienced losses of $(172) million, or (2.7)% compared to earnings of $387 million, or 6.2% in 2014, and assumed a 7.75% rate of return for each year on plan assets which generated $476 million and $496 million of expected returns on plan assets, respectively. The expected return on pension and OPEB assets is based on the trusts' asset allocation targets and the historical performance of risk-based and fixed income securities. The gains or losses generated as a result of the difference between expected and actual returns on plan assets will increase or decrease future net periodic pension and OPEB cost as the difference is recognized annually in the fourth quarter of each fiscal year or whenever a plan is determined to qualify for remeasurement.

During 2014, the Society of Actuaries published new mortality tables and improvement scales reflecting improved life expectancies and an expectation that the trend will continue. An analysis of FirstEnergy pension and OPEB plan mortality data indicated the use of the RP2014 mortality table with blue collar adjustment for females and projection scale SS2014INT was most appropriate as of December 31, 2015. As such, the RP2014 mortality table with projection scale SS2014INT was utilized to determine the 2015 benefit cost and obligation as of December 31, 2015 for the FirstEnergy pension and OPEB plans.

The following is a summary of the plan status:

	Pension		OPEB	
As of December 31,	**2015**	**2014**	**2015**	**2014**
		(In millions)		
FE benefit obligation	$ 9,079	$ 9,249	$ 724	$ 757
FE fair value of plan assets	5,338	5,824	431	464
FE funded status	(3,741)	(3,425)	(293)	(293)
FE accumulated benefit obligation	8,579	8,744	—	—
FE net periodic costs (credits) [(1)]	485	1,350	(108)	(154)
OE's share of net liability	343	273	19	23
OE's share of net periodic costs (credits) [(1)]	76	135	(20)	(30)

[(1)] Includes annual pension and OPEB mark-to-market adjustment

	Pension		OPEB	
As of December 31,	**2015**	**2014**	**2015**	**2014**
Assumptions Used to Determine Benefit Obligations				
(as of December 31)				
Discount rate	4.50%	4.25%	4.25%	4.00%
Rate of compensation increase	4.20%	4.20%	N/A	N/A
Assumed Health Care Cost Trend Rates				
(as of December 31)				
Health care cost trend rate assumed (pre/ post-Medicare)	N/A	N/A	6.0-5.5%	7.5-7.0%
Rate to which the cost trend rate is assumed to decline (the ultimate trend rate)	N/A	N/A	4.50%	4.50%
Year that the rate reaches the ultimate trend rate (pre/post-Medicare)	N/A	N/A	2026	2026
Assumptions Used to Determine Net Periodic Benefit Cost for Years Ended December 31				
Weighted-average discount rate	4.25%	5.00%	4.00%	4.75%
Expected long-term return on plan assets	7.75%	7.75%	7.75%	7.75%
Rate of compensation increase	4.20%	4.20%	N/A	N/A

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

4. TAXES

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

OE is party to an intercompany income tax allocation agreement with FE and its other subsidiaries that provides for the allocation of consolidated tax liabilities. Net tax benefits attributable to FE is reallocated to the subsidiaries of FE that have taxable income. That allocation is accounted for as a capital contribution to the company receiving the tax benefit.

On December 18, 2015, the President signed into law the Protecting Americans from Tax Hikes Act of 2015 (the Act). The Act, among other things, made permanent the R&D tax credit, and also extended accelerated depreciation of qualified capital investments placed into service. This bonus depreciation provision is 50% for qualifying assets placed into service from 2015 through 2017, 40% for qualifying assets placed into service in 2018 and 30% for qualifying assets placed into service in 2019. OE recorded the effects of the Act that apply to 2015 in the fourth quarter of 2015. The extension of the tax benefits did not have a significant impact to the effective tax rate.

INCOME TAXES:	2015	2014
	(In millions)	
Currently payable-		
Federal	$ 102	$ 45
State	5	1
	107	46
Deferred, net-		
Federal	(23)	14
State	1	(2)
	(22)	12
Investment tax credit amortization	(1)	(1)
Total income taxes	$ 84	$ 57

OE's tax rates are affected by permanent items as well as discrete items that may occur in any given period, but are not consistent from period to period. The following table provides a reconciliation of federal income tax expense at the federal statutory rate to the total income taxes for the years ended December 31:

(In millions)	2015	2014
Book income before income taxes	$ 226	$ 161
Federal income tax expense at statutory rate (35%)	$ 79	$ 56
Increases (reductions) in taxes resulting from-		
State income taxes, net of federal tax benefit	3	3
Change in accounting method	—	(4)
Other, net	2	2
Total income taxes	$ 84	$ 57
Effective income tax rate	37.2%	35.4%

In 2015, OE's effective tax rate was 37.2% compared to 35.4% in 2014. The increase in the effective tax rate was primarily attributable to the absence of a $4 million benefit recognized in 2014 related to an IRS approved change in accounting method for costs associated with the refurbishment of meters and transformers.

Accumulated deferred income taxes as of December 31, 2015 and 2014 are as follows:

(In millions)	2015	2014
Property basis differences	$ 843	$ 828
Net regulatory assets	40	55
Pension and OPEB	(215)	(185)
Nuclear decommissioning activities	44	43
All other	(20)	(16)
Net deferred income tax liabilities	$ 692	$ 725

OE records as deferred income tax assets the effect of NOLs and tax credits that will more likely than not be realized through future operations and through the reversal of existing temporary differences. As of December 31, 2015, OE's deferred income tax assets attributable to loss carryforwards and credits were immaterial.

OE accounts for uncertainty in income taxes recognized in its financial statements. Accounting guidance prescribes a recognition threshold and measurement attribute for financial statement recognition and measurement of tax positions taken or expected to be taken on a company's tax return. For the years ended December 31, 2015 and 2014, OE did not record any unrecognized tax benefits, nor does OE have a reserve for any uncertain tax positions.

OE recognizes interest expense or income and penalties related to uncertain tax positions in income taxes. That amount is computed by applying the applicable statutory interest rate to the difference between the tax position recognized and the amount previously taken or expected to be taken on the tax return. During 2015 and 2014, OE did not record any interest related to uncertain tax positions.

For federal income tax purposes, OE files as a member of the FE consolidated group. In January 2015, the IRS completed its examination of FE's 2013 federal income tax return and issued a Revenue Agent Report, which did not result in a material impact to OE's effective tax rate. Tax year 2014 is currently under review by the IRS.

General Taxes

Details of general taxes for the years ended December 31, 2015 and 2014 are shown below:

(In millions)	2015	2014
KWH excise	$ 90	$ 90
Gross receipts	18	15
Real and personal property	87	94
Social security and unemployment	9	9
Total general taxes	$ 204	$ 208

5. LEASES

OE leases certain office space and other property and equipment under cancelable and noncancelable leases.

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

In February 2014, NG purchased 47.7 MW of lessor equity interests in OE's existing sale and leaseback of Beaver Valley Unit 2 for approximately $94 million. On June 24, 2014, OE exercised its irrevocable right to repurchase from the remaining owner participants the lessors' interests in Beaver Valley Unit 2 at the end of the lease term (June 1, 2017), which right to repurchase was assigned to NG. Additionally, on June 24, 2014, NG entered into a purchase agreement with an owner participant to purchase its lessor equity interests of the remaining non-affiliated leasehold interest in Perry Unit 1 on May 23, 2016, which is just prior to the end of the lease term. In November 2014, NG repurchased 55.3 lessor equity interests in OE's existing sale and leaseback of Perry Unit 1 for approximately $87 million. As of December 31, 2014, OE's leasehold interest was 2.60% of Beaver Valley Unit 2 and 3.75% of Perry Unit 1.

Operating lease expense which includes rent expense for the use of office space and other property and equipment owned by affiliated companies for the years ended December 31, 2015 and 2014 was $143 and $144 million, respectively. OE's estimated future minimum lease payments for capital and operating leases as of December 31, 2015 with initial or remaining lease terms in excess of one year are as follows:

(In millions)	2016	2017	2018	2019	2020	Thereafter	Total	Less: amount representing interest and fees	Present value of net minimum capital lease payments
Capital leases	$ 5	$ 5	$ 4	$ 4	$ 4	$ 7	$ 29	$ 3	$ 26
Operating leases	$ 116	$ 46	$ 2	$ 1	$ 1	$ 2	$ 168	N/A	N/A

The carrying amounts of assets recorded under capital lease agreements included in "Property, plant and equipment, net" on OE's Consolidated Balance Sheets as of December 31, 2015 and 2014 were $26 million and $35 million, respectively.

6. VARIABLE INTEREST ENTITIES

OE performs qualitative analyses to determine whether a variable interest gives OE a controlling financial interest in a VIE. This analysis identifies the primary beneficiary of a VIE as the enterprise that has both the power to direct the activities of a VIE that most significantly impact the entity's economic performance and the obligation to absorb losses of the entity that could potentially be significant to the VIE or the right to receive benefits from the entity that could potentially be significant to the VIE. OE and its subsidiary consolidate a VIE when it is determined that it is the primary beneficiary.

The caption "noncontrolling interest" within the consolidated financial statements is used to reflect the portion of PNBV that OE consolidates, but does not own.

Consolidated VIEs

VIEs in which OE is the primary beneficiary consist of the following (included in OE's consolidated financial statements):

- ***PNBV*** - PNBV, a business trust established by OE in 1996, issued certain beneficial interests and notes to fund the acquisition of a portion of the bonds issued by certain owner trusts in connection with the sale and leaseback in 1987 of a portion of OE's interest in the Perry Plant and Beaver Valley Unit 2. OE used debt and available funds to purchase the notes issued by PNBV. The beneficial ownership of PNBV includes a 3% interest by unaffiliated third parties.

- ***Ohio Securitization*** - In September 2012, OE formed OE Funding LLC as a separate, wholly-owned limited liability SPE. The phase-in recovery bonds issued by the SPE are payable only from, and secured by, phase-in recovery property owned by the SPE (i.e. the right to impose, charge and collect irrevocable non-bypassable usage-based charges payable by retail electric customers in the service territories of OE) and the bondholder has no recourse to the general credit of FirstEnergy or OE. OE, as servicer of the SPE, manages and administers the phase-in recovery property including the billing, collection and remittance of usage-based charges payable by retail electric customers. OE is entitled to annual servicing fees of $170 thousand that are recoverable through the usage-based charges. The SPE is considered a VIE and is consolidated into the financial statements of OE. As of December 31, 2015 and December 31, 2014, $138 million and $142 million of the phase-in recovery bonds were outstanding, respectively.

Unconsolidated VIEs

OE is not the primary beneficiary of the following VIE:

- ***Sale and Leaseback Transactions*** - OE has variable interests in certain sale and leaseback transactions. OE is not the primary beneficiary of these interests as it does not have control over the significant activities affecting the economics of the arrangement.

  OE is exposed to losses under the sale and leaseback agreements upon the occurrence of certain contingent events. The maximum exposure under these provisions represents the net amount of casualty value payments due upon the occurrence of specified casualty events. Net discounted lease payments would not be payable if the casualty loss payments were made. The following table discloses OE's net exposure to loss based upon the casualty value provisions as of December 31, 2015.

Maximum Exposure	Discounted Lease Payments, net	Net Exposure
	(In millions)	
$ 368	$ 129	$ 239

7. FAIR VALUE MEASUREMENTS

INVESTMENTS

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

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

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

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

AFS Securities

OE holds debt securities within its NDT trusts. The trust investments are considered AFS securities, recognized at fair market value. OE has no securities held for trading purposes.

The following table summarizes the amortized cost basis, unrealized gains (there were no unrealized losses) and fair values of investments held in the NDT trust as of December 31, 2015 and December 31, 2014:

	December 31, 2015[(1)]			December 31, 2014[(1)]		
	Cost Basis	Unrealized Gains	Fair Value	Cost Basis	Unrealized Gains	Fair Value
	(In millions)					
Debt securities	$ 166	$ 2	$ 168	$ 145	$ 3	$ 148

(1) Excludes short-term cash investments of $2 million and $6 million for the years ended December 31, 2015 and 2014, respectively.

Proceeds from the sale of investments in AFS securities, OTTI and interest and dividend income for the years ended December 31, 2015 and 2014 were as follows:

	Sale Proceeds	Realized Gains	OTTI	Interest and Dividend Income
	(In millions)			
2015	$ 27	$ 1	$ (1)	$ 4
2014	49	—	—	3

Held-To-Maturity Securities

The following table provides the amortized cost basis, unrealized gains (there were no unrealized losses) and approximate fair values of investments in held-to-maturity securities as of December 31, 2015 and December 31, 2014:

	December 31, 2015			December 31, 2014		
	Cost Basis	Unrealized Gains	Fair Value	Cost Basis	Unrealized Gains	Fair Value
	(In millions)					
Debt securities	$ 16	$ 1	$ 17	$ 53	$ 4	$ 57

During 2015 and 2014, OE received proceeds of approximately $37 million and $42 million, respectively that reduced its investment in lease obligations bonds.

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 primarily applies the market approach for recurring fair value measurements using the best information available. Accordingly, FirstEnergy maximizes the use of observable inputs and minimizes the use of unobservable inputs. There were no changes in valuation methodologies used as of December 31, 2015, from those used as of December 31, 2014. 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.

Transfers between levels are recognized at the end of the reporting period. There were no transfers between levels during the years ended December 31, 2015 and 2014. The following table sets forth the recurring assets that are accounted for at fair value and classified as Level 2 within the fair value hierarchy. OE has no Level 1 or Level 3 assets or liabilities that are measured at fair value on the balance sheet.

Recurring Fair Value Measurements	December 31, 2015	December 31, 2014
Assets	(In millions)	
Corporate debt securities	$ 44	$ 44
U.S. government debt securities	125	105
Other[1]	1	8
Total assets[2]	$ 170	$ 157

(1) Primarily consists of short-term cash investments.
(2) Excludes $1 million as of December 31, 2014 of receivables, payables, taxes and accrued income associated with financial instruments reflected within the fair value table.

LONG-TERM DEBT AND OTHER LONG-TERM OBLIGATIONS

The following table provides the approximate fair value and related carrying amounts of long-term debt, excluding capital lease obligations and net unamortized premiums and discounts as of December 31, 2015 and December 31, 2014.

	December 31, 2015		December 31, 2014	
(In millions)	**Carrying Amount**	**Fair Value**	**Carrying Amount**	**Fair Value**
Long-term debt	$ 892	$ 1,080	$ 897	$ 1,194

The fair values of long-term debt 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 OE. OE classified long-term debt as Level 2 in the fair value hierarchy as of December 31, 2015 and December 31, 2014.

8. CAPITALIZATION

COMMON STOCK

In addition to paying dividends from retained earnings, OE has authorization from the FERC to pay cash dividends to FirstEnergy from paid-in capital accounts, as long as its FERC-defined equity to total capitalization ratio (without consideration of retained earnings) remains above 35%.

PREFERRED STOCK

OE is authorized to issue 6,000,000 and 8,000,000 shares of preferred stock, $100 and $25 par value, respectively, as of December 31, 2015. As of December 31, 2015, and 2014, there were no preferred shares outstanding.

LONG-TERM DEBT AND OTHER LONG-TERM OBLIGATIONS

The following table presents outstanding long-term debt and capital lease obligations for OE as of December 31, 2015 and 2014:

	As of December 31, 2015		As of December 31,	
(Dollar amounts in millions)	Maturity Date	Interest Rate	2015	2014
FMBs	2018 - 2038	6.090% - 9.740%	$ 404	$ 405
Secured notes - fixed rate	2017 - 2034	0.679% - 3.450%	138	142
Unsecured notes - fixed rate	2036	6.875%	350	350
Capital lease obligations			26	30
Unamortized debt discounts			(9)	(9)
Currently payable long-term debt			(9)	(9)
Total long-term debt and other long-term obligations			$ 900	$ 909

The following table presents scheduled debt repayments for outstanding long-term debt, excluding capital leases, fair value purchase accounting adjustments and unamortized debt discounts and premiums, for the next five years as of December 31, 2015.

Year	OE
	(In millions)
2016	$ 4
2017	4
2018	29
2019	4
2020	3

Phase-In Recovery Bonds

In June 2013, the SPEs formed by the Ohio Companies issued pass-through trust certificates supported by phase-in recovery bonds to securitize the recovery of certain all electric customer heating discounts, fuel and purchased power regulatory assets (OE - $170 million). As of December 31, 2015 and 2014, $138 million and $142 million of the phase-in recovery bonds were outstanding at OE, respectively.

See Note 6, Variable Interest Entities for additional information on securitized bonds.

Other Long-term Debt

OE has a first mortgage indenture under which it can issue FMBs secured by a direct first mortgage lien on substantially all of its property and franchises, other than specifically excepted property.

Based on the amount of FMBs authenticated by the respective mortgage bond trustees as of December 31, 2015, the sinking fund requirement for all FMBs issued under the various mortgage indentures amounted to payments of $3 million in 2015. OE expects to meet its 2016 annual sinking fund requirement with a replacement credit under its mortgage indenture.

Sinking fund requirements for FMBs and maturing long-term debt are $1 million in each of the next four years.

Debt Covenant Default Provisions

OE has various debt covenants under certain financing arrangements, including its revolving credit facility. The most restrictive of the debt covenants relate to the nonpayment of interest and/or principal on such debt and the maintenance of certain financial ratios. The failure by OE to comply with the covenants contained in any of its financing arrangements could result in an event of default, which may have an adverse effect on OE's financial condition.

Additionally, there are cross-default provisions in certain financing arrangements of FE and its subsidiaries, including OE. These provisions generally trigger a default in the applicable financing arrangement of an entity if it or any of its significant subsidiaries default under another financing arrangement in excess of a certain principal amount, typically $100 million. Although such defaults by OE would generally cross-default to FE financing arrangements containing these provisions, defaults by FE would generally not cross-default applicable OE financing arrangements.

As of December 31, 2015, OE was in compliance with all debt covenant default provisions.

9. SHORT-TERM BORROWINGS AND BANK LINES OF CREDIT

OE had $43 million and $37 million of outstanding short-term borrowings as of December 31, 2015 and 2014, respectively.

Revolving Credit Facility

FE and certain of its utility subsidiaries, including OE, participate in three five-year syndicated revolving credit facilities with aggregate commitments of $3.5 billion (Facility). On March 31, 2014, FE and certain of its utility subsidiaries, including OE, entered into extensions and amendments to the three existing multi-year syndicated revolving credit facilities. The Facility was extended until March 31, 2019. The Facility was amended to increase the lending banks' commitments under the facility by $1.0 billion to a total of $3.5 billion and to increase the individual borrower sublimit for the Facility by $1.0 billion to a total of $3.5 billion.

Generally, borrowings under the Facility 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. The Facility contains financial covenants requiring each borrower to maintain a consolidated debt to total capitalization ratio of no more than 65%, measured at the end of each fiscal quarter. As of January 31, 2016, FE and the Utilities had available liquidity under the facility of $1.6 billion in the aggregate. Under this Facility, OE may borrow up to its sub-limit of $500 million, all of which was available to OE as of January 31, 2016. OE has regulatory and other short-term debt limitations of $500 million which includes amounts that may be borrowed under the regulated companies' money pool.

Subject to each borrower's sub-limit, $600 million of the Facility is available for the issuance of LOCs expiring up to one year from the date of issuance. The stated amount of outstanding LOCs will count against total commitments available under the Facility and against the applicable borrower's borrowing sub-limit.

The Facility does 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 Facility is related to the credit ratings of the company borrowing the funds. Additionally, borrowings under the Facility 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.

FirstEnergy Money Pools

FE's regulated companies, including OE, also have the ability to borrow from each other and the holding company to meet their short-term working capital requirements. FESC administers this money pool and tracks surplus funds of FE and the respective regulated subsidiaries, as well as proceeds available from bank borrowings. Companies receiving a loan under the money pool agreement 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 the regulated pool and is based on the average cost of funds available through the pool. The average interest rate for borrowings in 2015 was 0.84% per annum.

10. ASSET RETIREMENT OBLIGATIONS

OE has recognized applicable legal obligations for AROs and its associated cost primarily for the decommissioning of Beaver Valley and Perry due to its leasehold interest in Beaver Valley Unit 2 and Perry. OE uses an expected cash flow approach to measure the fair value of its nuclear decommissioning AROs. In addition, OE has recognized conditional retirement obligations, primarily for asbestos remediation.

OE maintains NDTs that are legally restricted for purposes of settling the nuclear decommissioning ARO. The fair values of the decommissioning trust assets as of December 31, 2015 and 2014 were $170 million and $154 million, respectively.

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

The following table summarizes the changes to OE's ARO balances during 2015 and 2014:

ARO Reconciliation		**(In millions)**
Balance, January 1, 2014	$	66
Accretion		5
Revisions in estimated cash flows		(20)
Balance, December 31, 2014		51
Accretion		3
Balance, December 31, 2015	$	54

During 2014, based on studies completed by a third-party to reassess the estimated costs of decommissioning Beaver Valley Unit 2 and Perry, OE decreased its ARO by $20 million. The reduction in the ARO liability of OE was primarily the result of an extension in the number of years in which decommissioning activities are estimated to occur.

11. REGULATORY MATTERS

STATE REGULATION

OE's retail rates, conditions of service, issuance of securities and other matters are subject to regulation in Ohio by the PUCO. 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.

OHIO

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

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

Notices of appeal of the Ohio Companies' ESP 3 plan to the Supreme Court of Ohio were filed by the Northeast Ohio Public Energy Council and the ELPC. The oral argument in this matter occurred on January 6, 2016.

The Ohio Companies filed an application with the PUCO on August 4, 2014 seeking approval of their ESP IV entitled *Powering Ohio's Progress*. The Ohio Companies filed a Stipulation and Recommendation on December 22, 2014, and supplemental stipulations and recommendations on May 28, 2015, and June 4, 2015. The evidentiary hearing on the ESP IV commenced on August 31, 2015 and concluded on October 29, 2015. On December 1, 2015, the Ohio Companies filed a Third Supplemental Stipulation and Recommendation, which included PUCO Staff as a signatory party in addition to other signatories. The PUCO completed a hearing on the Third Supplemental Stipulation and Recommendation in January 2016. Initial briefs were filed on February 16, 2016 and reply briefs were filed on February 26, 2016. A final PUCO decision is expected in March 2016.

The proposed ESP IV supports FirstEnergy's strategic focus on regulated operations and better positions the Ohio Companies to deliver on their ongoing commitment to upgrade, modernize and maintain reliable electric service for customers while preserving electric security in Ohio. The material terms of the proposed ESP IV, as modified by the stipulations include:

- An eight-year term (June 1, 2016 - May 31, 2024);
- Contemplates continuing a base distribution rate freeze through May 31, 2024;
- An Economic Stability Program that flows through charges or credits through Rider RRS representing the net result of the price paid to FES through a proposed eight-year FERC-jurisdictional PPA for the output of the Sammis and Davis-Besse

plants and FES' share of OVEC against the revenues received from selling such output into the PJM markets over the same period, subject to the PUCO's termination of Rider RRS charges/credits associated with any plants or units that may be sold or transferred;

- Continuing to provide power to non-shopping customers at a market-based price set through an auction process;
- Continuing Rider DCR with increased revenue caps of approximately $30 million per year from June 1, 2016 through May 31, 2019; $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 that supports continued investment related to the distribution system for the benefit of customers;
- Collection of lost distribution revenues associated with energy efficiency and peak demand reduction programs;
- A risk-sharing mechanism that would provide guaranteed credits under Rider RRS in years five through eight to customers as follows: $10 million in year five, $20 million in year six, $30 million in year seven and $40 million in year eight;
- A continuing commitment not to recover from retail customers certain costs related to transmission cost allocations for the longer of the five-year period from June 1, 2011 through May 31, 2016 or when the amount of such costs avoided by customers for certain types of products totals $360 million, including such costs from MISO along with such costs from PJM, subject to the outcome of certain FERC proceedings;
- Potential procurement of 100 MW of new Ohio wind or solar resources subject to a demonstrated need to procure new renewable energy resources as part of a strategy to further diversify Ohio's energy portfolio;
- An agreement to file a case with the PUCO by April 3, 2017, seeking to transition to decoupled base rates for residential customers;
- A contribution of $3 million per year ($24 million over the eight year term) to fund energy conservation programs, economic development and job retention in the Ohio Companies service territory;
- Contributions of $2.4 million per year ($19 million over the eight year term) to fund a fuel-fund in each of the Ohio Companies service territories to assist low-income customers; and
- A contribution of $1 million per year ($8 million over the eight year term) to establish a Customary Advisory Council to ensure preservation and growth of the competitive market in Ohio.

On January 27, 2016, certain parties filed a complaint at FERC against FES, OE, CEI, and TE that requests FERC review of the ESP IV PPA under Section 205 of the FPA. FES, OE, CEI and TE responded to the complaint on February 23, 2016. In addition to such proceeding, parties have expressed an intention to challenge in the courts and/or before FERC, the PPA or PUCO approval of the ESP IV, if approved. Management intends to vigorously defend against such challenges.

Under Ohio's energy efficiency standards (SB221 and SB310), and based on the Ohio Companies' amended energy efficiency plans, the Ohio Companies are required to implement energy efficiency programs that achieve a total annual energy savings equivalent of 2,266 GWHs in 2015 and 2,288 GWHs in 2016, and then begin to increase by 1% each year in 2017, subject to legislative amendments to the energy efficiency standards discussed below. The Ohio Companies are also required to retain the 2014 peak demand reduction level for 2015 and 2016 and then increase the benchmark by an additional 0.75% thereafter through 2020, subject to legislative amendments to the peak demand reduction standards discussed below.

On September 30, 2015, the Energy Mandates Study Committee issued its report related to energy efficiency and renewable energy mandates, recommending that the current level of mandates remain in place indefinitely. The report also recommended: (i) an expedited process for review of utility proposed energy efficiency plans; (ii) ensuring maximum credit for all of Ohio's Energy Initiatives; (iii) a switch from energy mandates to energy incentives; and (iv) a declaration be made that the General Assembly may determine energy policy of the state. No legislation has yet been introduced to change the standards described above.

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

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

Ohio law requires electric utilities and electric service companies in Ohio to serve part of their load from renewable energy resources measured by an annually increasing percentage amount through 2026, subject to legislative amendments discussed above, except 2015 and 2016 that remain at the 2014 level. The Ohio Companies conducted RFPs in 2009, 2010 and 2011 to secure RECs to help meet these renewable energy requirements. In September 2011, the PUCO opened a docket to review the Ohio Companies'

alternative energy recovery rider through which the Ohio Companies recover the costs of acquiring these RECs. The PUCO issued an Opinion and Order on August 7, 2013, approving the Ohio Companies' acquisition process and their purchases of RECs to meet statutory mandates in all instances except for certain purchases arising from one auction and directed the Ohio Companies to credit non-shopping customers in the amount of $43.4 million, plus interest, on the basis that the Ohio Companies did not prove such purchases were prudent. On December 24, 2013, following the denial of their application for rehearing, the Ohio Companies filed a notice of appeal and a motion for stay of the PUCO's order with the Supreme Court of Ohio, which was granted. On February 18, 2014, the OCC and the ELPC also filed appeals of the PUCO's order. The Ohio Companies timely filed their merit brief with the Supreme Court of Ohio and the briefing process has concluded. The matter is not yet scheduled for oral argument.

On April 9, 2014, the PUCO initiated a generic investigation of marketing practices in the competitive retail electric service market, with a focus on the marketing of fixed-price or guaranteed percent-off SSO rate contracts where there is a provision that permits the pass-through of new or additional charges. On November 18, 2015, the PUCO ruled that on a going-forward basis, pass-through clauses may not be included in fixed-price contracts for all customer classes. On December 18, 2015, FES filed an Application for Rehearing seeking to change the ruling or have it only apply to residential and small commercial customers.

FEDERAL REGULATION

With respect to their wholesale services and rates, the Utilities, including OE, are subject to regulation by FERC. Under the FPA, FERC regulates rates for interstate wholesale sales, accounting and other matters.

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, including OE, each have been authorized by FERC to sell wholesale power in interstate commerce and have a market-based rate tariff on file with FERC; although major wholesale purchases remain subject to regulation by relevant state commissions. As a condition to selling electricity on a wholesale basis at market-base rates, the Utilities, including OE, like other entities granted market-based rate authority, must file electronic quarterly reports with FERC listing their sales transactions for the prior quarter.

RELIABILITY MATTERS

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

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

FERC MATTERS

RTO Realignment

In a May 31, 2011 order, FERC ruled that the costs for certain "legacy RTEP" transmission projects in PJM approved before ATSI joined PJM could be charged to transmission customers in the ATSI zone. The amount to be paid, and the question of derived benefits, is pending before FERC. As a result of the Seventh Circuit's June 25, 2014 order, a divided three-judge panel of the Seventh Circuit ruled that FERC had not quantified the benefits that western PJM utilities would derive from certain new 500 kV or higher lines and thus had not adequately supported its decision to socialize the costs of these lines. The majority found that eastern PJM utilities are the primary beneficiaries of the lines, while western PJM utilities are only incidental beneficiaries, and that, while incidental beneficiaries should pay some share of the costs of the lines, that share should be proportionate to the benefit they derive from the lines, and not on load-ratio share in PJM as a whole. The court remanded the case to FERC, which issued an order setting the issue of cost allocation for hearing and settlement proceedings. Settlement discussions under a FERC-appointed settlement judge are ongoing.

The outcome of this proceeding and its impact, if any, on OE cannot be predicted at this time.

12. COMMITMENTS AND CONTINGENCIES

ENVIRONMENTAL MATTERS

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

NUCLEAR INSURANCE

The Price-Anderson Act limits the public liability relative to a single incident at a nuclear power plant to $13.5 billion. The amount is covered by a combination of private insurance and an industry retrospective rating plan. Based on its ownership and leasehold interests in the Beaver Valley Station and the Perry Plant, OE's maximum potential assessment under the industry retrospective rating plan (assuming the other affiliate co-owners contribute their proportionate shares of any assessments under the retrospective rating plan) would be $8 million per incident but not more than $1.2 million in any one year for each incident.

OE is also insured as to its respective interests in Beaver Valley and Perry under policies issued to the operating company for each plant. Under these policies, up to $2.75 billion is provided for property damage and decontamination and decommissioning costs. OE has also obtained approximately $31.1 million of insurance coverage for replacement power costs for its respective interests in Beaver Valley and Perry. Under these policies, OE can be assessed a maximum of approximately $1.7 million for incidents at any covered nuclear facility occurring during a policy year which are in excess of accumulated funds available to the insurer for paying losses.

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

OTHER LEGAL PROCEEDINGS

Nuclear Plant Matters

Under NRC regulations, OE must ensure that adequate funds will be available to decommission its nuclear facilities. As of December 31, 2015, FirstEnergy had approximately $170 million invested in external trusts to be used for the decommissioning and environmental remediation of Beaver Valley and Perry. The values of OE's NDTs fluctuate based on market conditions. If the value of the trusts decline by a material amount, OE's obligation to fund the trusts may increase. Disruptions in the capital markets and their effects on particular businesses and the economy could also affect the values of the NDTs. FE and FES have also entered into a total of $24.5 million in parental guarantees in support of the decommissioning of the spent fuel storage facilities located at the nuclear facilities. As required by the NRC, FirstEnergy annually recalculates and adjusts the amount of its parental guaranties, as appropriate.

Other Legal Matters

There are various lawsuits, claims (including claims for asbestos exposure) and proceedings related to OE's normal business operations pending against OE and its subsidiaries. The loss or range of loss in these matters is not expected to be material to OE or its subsidiaries. The other potentially material items not otherwise discussed above are described under Note 11, Regulatory Matters of the Notes to the Consolidated Financial Statements.

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

13. TRANSACTIONS WITH AFFILIATED COMPANIES

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

FE's competitive companies at times provide power through affiliated company power sales to meet a portion of the Utilities' POLR and default service requirements. The primary affiliated company transactions for OE during the years ended December 31, 2015 and 2014 are as follows:

	2015	2014
	(In millions)	
Revenues	$ 233	$ 231
Expenses:		
Purchased power from affiliates	139	124
Support services	148	121
Interest Income	3	1
Interest Expense	6	6

FirstEnergy does not bill directly or allocate any of its costs to any subsidiary company. Costs are allocated from FESC, a subsidiary of FE. The majority of costs are directly billed or assigned at no more than cost. The remaining costs are for services that are provided on behalf of more than one company, or costs that cannot be precisely identified and are allocated using formulas developed by FESC. The current allocation or assignment formulas used and their bases include multiple factor formulas: each company's proportionate amount of FirstEnergy's aggregate direct payroll, number of employees, asset balances, revenues, number of customers, other factors and specific departmental charge ratios. Management believes that these allocation methods are reasonable. Intercompany transactions with FirstEnergy and its other subsidiaries are generally settled under commercial terms within thirty days.

Enclosure F
L-16-092

Non-Proprietary Foreign Ownership Control or Influence Information for The Toledo Edison Company
(137 pages follow)

FOCI DATA SHEET

FOCI DATA SHEET

COMPANY NAME: The Toledo Edison Company

Listed below are documents required to complete a FOCI Determination.

FOCI Determination Documents common to all Business Structures

OODEP LIST	X
RFI STATEMENT	N/A
Standard Form 328 (CPFI)	X
WEB PAGE ADDRESS (if applicable)	N/A

Additional documents required to be included for a PUBLICLY TRADED CORPORATION

ARTICLES OF INCORPORATION	
SEC 10K REPORT	
PROXY STATEMENT	
SEC SCHEDULES 13D & 13G	
CORPORATE BY-LAWS	
IRS FORM 5471	
ANNUAL REPORT WITH FINANCIAL INFORMATION	

Additional documents required to be included for a PRIVATELY OWNED CORPORATION

ARTICLES OF INCORPORATION	X
CORPORATE BY-LAWS	X
IRS FORM 5471 (IF APPLICABLE)	N/A
ANNUAL REPORT WITH FINANCIAL INFORMATION (OR)	N/A
AUDITED FINANCIAL INFORMATION IN LIEU OF ANNUAL REPORT	X
(IF UNAUDITED, SUBMIT A CERTIFICATION ATTESTING TO THE UNAVAILABILITY OF AUDIT INFORMATION)	N/A

Additional documents required for a PARTNERSHIP

PARTNERSHIP AGREEMENT	
SEC 10K REPORT	
PROXY STATEMENT	
SEC SCHEDULES 13D &13G	
IRS FORMS 5471 AND 1065	
LATEST ANNUAL REPORT WITH FINANCIAL INFORMATION (OR)	
AUDITED FINANCIAL INFORMATION IN LIEU OF ANNUAL REPORT	
(IF UNAUDITED, SUBMIT A CERTIFICATION ATTESTING TO THE UNAVAILABILITY OF AUDIT INFORMATION)	
MOST CURRENT BOARD MEETING MINUTES IDENTIFYING EXECUTIVE APPOINTMENTS/CHANGES	

CSCS ______________ NSP ______________

Additional documents required for a PROPRIETORSHIP

TAX ID NO./STATE REGISTRATION CERTIFICATE ______
IRS FORM 1040 ______
ANNUAL REPORT OR AUDITED FINANCIAL INFORMATION FOR MOST RECENT FISCAL YEAR (IF AUDITED REPORT IS NOT AVAILABLE CFO/TREASURER MUST SIGN AND DATE THE FINANCIAL STATEMENT CERTIFYING THAT IT IS CURRENT AND CORRECT) ______
IF COMMUNITY PROPERTY STATE (AZ, CA, ID, LA, NV, NM, TX, WA, WI) SPOUSAL INFORMATION IS ALSO REQUESTED. IF SUBJECT IS SINGLE, PLEASE SO STATE. ______

Additional documents required for a LIMITED LIABILITY CORPORATION

CERTIFICATE OF ORGANIZATION ______
OPERATING AGREEMENT ______
AUDITED FINANCIAL INFORMATION FOR MOST RECENT FISCAL YEAR (IF UNAUDITED THE CFO/TREASURER MUST SIGN AND DATE THE FINANCIAL STATEMENT CERTIFYING THAT IT IS CURRENT AND CORRECT) ______

Additional documents required for a COLLEGE/UNIVERSITY

UNIVERSITY CHARTER ______
LATEST ANNUAL REPORT ______
MOST CURRENT BOARD MEETING MINUTES IDENTIFYING EXECUTIVE APPOINTMENTS/CHANGES ______

NON-PROPRIETARY OWNERS, OFFICERS, DIRECTORS, AND EXECUTIVE PERSONNEL (OODEP)

~~OFFICIAL USE ONLY - SECURITY-RELATED INFORMATION~~

NRC FORM 405F
(MM-YYYY)
10 CFR Part 95

List ALL Owners, Officers, Directors, and Executive Personnel (OODEP's)

APPROVED BY OMB: 3150-XXXX **U. S. NUCLEAR REGULATORY COMMISSION**

Estimated burden per response to comply with this collection request: 10 minutes. This collection is a voluntary means of complying with the requirements in 10 CFR 95.17. This notification is being made available to report changes to owners, officers, directors or executive personnel entities holding existing Facility Clearances under 10 CFR 95 or MD 12.2. Send comments regarding burden estimate to the FOIA, Privacy, and Information Collections Branch (T-5 F53), U. S. Nuclear Regulatory Commission, Washington, DC 20555-0001, or by e-mail to Infocollects.Resource@nrc.gov, and to the Desk Officer, Office of Information and Regulatory Affairs, NEOB-10202, (3150-xxxx), Office of Management and Budget, Washington, DC 20503. If a means used to impose an information collection does not display a currently valid OMB control number, the NRC may not conduct or sponsor, and a person is not required to respond to, the information collection.

Company's Current Legal Name, Address, and Phone Number of Company's Principal Executive Offices:	**Other names used (e.g., doing business as):**		
The Toledo Edison Company 76 South Main Street Akron, OH 44308 1-800-447-3333	N/A	**Date Submitted:**	4/22/2016
		Tax Identification No.	34-4375005
		Date Company was Incorporated:	7/01/1901
		State of Incorporation:	Ohio

(Must provide any name or address change of the Company's principal executive office and date(s) of change during the past 10 years on the Attachment page).

Organization Status:	**Stock Ownership:**
☑ Corporation ☐ Sole Proprietorship ☐ Partnership	☐ Privately-Owned ☑ Subsidiary of:
☐ Other ☐ General ☐ Limited	☐ Publicly-Traded FirstEnergy Corp.

NAME (First Name, Initial, Last Name)	POSITION TITLES	IF OWNER, % OF OWNERSHIP	SSN	CLEARANCE HELD AND/OR BEING OBTAINED AND ISSUING AGENCY	CITIZENSHIP
See attached.	---	---	---	---	---
None assigned.	Facility Security Officer	N/A	N/A	N/A	N/A

[1]The above information, i.e., name, titles, etc., must be provided for the following: (a) the proprietor of a sole proprietorship; (b) all individuals managing the business affairs of a corporation. In most cases, these individuals are identified in the Articles of Incorporation or By-Laws and include the Board of Directors, President, Secretary, and Treasurer; (c) the General Partner(s) of a Limited Partnership; and (d) all partners of a General Partnership. [2] In addition, privately-held entities must provide the above information, i.e., name, titles, etc., for all owners, and also provide the percentage of issued stock/shares held by each owner.

List certified correct by: (Typed or Printed Name and Title)	SIGNATURE	DATE
Daniel M. Dunlap Assistant Corporate Secretary	Daniel M. Dunlap	4/13/16

4/4

NRC FORM 405F
(MM-YYYY)
10 CFR Part 95

List ALL Owners, Officers, Directors, and Executive Personnel (OODEP's)

U. S. NUCLEAR REGULATORY COMMISSION

INSTRUCTIONS:

Provide requested OODEP information in accordance with the following instructions. In addition, the OODEP listing must be certified as being accurate, current, and complete by an authorized official of the organization [i.e., a person authorized to represent and sign for the organization as officially recorded by the organization (that is, in the document which sets forth the terms and conditions for its operation and management--the bylaws, operating agreement, partnership agreement, etc.)] or any other employee, identified by name, of the organization, if designated in writing by such an authorized official as having been delegated authority to execute the FOCI repre. & certt. On behalf of the organization:

Owners. The requested information on owners and representatives or agents of stockholders is to be attached to the organization's OODEP listing:

1. For privately-owned organizations:

   a. Provide the following information for each person (i.e., human being) who directly or indirectly owns or has beneficial ownership of 5 percent or more of any class of the organization's securities or who has directly or indirectly subscribed 5 percent or more of the organization's total capital commitment:

      (1) If the beneficial owner holds a position as an OODEP in the organization and is identified on the OODEP listing, provide the individual's name with the class and number of shares of capital stock he/she owns of the organization's securities or the capital commitment he/she has subscribed.

      (2) If the beneficial owner does not hold a position as an OODEP in the organization and is not identified on the OODEP listing, provide the individual's name, address, and the class and number of shares of capital stock he/she owns of the organization's securities or the capital commitment he/she has subscribed. If known, information on the individual's citizenship should also be provided.

   b. Provide the following information for each legal entity which directly or indirectly owns or has beneficial ownership of 5 percent or more of any class of the organization's securities or which has directly or indirectly subscribed 5 percent or more of the organization's total capital commitment:

      The legal name (i.e., as specified in charter) with the address of its principal executive offices and the class and number of shares of capital stock the entity owns of the organization's securities or the capital commitment the entity has subscribed. In addition, if the entity is controlled by another organization, the country of ultimate legal residence must be provided.

   c. Provide the name of any representative(s) or agent(s) of any owner (person or entity), if any, who hold positions, such as Board member (or similar type of governing body), officers, executive personnel, or general partners in your organization. Also identify the owner which the individual is representing.

2. For publicly-traded organizations:

   a. Provide the most recent copies of any Schedules 13D and/or 13G received from any beneficial owners (foreign or domestic) who hold 5 percent or more of the organization's securities.

   b. Provide the name of any representative(s) or agent(s) of any stockholder (person or entity), if any, who hold positions, such as Board member (or similar type of governing body), officers, executive personnel, or general partners in your organization. Also identity the stockholder which the individual is representing.

Officers: Identify and provide requested information (i.e., names, titles, etc.) for all of the organization's officers on the OODEP listing.

The definition of officers is: Those persons in positions established as officers as officially recorded by the organization (that is, in the document filed for the organization's existence and the document which sets forth the terms and conditions for its operation and management--the articles of incorporation and bylaws; articles of organization and operating agreement; certificate of limited or general partnership and the partnership agreement; etc.). However, excluded from this definition are: (a) assistant vice presidents who have no management responsibilities related to performance on classified contracts; (ii) assistant secretaries; and (iii) assistant treasurers.

Directors: Identify and provide requested information (i.e., names, titles, etc.) for all of the organization's directors on the OODEP listing, to include identification of the Chairman of the Board and any Vice Chairman. If the organization has no Chairman of the Board of Directors, identify the individual who performs those functions at board meetings.

The definition of directors is: Members of the board or similar governing body chosen to direct the affairs of a corporation or institution.

Executive Personnel: Identify and provide requested information (i.e., names, titles, etc.) for all of the organization's executive personnel on the OODEP listing.

The definition of executive personnel is: Those individuals who perform policy making functions for the organization, or any other person in charge of a principal business unit, division, or function.

Facility Security Officer: Identify and provide requested information (i.e., name, title, etc.) for the organization's Facility Security Officer.

The definition of a Facility Security Officer is: The individual at the facility assigned the responsibility of administering the requirements of the Safeguards and Security Program within the facility.

Spouse of a sole proprietor: For those sole proprietorships operating in community property states, identify and provide requested information (i.e., all information required on the OODEP listing) on a sole proprietor's spouse, if any. If there is no spouse, so state.

Vacant positions: If any OODEP position is vacant, so state and include estimated date vacancy will be filled.

Mail Completed NRC Form 405F to the following address:

USNRC
Office of Nuclear Security and Incident Response
Mail Stop: O2 D15
11555 Rockville Pike
Rockville, MD 20852-2738

List ALL Owners, Officers, Directors, and Executive personnel (OODEPs)[1, 2]

Company's Current Legal Name, Address, and Phone Number
Of company's Principal Executive Offices:
The Toledo Edison Company

76 South Main Street

Akron, OH 44308

1-800-447-3333
(Must provide any name or address change of the Company's Principal executive office and date(s) of change during past 10 years on the Attachment page.)

Other names used (e.g., doing business as):
N/A

Tax Identification No. 34-4375005

Date Company was Incorporated: 7/01/1901

State of Incorporation: Ohio

Organization Status:

☒ Corporation	☐ Sole Proprietorship	Partnership: ☐ General ☐ Limited	☐ Other: ____

Stock Ownership:

☒ Privately-Owned	☐ Publicly-traded	☒ Subsidiary of: FirstEnergy Corp.

NAME First Name, Initial, Last Name	POSITION TITLES	IF OWNER, % OF OWNERSHIP[2]	SSN	CLEARANCE HELD AND/OR BEING OBTAINED AND ISSUING AGENCY	CITIZENSHIP
Charles E. Jones	Director	N/A	[ ][3]	[ ]	[ ]
James F. Pearson	Director, Executive Vice President and Chief Financial Officer	N/A	[ ]	[ ]	[ ]
Steven E. Strah	Director, President	N/A	[ ]	[ ]	[ ]
Rhonda S. Ferguson	Vice President and Corporate Secretary	N/A	[ ]	[ ]	[ ]
Leila L. Vespoli	Executive Vice President, Markets and Chief Legal Officer	N/A	[ ]	[ ]	[ ]
Robert P. Reffner	Vice President and General Counsel	N/A	[ ]	[ ]	[ ]
James G. Garanich	Vice President, Tax	N/A	[ ]	[ ]	[ ]
K. Jon Taylor	Vice President and Controller	N/A	[ ]	[ ]	[ ]
Steven R. Staub	Vice President and Treasurer	N/A	[ ]	[ ]	[ ]

Richard S. Sweeney	Regional President	N/A	[ ]	[ ]	[ ]
N/A	Facility Security Officer	N/A	N/A	N/A	N/A

1. The above information, i.e., name, titles, etc., must be provided for the following: (a) the proprietor of a sole proprietorship; (b) all individuals managing the business affairs of a corporation. In most cases, these individuals are identified in the Articles of Incorporation or By-Laws and include the Board of Directors, President, Secretary, and Treasurer; (c) the General Partner(s) of a Limited Partnership; and (d) all partners of a General partnership.

2. In addition, privately-held entities must provide the above information, i.e., name, titles, etc., for all owners, and also provide the percentage of issued stock/shares held by each owner.

3. Information contained within the brackets [ ] is considered security-related or personal privacy information.

STANDARD FORM 328

CERTIFICATE PERTAINING TO FOREIGN INTERESTS *(Type or print all answers)*	*OMB No. 0704-0194* *OMB approval expires* *May 31, 2011*

PLEASE DO NOT RETURN YOUR FORM TO THE ORGANIZATION IN THE PARAGRAPH BELOW, RETURN COMPLETED FORM TO YOUR RESPECTIVE COGNIZANT SECURITY OFFICE.
The public reporting burden for this collection of information is estimated to average 70 minutes per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. Send comments regarding this burden estimate or any other aspect of this collection of information, including suggestions for reducing the burden, to the Department of Defense, Washington Headquarters Services, Executive Services Directorate, Information Management Division, 1155 Defense Pentagon, Washington, DC 20301-1155 (0704-0194). Respondents should be aware that notwithstanding any other provision of law, no person shall be subject to any penalty for failing to comply with a collection of information if it does not display a currently valid OMB number.

PENALTY NOTICE

Failure to answer all questions or any misrepresentation (by omission or concealment, or by misleading, false or partial answers) may serve as a basis for denial of clearance for access to classified information. In addition, Title 18, United States Code 1001, makes it a criminal offense, punishable by a maximum of five (5) years imprisonment, $15,000 fine or both, knowingly to make a false statement or representation to any Department or Agency of the United States, as to any matter within the jurisdiction of any Department or Agency of the United States. This includes any statement made herein which is knowingly incorrect, incomplete or misleading in any important particular.

PROVISIONS

1. This report is authorized by the Secretary of Defense, as Executive Agent for the National Industrial Security Program, pursuant to Executive Order 12829. While you are not required to respond, your eligibility for a facility security clearance cannot be determined if you do not complete this form. The retention of a facility security clearance is contingent upon your compliance with the requirements of DoD 5220.22-M for submission of a revised form as appropriate.

2. When this report is submitted in confidence and is so marked, applicable exemptions to the Freedom of Information Act will be invoked to withhold it from public disclosure.

3. Complete all questions on this form. Mark "Yes" or "No" for each question. If your answer is "Yes" furnish in full the complete information under "Remarks."

QUESTIONS AND ANSWERS

	YES	NO
1. *(Answer 1a. or 1b.)* a. *(For entities which issue stock):* Do any foreign person(s), directly or indirectly, own or have beneficial ownership of 5 percent or more of the outstanding shares of any class of your organization's equity securities?		X
b. *(For entities which do not issue stock):* Has any foreign person directly or indirectly subscribed 5 percent or more of your organization's total capital commitment?		
2. Does your organization directly, or indirectly through your subsidiaries and/or affiliates, own 10 percent or more of any foreign interest?		X
3. Do any non-U.S. citizens serve as members of your organization's board of directors (or similar governing body), officers, executive personnel, general partners, regents, trustees or senior management officials?		X
4. Does any foreign person(s) have the power, direct or indirect, to control the election, appointment, or tenure of members of your organization's board of directors (or similar governing body) or other management positions of your organization, or have the power to control or cause the direction of other decisions or activities of your organization?		X
5. Does your organization have any contracts, agreements, understandings, or arrangements with a foreign person(s)?	X	
6. Does your organization, whether as borrower, surety, guarantor or otherwise have any indebtedness, liabilities or obligations to a foreign person(s)?	X	
7. During your last fiscal year, did your organization derive: a. 5 percent or more of its total revenues or net income from any single foreign person?		X
b. In the aggregate 30 percent or more if its revenues or net income from foreign persons?		X
8. Is 10 percent or more of any class of your organization's voting securities held in "nominee" shares, in "street names" or in some other method which does not identify the beneficial owner?		X
9. Do any of the members of your organization's board of directors (or similar governing body), officers, executive personnel, general partners, regents, trustees or senior management officials hold any positions with or serve as consultants for, any foreign person(s)?		X
10. Is there any other factor(s) that indicates or demonstrates a capability on the part of foreign persons to control or influence the operations or management of your organization?		X

REMARKS *(Attach additional sheets, if necessary, for a full detailed statement.)*

The Toledo Edison Company

The Toledo Edison Company is wholly owned by FirstEnergy Corp.

Refer to the FirstEnergy Corp. Standard Form 328 for information regarding the responses to Items 5 and 6.

CERTIFICATION

I CERTIFY that the entries made by me above are true, complete, and correct to the best of my knowledge and belief and are made in good faith.

4/13/10
(Date Certified)

WITNESSES:

N/A

N/A

(Signature of Authorized ~~Contractor~~ Representative)

Daniel M. Dunlap
(Typed Name ~~of Contractor~~)

Assistant Corporate Secretary
(Title of Authorized ~~Contractor~~ Representative)

76 South Main Street, Akron, Ohio 44308
(Address)

NOTE: In case of a corporation, a witness is not required but the certificate below must be completed. Type or print names under all signatures.

NOTE: Contractor, if a corporation, should cause the following certificate to be executed under its corporate seal, provided that the same officer shall not execute both the Agreement and the Certificate.

CERTIFICATE

I, Rhonda S. Ferguson, certify that I am the Corporate Secretary of the corporation named ~~as Contractor~~ herein; that Daniel M. Dunlap who signed this certificate ~~on behalf of the Contractor~~, was then Assistant Corporate Secretary of said corporation; that said certificate was duly signed for and in behalf of said corporation by authority of its governing body, and is within the scope of its corporate powers.

(Corporate Seal)

(Signature and Date)

STANDARD FORM 328 (BACK) (Revised 6/2008)

ARTICLES OF INCORPORATION

AMENDED AND RESTATED
ARTICLES OF INCORPORATION

OF

THE TOLEDO EDISON COMPANY

Charter Number 015974

(effective December 18, 2007)

FIRST: The name of the corporation is THE TOLEDO EDISON COMPANY (hereinafter referred to as the "Corporation").

SECOND: The place in the State of Ohio where the principal office is located is in the City of Akron, Summit County.

THIRD: The purposes of the Corporation are as follows:

A. To generate, produce, acquire, transmit, distribute, furnish, sell, and supply electricity to public and private consumers; and

B. To engage in any other lawful act or activity for which a corporation may be formed under the Ohio General Corporation Law, Chapter 1701 of the Ohio Revised Code.

FOURTH: The aggregate number of shares which the Corporation is authorized to issue shall be eighty million (80,000,000) shares, classified as follows:

A. **Common Stock,** sixty million (60,000,000) shares, with a par value of five dollars ($5) per share;

B. **Cumulative Preferred Stock,** three million (3,000,000) shares, with a par value of one hundred dollars ($100) per share;

C. **Cumulative Preferred Stock,** twelve million (12,000,000) shares, with a par value of twenty-five dollars ($25) per share; and

D. **Preference Stock,** five million (5,000,000) shares, with a par value of twenty-five dollars ($25) per share.

FIFTH: The Board of Directors may adopt an amendment to these Articles of Incorporation determining, in whole or in part, the express terms, within the limits set forth in these Articles of Incorporation or the Ohio General Corporation Law, of any class of shares before the issuance of any shares of that class, or of one or more series within a class before the issuance of shares of that series; including,

without limitation, division of shares into classes or into series within any class or classes, determination of the designation and the number of shares of any class or series, and the determination of the relative voting rights, preferences, limitations, rights to dividends, conversion rights, redemption rights, stated value, and other special rights of the shares of any class or series.

SIXTH: The Corporation may wind up its affairs and dissolve pursuant to a resolution adopted, at a meeting of shareholders called for such purpose, by the affirmative vote of the holders of record of shares entitling them to exercise the majority of the voting power of the Corporation.

SEVENTH: The Corporation may purchase its shares, regardless of class, from time to time, to such extent, in such manner, and upon such terms as its Board of Directors shall determine; provided, however, that the Corporation shall not purchase any of its shares if, after such purchase, its assets would be less than its liabilities plus stated capital.

EIGHTH: The shareholders shall have no right to vote cumulatively in the election of Directors.

NINTH: Sections 1701.70(B)(6) through (10) of the Ohio Revised Code shall apply to the Corporation. Thus, as provided in ORC §§ 1701.70(B)(6) through (10) and subject to the terms thereof, the Board of Directors may adopt amendments to these Articles of Incorporation: (a) changing the name of the Corporation; (b) changing the location of the principal office of the Corporation; (c) increasing proportionately the authorized number of shares of a class of shares for the purpose of a dividend or distribution to be paid in shares of that class; (d) changing shares of a class of shares into a greater number of shares of that class and increasing proportionately the authorized number of shares of that class for thc purpose of a stock split; or (e) decreasing the par value of shares of a class of shares to the extent necessary to prevent an increase in the aggregate par value of the shares of that class in the event of and concurrently with the adoption of an amendment as described in clauses (c) and (d) above for the purpose of a share dividend or stock split. *[Ohio Rev. Code §1701.70(D)]*

TENTH: These Amended and Restated Articles of Incorporation take the place of and supersede the existing articles of incorporation as previously amended.

CERTIFICATE OF ANEHDNENT
to
AMENDED ARTICLES OF INCORPORATION
of
THE TOLEDO EDISON COMPANY

Adopted by the Sole Shareholder
on April 29, 1993
and filed with the Secretary of State of Ohio
on May 3, 1993

E. H. Maugans, Vice President and Chief Financial Officer, and Janis T. Percio, Assistant Secretary,`' of The Toledo Edison Company, an Ohio corporation (hereinafter called the "Corporation"), with its principal place of business located in Toledo, Lucas County, Ohio, hereby do certify that by written minute of action dated April 29, 1993, the Sole Shareholder of the Corporation adopted the following resolution to amend the Amended Articles of Incorporation of the Corporation under the authority of Sections 1101.41, 1701.54, .1701.69 and 1101.11 of the Revised Code of Ohio:

RESOLVED, that the Amended Articles of Incorporation of The Toledo Edison Company be and they hereby are amended as follows:

1. By changing "June 1" to "September 1" in the ninth, eighteenth and twentieth lines of Section (d)(1) of Paragraph AB under the heading "Cumulative Preferred Stock" in Article Fourth.

2. By changing June 1" to "September 1" in the first line of Section (d)(2) of Paragraph AB under the heading "Cumulative Preferred Stock" in Article Fourth.

IN VITNESS VHEREOF, E. H. Maugans, Vice President and Chief Financial Officer, and Janis T. Percio, Assistant Secretary, of The Toledo Edison Company, acting for and on its behalf do hereunto subscribe their names and affix the seal of the Corporation this 29th day of April, 1993.

/s/ E. H. Maugans
Vice President and Chief
Financial Officer

/s/ J. T. Percio
Assistant Secretary

CERTIFICATE OF AMENDMENT
to
AMENDED ARTICLES OF INCORPORATION
of
THE TOLEDO EDISON COMPANY

Amending the Express Terms of the Cumulative Preference Stock

Adopted by the Sole Common Share Owner
on September 30, 1992
and filed with the Secretary of State of Ohio
on October 2, 1992

Edgar H. Maugans, Vice President and Chief Financial Officer, and Janis T. Percio, Assistant Secretary, of The Toledo Edison Company, an Ohio corporation (hereinafter called the "Corporation"), with its principal place of business located in Toledo, Lucas County, Ohio, hereby do certify that in a writing approved and executed on behalf of the sole common share owner of the Corporation pursuant to Section 1701.54 of the Revised Code of Ohio, the following resolutions to amend the Amended Articles of Incorporation of the Corporation were adopted on the 30th day of September, 1992, the vote or action of no other outstanding shares of any class or series of stock being required by the Amended Articles of Incorporation of the Corporation or by law:

RESOLVED, that the phrase "Cumulative Preference Stock" set forth in Article FOURTH be and it hereby is amended by replacing each such phrase with the phrase "Preference Stock"; and further

RESOLVED, that the description under the heading "Cumulative Preference Stock" of Article FOURTH be and it hereby is deleted and replaced in its entirety by the following:

PREFERENCE STOCK

The Preference Stock will have the following express terms:

1. Preferences; Series. The Preference Stock shall rank junior to the Cumulative Preferred Stock as to the payment of dividends and as to distributions in the event of a voluntary or involuntary liquidation, dissolution or winding up of the affairs of the Corporation. The Preference Stock may be issued from time to time in one or more series. All shares of Preference Stock shall be of equal rank and shall be identical, except in respect of the matters that may be fixed by the Board of Directors as hereinafter provided, and each share of a series. shall be identical with all other shares of such series, except as to the date from which dividends are cumulative. Subject to the provisions of paragraphs 2 through 7, inclusive, of this Article FOURTH, which provisions shall apply to all Preference Stock, the Board of Directors hereby is authorized to cause such shares to be issued in one or more series and with respect to each such series to determine and fix prior to the issuance thereof (and thereafter, to the extent provided in Clause (b) of this paragraph) the following:

(a) The designation of the series, which may be by distinguishing number, letter or title;

(b) The number of shares of the series, which number the Board of Directors may (except where otherwise provided in the creation of the series) increase or decrease from time to time before or after the issuance thereof (but not below the number of shares thereof then outstanding);

(c) The annual dividend rate or rates of the series;

(d) The dates on which and the period or periods for which dividends, if declared, shall be payable and the date or dates from which dividends shall accrue and be cumulative;

(e) The redemption rights and price or prices, if any, for shares of the series;

(f) The terms and amount of the sinking fund, if any, for the purchase or redemption of shares of the series;

(g) The amounts payable on shares of the series in the event of any voluntary or involuntary liquidation, dissolution or winding up of the affairs of the Corporation, which may be different for voluntary and involuntary liquidation, dissolution or winding up;

(h) Whether the shares of the series shall be convertible into Common Stock or shares of any other class ranking junior to the Preference Stock or any series of the same class of stock of the Corporation, and, if so, the conversion rate or rates or price or prices, any adjustments thereof and all other terms and conditions upon which such conversion may be made; and

(i) Restrictions (in addition to those set forth in paragraph 5, Clauses (d) and (e) of this Article FOURTH) or the issuance of shares of the same series or of any other class or series.

The Board of Directors is authorized to adopt from time to time amendments to these Articles fixing, with respect to each such series, the matters described in Clauses (a) through (i), inclusive, of this paragraph.

2. <u>Dividends</u>

(a) The holders of Preference Stock of each series, subject to the prior preference with respect to dividends upon Cumulative Preferred Stock set forth in paragraph B of this Article FOURTH and in preference to the holders of Common Stock and of any other class of shares ranking junior to the Preference Stock, shall be entitled to receive out of any funds legally available, and when and as declared by the Board of Directors, dividends in cash at the rate or rates for such series fixed in accordance with the provisions of paragraph 1 of this Article FOURTH and no more, payable on the dates fixed for such series. Such dividends shall be cumulative, in the case of shares of each particular series, from and after the date or dates fixed with respect to such series. No dividends shall be paid upon or declared or set apart for any series of the Preference Stock for any dividend period unless at the same time a like proportionate dividend for the dividend periods terminating on the same or any earlier date, ratably in proportion to the respective annual dividend rates fixed therefor,

shall have been paid upon or declared or set apart for all Preference Stock of all series then issued and outstanding and entitled to receive such dividend.

(b) So long as any Preference Stock shall be outstanding no dividend, except a dividend payable in Common Stock or other shares ranking junior to the Preference Stock, shall be paid or declared or any distribution be made, except as aforesaid, in respect of the Common Stock or any other shares ranking junior to the Preference Stock, nor shall any Common Stock or any other shares ranking junior to the Preference Stock be purchased, retired or otherwise acquired by the Corporation, except out of the proceeds of the sale of Common Stock or other shares of the Corporation ranking junior to the Preference Stock received by the Corporation subsequent to the date of first issuance of Preference Stock of any series unless:

(1) All accrued and unpaid dividends on Preference Stock, including the full dividends for all current dividend periods, shall have been declared and paid or a sum sufficient for payment thereof set apart; and

(2) There shall be no arrearages with respect to the redemption of Preference Stock of any series from any sinking fund provided for shares of such series in accordance with the provisions of paragraph 1 of this Article FOURTH.

3. Redemption.

(a) Subject to the express terms of each series and to the provisions of paragraph 5(d)(2) of this Article FOURTH, the Corporation:

(1) May, from time to time at the option of the Board of Directors, redeem all or any part of any redeemable series of Preference Stock at the time outstanding at the applicable redemption price for such series fixed in accordance with the provisions of paragraph 1 of this Article FOURTH; and

(2) Shall, from time to time, make such redemptions of each series of Preference Stock as may be required to fulfill the requirements of any sinking fund provided for shares of such series at the applicable sinking fund redemption price fixed in accordance with the provisions of paragraph 1 of this Article FOURTH;

and shall in each case pay all accrued and unpaid dividends to the redemption date.

(b) (1) Notice of every such redemption shall be mailed, postage prepaid, to the holders of record of the Preference Stock to be redeemed at their respective addresses then appearing on the books of the Corporation, not less than 30 days nor more than 90 days prior to the date fixed for such redemption, or such other time prior thereto as the Board of Directors shall fix for any series, pursuant to paragraph 1(e) of this Article FOURTH prior to the issuance thereof. At any time after notice as provided above has been deposited in the mail, the Corporation may deposit the aggregate redemption price of the shares of

Preference Stock to be redeemed, together with accrued and unpaid dividends thereon to the redemption date, with any bank or trust company in Ohio or New York, New York, having capital and surplus of not less than $25,000,000, named in such notice, directed to be paid to the respective holders of the shares of Preference Stock so to be redeemed, in amounts equal to the redemption price of all shares of Preference Stock so to be redeemed, on surrender of the stock certificate or certificates held by such holders; and upon the deposit of such notice in the mail and the making of such deposit of money with such bank or trust company, such holders shall cease to be stockholders with respect to such shares; and from and after the time such notice shall have been so deposited and such deposit of money shall have been so made, such holders shall have no interest in or claim against the Corporation with respect to such shares, except only the right to receive such money from such bank or trust company without interest or to exercise, before the redemption date, any unexpired privileges of conversion. In the event less than all of the outstanding shares of Preference Stock are to be redeemed, the Corporation shall select by lot or pro rata, as the Board of Directors may determine, the shares so to be redeemed in such manner as shall be prescribed by the Board of Directors.

(2) If the holders of shares of Preference Stock which have been called for redemption shall not, within 6 years after such deposit, claim the amount deposited for the redemption thereof, any such bank or trust company shall, upon demand, pay over to the Corporation such unclaimed amounts and thereupon such bank or trust company shall be relieved of all responsibility in respect thereof and to such holders.

(c) Except as otherwise provided in paragraph 5(d)(2) of this Article FOURTH, the Corporation may also from time to time purchase or otherwise acquire, for a consideration, shares of its outstanding Preference Stock of any series.

(d) Any shares of Preference Stock which are (1) redeemed by the Corporation pursuant to the provisions of this paragraph, (2) purchased and delivered in satisfaction of any sinking fund requirements provided for shares of such series, (3) converted in accordance with the express terms thereof, or (4) otherwise acquired by the Corporation, shall resume the status of authorized but unissued shares of Preference Stock without serial designation.

4. Liquidation.

(a) Subject to the prior preference with respect to distributions to holders of Cumulative Preferred Stock in the event of a voluntary or involuntary liquidation, dissolution or winding up of the affairs of the Corporation:

(1) The holders of Preference Stock of any series shall, in the event of a voluntary or involuntary liquidation, dissolution or winding up of the affairs of the Corporation, be entitled to receive in full out of the assets of the Corporation, including

its capital, before any amount shall be paid or distributed among the holders of the Common Stock or any other shares ranking junior to the Preference Stock, the amounts fixed with respect to shares of such series in accordance with paragraph 1 of this Article FOURTH, plus an amount equal to all dividends accrued and unpaid thereon to the date of payment of the amount due pursuant to such liquidation, dissolution or winding up of the affairs of the Corporation; and in the event the net assets of the Corporation legally available therefor are insufficient to permit the payment upon all outstanding shares of Preference Stock of the full preferential amount to which they are respectively entitled, then such net assets shall be distributed ratably upon outstanding shares of Preference Stock in proportion to the full preferential amount to which each such share is entitled; and

(2) After payment to the holders of Preference Stock of the full preferential amounts as aforesaid, the holders of Preference Stock, as such, shall have no right or claim to any of the remaining assets of the Corporation.

(b) The merger or consolidation of the Corporation into or with any other corporation, the merger of any other corporation into it, or the sale, lease or conveyance of all or substantially all the property or business of the Corporation, shall not be deemed to be a dissolution, liquidation or winding up for the purposes of this paragraph.

(c) Nothing in this paragraph 4 of this Article FOURTH shall be deemed to prevent the purchase, acquisition or other retirement by the Corporation of any shares of its outstanding stock as now or in the future authorized or permitted by the laws of the State of Ohio.

5. <u>Voting</u>.

(a) The holders of Preference Stock shall have no voting rights, except as provided in this paragraph 5 or required by law.

(b) (1) If and when dividends payable on the Preference Stock shall be in default in an amount equivalent to four full quarterly dividends on all shares of Preference Stock then outstanding and until all dividends then in default on the Preference Stock shall have been paid, the record holders of a majority of the voting power of the shares of Preference Stock then outstanding, voting separately as one class, shall be entitled, at each meeting of the stockholders at which directors are elected, to elect two directors, subject to the prior rights of the holders of Cumulative Preferred Stock as hereinbefore provided in this Article FOURTH. The record holders of the shares of Common Stock, voting separately as a class, shall be entitled at any such meeting to elect the remaining directors of the Corporation. The term of office of each director of the Corporation shall terminate upon the election of his successor. At each election of directors by a class vote pursuant to the provisions of this Clause the class first electing the directors which it is entitled to elect shall name the directors who are to be succeeded by the directors then elected by such class,

whereupon the term of office of the directors so named shall terminate. The term of office of the directors not so named shall terminate upon the election by the other classes of the numbers of directors which they are entitled to elect.

(2) If and when all dividends then in default on the Preference Stock then outstanding shall be paid, the holders of the shares of the Preference Stock shall thereupon be divested of the special right with respect to the election of directors provided in the foregoing paragraph, and the voting power of holders of shares of the Preference Stock shall revert to the status existing before the occurrence of such default, but always subject to the same provisions for vesting such special right in the Preference Stock in case of further like default or defaults in dividends thereon. Dividends shall be deemed to have been paid, as that term is used in this Clause, whenever such dividends shall have been declared and paid, or declared and provision made for the payment thereof, or whenever there shall be surplus and net profits of the Corporation legally available for the payment thereof which shall have accrued since the date of the default giving rise to such special voting rights.

(3) In case of any vacancy in the office of a director occurring among the directors elected by the holders of the Preference Stock, voting separately as a class, or of a vacancy in the office of his or her successor appointed as below provided, the remaining director so elected may elect a successor to hold office for the unexpired term of the director whose place shall be vacant. Likewise, in case of any vacancy in the office of a director occurring among the directors not elected by the holders of the Cumulative Preferred Stock or the Preference Stock, or of a vacancy in the office of his or her successor appointed as below provided, the remaining directors not elected by the holders of the Cumulative Preferred Stock or the Preference Stock, by affirmative vote of a majority thereof, or the remaining such director if there be but one, may elect a successor or successors to hold office for the unexpired term of the director or directors whose place or places shall be vacant.

(4) The aforesaid right of the holders of Preference Stock of the Corporation to vote separately for the election of members of the Board of Directors may be exercised at any annual meeting of stockholders of the Corporation or, within the limitations herein provided, at a special meeting of stockholders held for the purpose of electing directors. Whenever the holders of the shares of the Preference Stock, as a class, become entitled to elect directors of thc Corporation pursuant to paragraph 1 preceding, then, upon the request in writing signed by the record holders of at least 10% of the shares of the Preference Stock of all series at the time outstanding, delivered by registered mail or in person to the President, a Vice President or Secretary of the Corporation, it shall be the duty of such officer forthwith to cause 15 days prior notice, in the manner provided by the Code of Regulations of the Corporation, to be given to the stockholders of a special meeting of stockholders to be held at such time as such officer may fix, not less than

20 nor more than 30 days after the receipt of such request, for the purpose of electing directors. In the event that such officer shall not have issued such notice within 5 days after the delivery to him of such request, such record holders of Preference Stock aforesaid shall have the right to give such notice. If no such special meeting be called or if, having been called, the meeting (including any adjournments thereof) results in no election of directors prior to the date for mailing of the notice of the next annual meeting of stockholders of the Corporation, the election of the directors to be elected by the holders of the shares of the Preference Stock, voting as a class, shall take place at the next annual meeting of the stockholders of the Corporation next succeeding the accrual of such special voting right. At all meetings of stockholders at which directors are elected during such time as the holders of shares of the Preference Stock shall have the special right, voting separately as one class, to elect directors, the presence in person or by proxy of the holders of a majority of the outstanding shares of a class of stock then outstanding shall be required to constitute a quorum of such class, and the vote of the majority of such shares so present at any such meeting at which there shall be a quorum shall be sufficient for the election of such number of directors as such class may be entitled to elect as hereinabove provided; provided, however, that the absence of a quorum of the holders of the stock of any class entitled to vote for the election of directors shall not prevent the election at any such meeting or adjournment thereof of directors by any other class if the necessary quorum of the holders of such other class is present in person or by proxy at such meeting; and provided further that in the absence of a quorum of the holders of stock of any class of the Corporation's stock, a majority of those holders of the stock of such class who are present in person or by proxy shall have the power to adjourn the election of the directors to be elected by such class from time to time without notice other than announcement at the meeting until holders of the requisite amount of shares of such class shall be present in person or by proxy, but such adjournment shall not be made to a date beyond the date for the mailing of notice of the next annual meeting of stockholders of the Corporation. All directors elected at any such special meeting shall hold office only for the interim period until the next succeeding annual meeting of stockholders of the Corporation and the election of their successors at such meeting or thereafter.

(5) Whenever, as provided in the foregoing paragraph 2, the holders of the shares of the Preference Stock shall be divested of the special right with respect to the election of directors provided in the foregoing paragraph 1 and the voting power of holders of shares of the Preference Stock shall revert to the status existing before the vesting of such special right in the Preference Stock, then, upon the request in writing signed by the record holders of at least 10% of the shares of the Common Stock at the time outstanding, delivered by registered mail or in person to the President, a Vice President or Secretary of the Corporation, it shall be the duty of such officer forthwith to

cause 15 days' prior notice, in the manner provided by the Code of Regulations of the Corporation, to be given to the stockholders entitled to vote, of a special meeting of stockholders to be held at such time as officer may fix, not less than 20 nor more than 30 days after the receipt of such request, for the purpose of electing directors to succeed the directors theretofore elected by the holders of Preference Stock, voting as a class, as aforesaid. In the event that such officer shall not have issued such notice within 5 days after delivery to him of such request, such record holders of Common Stock aforesaid shall have the right to give such notice. Upon the election at such meeting of such successor directors, the term of office of the directors so succeeded shall terminate.

(c) The holders of the outstanding shares of any series of Preference Stock shall not have any right under the provisions set forth in this paragraph 5 to vote in respect of the authorization or issuance of any shares of any class of stock of the Corporation if, through the application of proceeds thereof or otherwise in connection therewith, provision is to be made for redemption or retirement of all of the shares of such series of Preference Stock at the time outstanding.

(d) The affirmative vote or consent of the holders of at least two-thirds of the shares of Preference Stock at the time outstanding, voting or consenting separately as a class, given in person or by proxy either in writing or at a meeting called for the purpose, shall be necessary to effect any one or more of the following (but so far as the holders of Preference Stock are concerned, such action may be effected with such vote or consent):

(1) Any amendment, alteration or repeal of any of the provisions of these Articles or of the Code of Regulations of the Corporation which affects adversely the preferences or voting or other rights of the holders of Preference Stock; provided, however, that for the purpose of this Clause only, neither the amendment of these Articles so as to authorize, create or change the authorized or outstanding amount of Preference Stock or of any shares of any class ranking on a parity with or junior to the Preference Stock nor the amendment of the provisions of the Code of Regulations so as to change the number of directors of the Corporation shall be deemed to affect adversely the preferences or voting or other rights of the holders of Preference Stock; and provided further, that if such amendment, alteration or repeal affects adversely the preferences or voting or other rights of one or more but not all series of Preference Stock at the time outstanding, only the affirmative vote or consent of the holders of at least two-thirds of the number of the shares at the time outstanding of the series so affected shall be required; or

(2) The purchase or redemption (for sinking fund purposes or otherwise) of less than all of the Preference Stock then outstanding except in accordance with a stock purchase offer made to all holders of record of Preference Stock, unless all dividends on all Preference Stock then outstanding for all

previous dividend periods shall have been declared and paid or funds therefor set apart and all accrued sinking fund obligations applicable thereto shall have been complied with.

(e) The affirmative vote or consent of the holders of at least a majority of the shares of Preference Stock at the time outstanding, voting or consenting separately as a class, given in person or by proxy either in writing or at a meeting called for the purpose, shall be necessary to effect any one or more of the following (but so far as the holders of Preference Stock are concerned, such action may be effected with such vote or consent):

(1) The sale, lease or conveyance by the Corporation of all or substantially all of its property or business;

(2) The consolidation of the Corporation with or its merger into any other corporation, unless the corporation resulting from such consolidation or surviving such merger will not have after such consolidation or merger any class of shares either authorized or outstanding ranking prior to or on a parity with the Preference Stock except the same number of shares ranking prior to or on a parity with the Preference Stock and having the same rights and preferences as the shares of the Corporation authorized and outstanding immediately preceding such consolidation or merger (and each holder of Preference Stock immediately preceding such consolidation or merger shall receive the same number of shares with the same rights and preferences of the resulting or surviving corporation); provided, however, that no vote or consent of the holders of Preference Stock shall be necessary to effect the consolidation of the Corporation with or its merger into any company owning all or a majority of the Common Stock or any affiliate.

(3) The authorization, creation or the increase in the authorized amount of any shares of any class or any security convertible into shares of any class, in either case ranking prior to the Preference Stock; or

(4) The authorization of any shares ranking on a parity with or convertible into the Preference Stock, or convertible into a class of stock on parity with the Preference Stock, or an increase in the authorized number of shares of Preference Stock.

(f) Neither the vote, consent nor any adjustment of the voting rights of holders of shares of Preference Stock shall be required for an increase in the number of shares of Common Stock authorized or issued or for stock splits of the Common Stock or for stock dividends on any class of stock payable solely in Common Stock; and none of the foregoing actions shall be deemed to affect adversely the preferences or voting or other rights of Preference Stock within the meaning and for the purpose of this Article FOURTH.

6. Pre-emptive Rights. No holder of Preference Stock as such, shall have any pre-emptive right to purchase, have offered to him for purchase or subscribe for any of the Corporation's shares or other securities of any class, whether now or hereafter authorized.

7. Definitions. For the purposes of this Article FOURTH:

(a) Whenever reference is made to shares "ranking prior to the Preference Stock", such reference shall mean and include all shares of the Corporation in respect of which the rights of the holders thereof as to the payment of dividends or as to distributions in the event of a voluntary or involuntary liquidation, dissolution or winding up of the affairs of the Corporation are given preference over the rights of the holders of Preference Stock;

(b) Whenever reference is made to shares "on a parity with the Preference Stock", such reference shall mean and include all shares of the Corporation in respect of which the rights of the holders thereof as to the payment of dividends and as to distributions in the event of a voluntary or involuntary liquidation, dissolution or winding up of the affairs of the Corporation rank on an equality (except as to the amounts fixed therefor) with the rights of the holders of Preference Stock; and

(c) Whenever reference is made to shares "ranking junior to the Preference Stock", such reference shall mean and include all shares of the Corporation other than those defined under Clauses (a) and (b) of this paragraph as shares "ranking prior to" or "on a parity with" the Preference Stock.

IN WITNESS WHEREOF, Edgar H. Maugans, Vice President and Chief Financial Officer, and Janis T. Percio, Assistant Secretary, of The Toledo Edison Company, acting for and on its behalf do hereunto subscribe their names and affix the seal of the Corporation this 30th day of September, 1992.

E. H. MAUGANS
Vice President & Chief
Financial Officer

[Corporate Seal]

J. T. PERCIO
Assistant Secretary

CERTIFICATE OF AMENDMENT

to

AMENDED ARTICLES OF INCORPORATION

of

THE TOLEDO EDISON COMPANY

Creating 2,000,000 Shares of $2.81 Cumulative Preferred Stock

($25 Par Value)

Adopted by the Board of Directors
on July 28, 1987
and filed with the Secretary of State of Ohio
on July 31, 1987

Donald H. Saunders, Vice President - Finance & Administration, and Janis T. Percio, Assistant Secretary, of The Toledo Edison Company, an Ohio corporation (hereinafter called the "Corporation"), with its principal place of business located in Toledo, Lucas County, Ohio, hereby do certify that a meeting of the Board of Directors of the Corporation was duly called and held on the 28th day of July, 1987, that a quorum was present at said meeting and that the following resolution to amend the Amended Articles of Incorporation of the Corporation was adopted by the Board of Directors of the Corporation under the authority of Sections 1701.70(B)(1) and 1701.73(A) of the Revised Code of Ohio and Paragraph A under the heading "Cumulative Preferred Stock" in Article Fourth of said Amended Articles of Incorporation:

RESOLVED, that the Amended Articles of Incorporation of The Toledo Edison Company be and they hereby are amended as follows:

1. By adding after Paragraph AA under the heading "Cumulative Preferred Stock" in Article Fourth a new Paragraph AB reading as follows:

AB. Of the 12,000,000 authorized shares of Cumulative Preferred Stock ($25 par value), 2,000,000 shares are designated as a series entitled "$2.81 Cumulative Preferred Stock ($25 par value)" (hereinafter called "$2.81 Stock"). The $2.81 Stock shall have the express terms set forth under the heading "Cumulative Preferred Stock" in this Article as being applicable to all shares of Cumulative Preferred Stock ($25 par value) as a class and, in addition, the following express terms applicable to all shares of $2.81 Stock as a series of the Cumulative Preferred Stock ($25 par value):

(a) The annual dividend rate of the $2.81 Stock shall be $2.81 per share and no more.

(b) Dividends on $2.81 Stock shall be payable, if declared, quarterly on the first day of March, June, September and December of each year, in lawful money of the United States of America, out of funds legally available for the payment thereof, the first quarterly dividend being payable, if declared, on September 1, 1987, to the extent accrued.

(c) Dividends on $2.81 Stock shall accrue and be cumulative as follows:

(1) With respect to shares included in the initial issue of $2.81 Stock and shares issued any time thereafter up to and including the record date for the payment of the first dividend on the initial issue of $2.81 Stock, dividends shall accrue and be cumulative from the date of the initial issue of $2.81 Stock; and

(2) With respect to shares issued any time after the aforesaid record date, dividends shall accrue and be cumulative from the dividend payment date next preceding the date of issue of such shares, except that if such shares are issued during the period commencing the day after the record date for the payment of a dividend on $2.81 Stock and ending on the payment date of that dividend, dividends with respect to such shares shall accrue and be cumulative from that dividend payment date.

(d) The $2.81 Stock shall be redeemable in the manner provided in Paragraph D under the heading "Cumulative Preferred Stock" in this Article as follows:

(1) So long as there shall be outstanding any shares of $2.81 Stock, after full dividends on the outstanding Cumulative Preferred Stock of all series shall have been paid or declared and set apart for payment with respect to all past dividend periods and the current dividend period, the Corporation shall redeem for a sinking fund, at a redemption price of $25 per share ("Sinking Fund Redemption Price"), plus an amount, per share, equal to all dividends accrued and unpaid thereon to the date of redemption, payable out of funds legally available therefor, 400,000 shares of $2.81 Stock, on June 1 in each year beginning in 1993, unless a fewer number of shares shall be outstanding in which case the fewer number shall be so redeemed; provided, however, that the Corporation may apply, as a credit against the number of shares of $2.81 Stock to be redeemed for the sinking fund as aforesaid, any shares of $2.81 Stock previously purchased or redeemed by the Corporation, other than shares previously redeemed for the sinking fund or shares redeemed pursuant to subparagraph (d) (2) of this Paragraph or shares previously so applied as a credit. If the Corporation shall fail for any reason on any such June 1 so to redeem and credit 400,000 shares for the sinking fund, the number of shares to be redeemed and credited on the next such June 1 shall be increased by the amount of the deficiency. Unless all shares of $2.81 Stock theretofore required to be redeemed for the sinking fund for $2.81 Stock shall have been redeemed, no dividends shall be declared or paid upon or set apart for the Common Stock or any other stock ranking junior to the Cumulative Preferred Stock in respect of dividends or assets, and no shares of Common Stock or any other stock ranking junior to the Cumulative Preferred Stock in respect of dividends or assets shall be purchased or otherwise acquired for a consideration by the Corporation.

(2) On June 1 in each year beginning in 1993, the Corporation, at the option of the Board of Directors, may redeem an additional 400,000 shares of $2.81 Stock, at the Sinking Fund Redemption Price, plus an amount, per share, equal to all dividends accrued and unpaid thereon to the date of redemption; provided, however, that the redemption of such additional shares shall not reduce the amount so required to be redeemed in any subsequent year; and provided, further, that the right of the Corporation to redeem such additional shares shall not be cumulative.

(3) The Corporation, at the option of the Board of Directors, may redeem at any time all, or from time to time any part, of the outstanding $2.81 Stock as follows:

If redeemed in the 12 months ending on August 31,	Upon payment of the redemption price per share of
1988	$ 27.81
1989	27.50
1990	27.19
1991	26.87
1992	26.56
1993	26.25
1994	25.94
1995	25.62
1996	25.31
1997	25.00

plus, in each case, an amount, per share, equal to all dividends accrued and unpaid thereon to the date of redemption; provided, however, that $2.81 Stock may not be redeemed pursuant to this subparagraph prior to September 1, 1992, directly or indirectly as a part of or in anticipation of any refunding of $2.81 Stock involving the incurring of indebtedness or the issuance of shares of Cumulative Preferred Stock or any other shares ranking prior to or on a parity with the Cumulative Preferred Stock if the interest on such indebtedness or the dividends on such shares results in an effective annual cost to the corporation of less than the annual dividend rate of the $2.81 Stock. In the case of a refunding redemption of $2.81 Stock with borrowed funds or shares or proceeds of shares having an adjustable interest or dividend rate, the effective annual interest or dividend cost of such borrowed funds or shares shall be deemed to be less than the annual dividend rate of the $2.81 Stock if the initial annual interest or dividend rate of such borrowed funds or shares is less than the annual dividend rate of the $2.81 Stock.

(4) On September 1, 1997, the Corporation shall redeem, out of funds legally available therefor, all remaining shares of $2.81 Stock, if any, then outstanding at the redemption price of $25 per share, plus an amount, per share, equal to all dividends accrued and unpaid thereon to the date of redemption.

(e) The amount payable per share on $2.81 Stock in the event of any voluntary liquidation, dissolution or winding up of the affairs of the Corporation shall be the redemption price then in effect as set forth in subparagraph (d) (3) of this Paragraph or in the event of any involuntary liquidation, dissolution or winding up of the affairs of the Corporation shall be $25, plus, in either case, an amount, per share, equal to all dividends accrued and unpaid thereon to the date of payment of the amount due pursuant to this subparagraph.

(f) The number of shares of $2.81 Stock shall not be increased above and shall not exceed 2,000,000. $2.81 Stock once redeemed, purchased or otherwise acquired by the Corporation shall not be reissued as shares of $2.81 Stock,

but, having been restored to the status of authorized but unissued shares of Cumulative Preferred Stock ($25 par value) without serial designation, may, in whole or in part, be, or be included in, any subsequent series of Cumulative Preferred Stock ($25 par value) of a new designation with such express terms as may be fixed by the Board of Directors of the Corporation.

2. By inserting in the seventh sentence of Paragraph A under the heading "Cumulative Preferred Stock" in Article Fourth after the words "Adjustable Rate Preferred Stock, Series B ($25 par value)" and before the ")" the words "and the series of Cumulative Preferred Stock ($25 par value) designated as $2.81 Cumulative Preferred Stock ($25 par value) ".

3. By inserting in the first sentence of Paragraph B under the heading "Cumulative Preferred Stock" in Article Fourth after the words "Adjustable Rate Preferred Stock, Series B ($25 par value)" the words "and the series of Cumulative Preferred Stock ($25 par value) designated as $2.81 Cumulative Preferred Stock ($25 par value) ".

4. By inserting in the third sentence of Paragraph B under the heading "Cumulative Preferred Stock" in Article Fourth after the words "Adjustable Rate Preferred Stock, Series B ($25 par value)" the words "and the series of Cumulative Preferred Stock ($25 par value) designated as $2.81 Cumulative Preferred Stock ($25 par value)".

IN WITNESS WHEREOF, Donald H. Saunders, Vice President Finance & Administration, and Janis T. Percio, Assistant Secretary, of The Toledo Edison Company, acting for and on its behalf do hereunto subscribe their names and affix the seal of the Corporation this 29th day of July, 1987.

DONALD H. SAUNDERS
Vice President -- Finance & Administration

J. T. PERCIO
Assistant Secretary

[CORPORATE SEAL J]

AMENDED ARTICLES OF INCORPORATION

of

THE TOLEDO EDISON COMPANY

Effective September 25, 1986

The Toledo Edison Company, a corporation for profit, heretofore organized and now existing under the laws of the State of Ohio, adopts, makes and files these Amended Articles of Incorporation to supersede and take the place of its heretofore existing Amended Articles of Incorporation and all previously adopted Amendments thereto:

ARTICLE FIRST

The name of the corporation is THE TOLEDO EDISON COMPANY (hereinafter referred to as the "Corporation").

ARTICLE SECOND

The place in the State of Ohio where its principal office is located is the City of Toledo, in Lucas County.

ARTICLE THIRD

The purposes for which the Corporation is formed are as follows:

A. To manufacture, generate, develop, create and produce from any source and by any means, and to purchase, otherwise acquire, use, transmit, transport, store, distribute, sell, exchange, lease as lessor or as lessee, otherwise dispose of, grant licenses with respect to, furnish any kind of service by means of or with respect to and engage in research with respect to, any kind or form of electricity, energy, radiation, light, refrigeration, cooling, heat, water, steam, gas, petroleum, coal and other fuels; to engage in any kind or form of transportation or communication;

B. To manufacture, generate, sell, supply and transmit electricity by means of poles, wires, cables, conduits, or other apparatus, for public and private use for power purposes and for supplying public and private buildings, manufacturing establishments, streets, alleys, lanes, lands, squares and public places with electric light and power;

C. To manufacture, store, sell, transport, transmit and supply artificial and natural gas and water through tubing, pipes or conduits for light, heat, power and other purposes for public and private buildings and streets and other public places and the inhabitants in any municipal corporation or any township;

D. To purchase, otherwise acquire, hold, use, improve, develop, build, manufacture, repair, sell, exchange, encumber, lease as lessor or as lessee, otherwise dispose of, grant licenses with respect to, furnish any kind of service by means of or with respect to and engage in research with respect to, any kind or form of tangible and intangible personal property and any kind or form of real estate, interests therein, buildings and structures;

E. To purchase, otherwise acquire, hold, sell, assign, exchange, encumber and otherwise dispose of shares of stock and other securities of whatever nature issued by other corporations, governments, firms, trusts and individuals, both domestic and foreign; and

F. To do any and all things and transact any and all business incidental to the foregoing.

ARTICLE FOURTH

The maximum number of shares which the Corporation is authorized to have outstanding is eighty million (80,000,000) shares classified as follows:

> Three million (3,000,000) shares are Cumulative Preferred Stock of the par value of one hundred dollars ($100) per share (hereinafter sometimes referred to as Cumulative Preferred Stock ($100 par value));
>
> Twelve million (12,000,000) shares are Cumulative Preferred Stock of the par value of twenty-five dollars ($25) per share (hereinafter sometimes referred to as Cumulative Preferred Stock ($25 par value));
>
> Five million (5,000,000) shares are Cumulative Preference Stock of the par value of twenty-five dollars ($25) per share; and
>
> Sixty million (60,000,000) shares are Common Stock of the par value of five dollars ($5.00) per share.

The express terms and provisions of the shares of each of said classes, including the powers, preferences and rights thereof and the relative, participating, optional or other special rights or privileges of, and the qualifications, limitations or restrictions on, the rights of the holders of shares of each class, are as follows:

CUMULATIVE PREFERRED STOCK

A. Whenever voting rights shall otherwise vest in them by law or pursuant to any provision of these articles, the holders of the Cumulative Preferred Stock ($100 par value) shall be entitled to one vote for each share held, and the holders of the Cumulative Preferred Stock ($25 par value) shall be entitled to one-fourth (1/4) vote for each share held. For all purposes for which the consent or affirmative vote of holders of Cumulative Preferred Stock is required pursuant to the following paragraphs E and F, the holders of shares of each of said classes shall be entitled to exercise such voting rights together, without distinction as to class, on any matter referred to in said paragraphs E and F. All other express terms and provisions set forth under this heading "Cumulative Preferred Stock" shall be equally applicable to both classes of Cumulative Preferred Stock, and such terms shall be deemed to state express terms and conditions of all shares of each series of each of said two classes, except as expressly stated to be applicable only to shares of one class or series. The authorized shares of Cumulative Preferred Stock may be issued in series from time to time. All shares of any one series of Cumulative Preferred Stock shall be alike in every particular and all shares of Cumulative Preferred Stock shall rank equally. The express terms and provisions of shares of different series shall be identical except that there may be variations in respect of the dividend rate, dates of payment of dividends and dates from which they are cumulative, redemption rights and price, liquidation price, sinking fund requirements, conversion rights, and restrictions on issuance of shares of the same series or of any other class or series. The Board of Directors of the Corporation is authorized (except for the series of Cumulative Preferred Stock ($100 par value) designated as 4 1 /4% Cumulative Preferred Stock, the series designated as 4.56% Cumulative Preferred Stock, the series designated as 4.25% Cumulative Preferred Stock, the series designated as 8.32% Cumulative Preferred Stock, the series designated as 7.76% Cumulative Preferred Stock, the series designated as 7.80% Cumulative Preferred Stock, the series designated as 11% Cumulative Preferred Stock, the series designated as 10% Cumulative Preferred Stock and except for the series of Cumulative Preferred Stock ($25 par value) designated as 8.84% Cumulative Preferred Stock ($25 par value) and the series of Cumulative Preferred Stock ($25 par value) designated as $2.365 Cumulative Preferred Stock ($25 par value) and the series of Cumulative Preferred Stock ($100 par value) designated as 9 3/8% Cumulative Preferred Stock ($100 par value) and the series of Cumulative Preferred Stock ($100 par value) designated as 13 1/4% Cumulative Preferred Stock ($100 par value) and the series of Cumulative Preferred Stock ($100 par value) designated as 12.65% Cumulative Preferred Stock ($100 par value) and the series of Cumulative Preferred Stock ($100 par value) designated as 14.80% Cumulative Preferred Stock ($100 par value) and the series of Cumulative Preferred Stock (525 par value) designated as $4.28 Cumulative Preferred Stock (525 par value) and the series of Cumulative Preferred Stock ($25 par value) designated as $3.47 Cumulative Preferred Stock ($25 par value) and the series of Cumulative Preferred Stock ($25 par value)

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B. Dividends on shares of Cumulative Preferred Stock of any series other than the series of Cumulative Preferred Stock (\$100 par value) designated as 4 1/4% Cumulative Preferred Stock, the series designated as 4.56% Cumulative Preferred Stock, the series designated as 4.25% Cumulative Preferred Stock, the series designated as 8.32% Cumulative Preferred Stock, the series designated as 7.76% Cumulative Preferred Stock, the series designated as 7.80% Cumulative Preferred Stock, the series designated as 11% Cumulative Preferred Stock, the series designated as 10% Cumulative Preferred Stock and other than the series of Cumulative Preferred Stock (\$25 par value) designated as 8.84% Cumulative Preferred Stock (\$25 par value) and the series of Cumulative Preferred Stock (\$25 par value) designated as \$2.365 Cumulative Preferred Stock (\$25 par value) and the series of Cumulative Preferred Stock (\$100 par value) designated as 9 3/8% Cumulative Preferred Stock (\$100 par value) and the series of Cumulative Preferred Stock (\$100 par value) designated as 131/4% Cumulative Preferred Stock (\$ 100 par value) and the series of Cumulative Preferred Stock (\$100 par value) designated as 12.65% Cumulative Preferred Stock (S 100 par value) and the series of Cumulative Preferred Stock (\$100 par value) designated as 14.80% Cumulative Preferred Stock (\$100 par value) and the series of Cumulative Preferred Stock (\$25 par value) designated as \$4.28 Cumulative Preferred Stock (\$25 par value) and the series of

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on Cumulative Preferred Stock of such series prior to the issue of such additional Cumulative Preferred Stock and all dividends declared and payable to holders of record of Cumulative Preferred Stock of such series on a date prior to such additional issue shall be deemed to have been paid on the additional stock so issued.

C. If, upon any liquidation, dissolution or winding up, the assets distributable among the holders of the Cumulative Preferred Stock of all series shall be insufficient to permit the payment of the full preferential amounts to which they shall be entitled, then the entire assets of the Corporation shall be distributed among the holders of the Cumulative Preferred Stock of all series then outstanding, ratably in proportion to the full preferential amounts to which they are respectively entitled. Nothing in this paragraph C of Article FOURTH shall be deemed to prevent the purchase, acquisition or other retirement by the Corporation of any shares of its outstanding stock as now or in the future authorized or permitted by the laws of the State of Ohio. A consolidation or merger of the Corporation with or into any other corporation or corporations, or a sale or transfer of all or substantially all of its property, shall not be deemed to be a liquidation, dissolution or winding up of the Corporation.

D. Notice of any proposed redemption of Cumulative Preferred Stock of any series shall be given by the Corporation by mailing .a copy of such notice, at least thirty (30) days, and not more than ninety (90) days, prior to the date fixed for such redemption, to the holders of record of the Cumulative Preferred Stock to be redeemed, at their respective addresses then appearing upon the books of the Corporation. In case of the redemption of a part only of the Cumulative Preferred Stock of any series at the time outstanding, the shares to be redeemed shall be selected by lot or pro rata, as the Board of Directors may determine. The Board of Directors shall have full power and authority, subject to the limitations and provisions herein contained, to prescribe the manner in which, and the terms and conditions upon which, the shares of the Cumulative Preferred Stock of any series shall be redeemed from time to time. On or at any time before the redemption date specified in such notice, the Corporation shall deposit in trust, for the account of the holders of the shares to be redeemed, funds necessary for such redemption with a bank or trust company in good standing, (1) organized under the laws of the United States of America or of the State of New York and doing business in the Borough of Manhattan, City of New York, or (2) organized under the laws of the United States of America or of the State of Ohio and doing business in the City of Toledo, Ohio; and designated in such notice of redemption. Upon the mailing of the notice of redemption as above provided, or upon the making of such deposit, whichever is later, all shares with respect to the redemption of which such notice and deposit shall have been given and made shall, whether or not the certificates therefor shall have been surrendered for cancellation, be deemed to be no longer outstanding for any purpose, and all rights with respect to such shares shall thereupon cease and terminate, except only the right of the holders of the certificates for such

shares to receive, out of the funds so deposited in trust, from and after the date of such deposit, the amount payable upon the redemption thereof, without interest; provided, however, that no right of conversion (if any) belonging to such shares, if such right of conversion is, by its terms, to exist for a period beyond the date of the mailing of such notice or the making of such deposit, shall be impaired by the mailing of such notice or the making of such deposit. At the expiration of six (6) years after the date of such deposit, such trust shall terminate. Any such moneys then remaining on deposit with such bank or trust company shall be paid over to the Corporation, and thereafter the holders of the certificates for such shares shall have no claims against such bank or trust company, but only claims as unsecured creditors against the Corporation for the amount payable upon the redemption thereof without interest.

The Corporation may also from time to time purchase or otherwise acquire, for a consideration, shares of its outstanding Cumulative Preferred Stock of any series at prices not exceeding the current redemption price thereof. The Corporation shall not, however, purchase or otherwise acquire for a consideration any shares of Common Stock or of any other stock ranking junior to the Cumulative Preferred Stock in respect of dividends or assets unless full dividends at the fixed dividend rate or rates therefor with respect to all past dividend periods and the current dividend period in which such purchase or other acquisition is to be made shall have been paid or declared and set apart for payment on all shares of Cumulative Preferred Stock then outstanding and not then to be redeemed, purchased or otherwise acquired.

E. So long as any shares of the Cumulative Preferred Stock shall remain outstanding, the Corporation shall not, without the written consent of, or the affirmative vote at a meeting called for such purpose of, the holders of shares of Cumulative Preferred Stock entitling them to exercise two-thirds of the voting power of the Cumulative Preferred Stock then outstanding:

(1) Authorize or issue any stock ranking prior to the Cumulative Preferred Stock in respect of dividends or assets (such stock being hereinafter referred to as "Senior Stock"); or

(2) Issue any shares of Cumulative Preferred Stock in addition to the 160,000 authorized shares of the initial series unless the net income of the Corporation available for dividends on the Cumulative Preferred Stock, Senior Stock and any stock other than Cumulative Preferred Stock but ranking on a parity with the Cumulative Preferred Stock in respect of dividends or assets (such stock being hereinafter referred to as "Parity Stock"), determined in accordance with generally accepted accounting practices, for any twelve consecutive calendar months within the fifteen calendar months

preceding the month in which the additional shares are to be issued, shall have been at least twice the dividend requirements for a twelve months' period upon the entire amount of Cumulative Preferred Stock and Senior Stock and Parity Stock to be outstanding immediately after the proposed issue of such additional shares, and unless the gross income of the Corporation for such twelve consecutive months, determined in accordance with generally accepted accounting practices (but in any event after deducting all taxes including income and other taxes based on or measured by income or undistributed earnings, and an amount for said period for maintenance and depreciation or retirement expense not less than the sum of 15% of the gross electric operating revenues and 10% of the gross gas, steam and hot water heating operating revenues of the Corporation less cost of purchase power and/or gas and rentals incurred for electric and/or gas properties) to be available for the payment of interest, shall have been at least one and one-half times the sum of (i) the annual interest charges (adjusted by any provision for amortization of any discount, expense, or premium thereon) of all interest bearing indebtedness maturing more than twelve months after the date of issue of such additional shares (excluding any indebtedness proposed to be retired in connection with the issue of such additional shares) and (ii) the dividend requirements for a twelve months period on the entire amount of Cumulative Preferred Stock, Senior Stock and Parity Stock to be outstanding immediately after the issue of such additional shares. In the determination of the net income of the Corporation and of the gross income of the Corporation for the purposes of this Clause (2) the actual net income (or net loss) and the actual gross income (or deficit), computed as in this Clause above provided in respect of the net income and gross income of the Corporation, of any plant or system which has been acquired during or after any period for which net and gross income are to be computed or which is to be acquired by the Corporation in connection with the issue of such additional shares shall, to the extent that the same has not otherwise been included, be treated, respectively, as net income (or net loss) and gross income (or deficit) of the Corporation, and the actual net income (or net loss) and actual gross income (or deficit) similarly computed of any plant or system which shall have been disposed of by the Corporation during or after any period for which net income and gross income are to be computed, shall not be treated as net income (or net loss) and gross income (or deficit) of the Corporation; or

(3) Issue, sell or otherwise dispose of Cumulative Preferred Stock (other than the original issue of 160,000 shares of the initial series) or any Senior Stock or Parity Stock, except in exchange for, or for the purpose of effecting the retirement, by redemption or otherwise, of not less than a like number of shares of Cumulative Preferred Stock of the same par value or Senior Stock or Parity Stock, or securities convertible into not less than a like number of such shares, as the case may be, at

the time outstanding, unless the aggregate of the capital of the Corporation applicable to all shares of Common Stock to be outstanding immediately after such issuance, sale or other disposition (including premium on Common Stock) plus earned surplus and paid in or capital surplus (excluding premium on Common Stock), shall be at least equal to the involuntary liquidation preference of all shares of Cumulative Preferred Stock, Senior Stock and Parity Stock to be outstanding immediately after such issuance, sale or other disposition. No portion of the surplus or premium on Common Stock of the Corporation utilized to satisfy the foregoing requirements shall be available for dividends or other distribution upon or in respect of shares of Common Stock of the Corporation until such number of additional shares of Cumulative Preferred Stock, Senior Stock or Parity Stock are retired or until and to the extent that the capital, surplus and premium applicable to the Common Stock shall have been increased; or

(4) Authorize or issue any obligation or security convertible into or evidencing the right to purchase shares of Senior Stock, Parity Stock or Cumulative Preferred Stock; or

(5) Amend the provisions of this Article FOURTH so as to affect adversely any of the preferences or other rights hereby given to the Cumulative Preferred Stock.

So long as any shares of the Cumulative Preferred Stock shall remain outstanding, the Corporation shall not, without the written consent of the holders of shares of such stock entitling them to exercise a majority of the voting power of the Cumulative Preferred Stock then outstanding, or the affirmative vote, taken at a meeting of the stockholders called for the purpose, of the holders of shares of such stock entitling them to exercise a majority of the voting power to the outstanding shares of such stock:

(6) Authorize any additional shares of Cumulative Preferred Stock, or authorize or issue any Parity Stock; or

(7) Merge the Corporation into any other corporation, merge any other corporation into the Corporation, consolidate the Corporation with any other corporation or sell the property of the Corporation as or substantially as an entirety unless such merger, consolidation or sale or the issue or assumption of all securities to be issued or assumed in connection therewith shall have been ordered, approved or permitted by the Securities and Exchange Commission under the Public Utility Holding Company Act of 1935, or by any successor commission, or by any regulatory authority of the United States of America then having jurisdiction in the premises; provided that the provision of this Clause (7) shall not apply to any mortgage of all or substantially all

the property of the Corporation or to a purchase or other acquisition by the Corporation of the assets or franchises of another corporation in any manner which does not involve a merger or consolidation under the laws of the State of Ohio.

The holders of the outstanding shares of any series of Cumulative Preferred Stock shall not have any right under the provisions hereinabove in this paragraph E set forth to vote in respect of the authorization or issuance of any shares of any class of stock of the Corporation, if, through the application of proceeds thereof or otherwise in connection therewith, provision is to be made for redemption or retirement of all of the shares of such series of Cumulative Preferred Stock at the time outstanding.

In addition to the required consent or affirmative vote of holders of Cumulative Preferred Stock, the proportion of the voting power of holders of outstanding Common Stock which shall be sufficient for the adoption of an amendment to these Articles authorizing any additional shares of Cumulative Preferred Stock or Parity Stock shall be a majority of such voting power.

F. The holders of Cumulative Preferred Stock shall not be entitled to vote except as follows:

1. As provided in the preceding paragraph E; and

2. In proceedings as to which their vote is required by the then existing laws of the State of Ohio; and

3. (a) If and when dividends payable on the Cumulative Preferred Stock shall be in default in an amount equivalent to four full quarterly dividends on all shares of Cumulative Preferred Stock then outstanding and until all dividends then in default on the Cumulative Preferred Stock shall have been paid, the record holders of a majority of the voting power of the shares of Cumulative Preferred Stock then outstanding, voting separately as one class, shall be entitled, at each meeting of the stockholders at which directors are elected, to elect the smallest number of directors necessary to constitute a majority of the full Board of Directors. The record holders of the shares of Common Stock, subject to the prior rights of the holders of Cumulative Preference Stock as hereinafter provided in this Article FOURTH, voting separately as a class, shall be entitled at any such meeting to elect the remaining directors of the Corporation. The term of office of each director of the Corporation shall terminate upon the election of his successor. At each election of directors by a class vote pursuant to the provisions of this paragraph, the class first electing the directors which it is entitled to elect

shall name the directors who are to be succeeded by the directors then elected by such class, whereupon the term of office of the directors so named shall terminate. The term of office of the directors not so named shall terminate upon the election by the other classes of the number of directors which they are entitled to elect.

(b) If and when all dividends then in default on the Cumulative Preferred Stock then outstanding shall be paid, the holders of the shares of the Cumulative Preferred Stock shall thereupon be divested of the special right with respect to the election of directors provided in the foregoing paragraph, and the voting power of holders of shares of Cumulative Preferred Stock shall revert to the status existing before the occurrence of such default, but always subject to the same provisions for vesting such special right in the Cumulative Preferred Stock in case of further like default or defaults in dividends thereon. Dividends shall be deemed to have been paid, as that term is used in this paragraph, whenever such dividends shall have been declared and paid, or declared and provision made for the payment thereof, or whenever there shall be surplus and net profits of the Corporation legally available for the payment thereof which shall have accrued since the date of the default giving rise to such special voting rights.

(c) In case of any vacancy in the office of a director occurring among the directors elected by the holders of the Cumulative Preferred Stock, voting separately as a class, or of a vacancy in the office of his successor appointed as below provided, the remaining directors elected by the holders of the Cumulative Preferred Stock, by affirmative vote of a majority thereof, or the remaining director so elected if there be but one, may elect a successor or successors to hold office for the unexpired term of the director or directors whose place or places shall be vacant. Likewise in case of any vacancy in the office of a director occurring among the directors not elected by the holders of the Cumulative Preferred Stock or the Cumulative Preference Stock, or of a vacancy in the office of his successor appointed as below provided, the remaining directors not elected by the holders of the Cumulative Preferred Stock or the Cumulative Preference Stock, by affirmative vote of a majority thereof, or the remaining such director if there be but one, may elect a successor or successors to hold office for the unexpired term of the director or directors whose place or places shall be vacant.

(d) The aforesaid right of the holders of Cumulative Preferred Stock of the Corporation to vote separately for the election of members of the Board of Directors, may be exercised at any annual meeting of stockholders of the Corporation or, within the limitations herein provided, at a special meeting of stockholders held for the purpose of electing directors. Whenever the holders of the

shares of the Cumulative Preferred Stock, as a class, become entitled to elect directors of the Corporation pursuant to paragraph (a) preceding, then, upon the request in writing signed by the record holders of shares of the Cumulative Preferred Stock having not less than 1,000 votes, delivered by registered mail or in person to the President, a Vice President or Secretary of the Corporation, it shall be the duty of such officer forthwith to cause 15 days prior notice, in the manner provided by the Code of Regulations of the Corporation, to be given to the stockholders of a special meeting of stockholders to be held at such time as such officer may fix, not less than 20 nor more than 30 days after the receipt of such request, for the purpose of electing directors. In the event that such officer shall not have issued such notice within 5 days after the delivery to him of such request, such record holders of Cumulative Preferred Stock aforesaid shall have the right to give such notice. If no such special meeting be called or if, having been called, the meeting (including any adjournments thereof) results in no election of directors prior to the date for mailing of the notice of the next annual meeting of stockholders of the Corporation, the election of the directors to be elected by the holders of the shares of Cumulative Preferred Stock, voting as a class, shall take place at the next annual meeting of the stockholders of the Corporation next succeeding the accrual of such special voting right. At all meetings of stockholders at which directors are elected during such times as the holders of shares of the Cumulative Preferred Stock shall have the special right, voting separately as one class, to elect directors, the presence in person or by proxy of the holders of a majority of the outstanding shares of a class of stock then outstanding shall be required to constitute a quorum of such class for the election of such number of directors as such class may be entitled to elect as hereinabove provided; provided, however, that the absence of a quorum of the holders of stock of any class entitled to vote for the election of directors shall not prevent the election at any such meeting or adjournment thereof of directors by any other class if the necessary quorum of the holders of such other class is present in person or by proxy at such meeting; and provided further that in the absence of a quorum of the holders of stock of any class of the Corporation's stock, a majority of those holders of the stock of such class who are present in person or by proxy shall have the power to adjourn the election of the directors to be elected by such class from time to time without notice other than announcement at the meeting until holders of the requisite amount of shares of such class shall be present in person or by proxy, but such adjournment shall not be made to a date beyond the date for the mailing of notice of the next annual meeting of stockholders of the Corporation. All directors elected at any such special meeting shall hold office only for the interim period until the next succeeding annual meeting of stockholders of the Corporation and the election of their successors at such meeting or thereafter.

(e) Whenever, as provided in the foregoing paragraph (b), the holders of the shares of the Cumulative Preferred Stock shall be divested of the special right with respect to the election of directors provided in the foregoing paragraph (a) and the voting power of holders of shares of the Cumulative Preferred Stock shall revert to the status existing before the vesting of such special right in the Cumulative Preferred Stock, then, upon the request in writing signed by the record holders of not less than 1,000 shares of the Common Stock delivered by registered mail or in person to the President, a Vice President or Secretary of the Corporation, it shall be the duty of such officer forthwith to cause 15 days' prior notice, in the manner provided by the Code of Regulations of the Corporation, to be given to the stockholders entitled to vote, of a special meeting of stockholders to be held at such time as such officer may fix, not less than 20 nor more than 30 days after the receipt of such request, for the purpose of electing directors to succeed the directors theretofore elected by the holders of Cumulative Preferred Stock, voting as a class, as aforesaid. In the event that such officer shall not have issued such notice within 5 days after delivery to him of such request, such record holders of Common Stock aforesaid shall have the right to give such notice. Upon the election at such meeting of such successor directors, the term of office of the directors so succeeded shall terminate.

G. The holders of the Cumulative Preferred Stock shall have no right to subscribe for or purchase or receive any part of any new or additional issue of stock of any class or securities convertible into, or carrying warrants or rights to subscribe to, stock of any class whether now or hereafter authorized and whether issued for cash, property or by way of dividends.

H. There is hereby created an initial series of Cumulative Preferred Stock limited to 160,000 shares which is designated as "4 1/4% Cumulative Preferred Stock." The holders of the 4 1/4% Cumulative Preferred Stock shall be entitled to receive, out of funds legally available for the payment thereof, when, as and if declared by the Board of Directors, dividends in lawful money of the United States of America at the rate of four and one-quarter per cent (4 1/4%) of the par value thereof per annum and no more, payable quarterly on the first days of March, June, September and December of each year. Dividends upon the 4 1/4% Cumulative Preferred Stock shall accrue from and be cumulative from June 1, 1947. In the event of any liquidation, dissolution or winding up of the Corporation, the holders of the 4 1/4% Cumulative Preferred Stock shall be entitled to receive, for each share thereof, an amount in cash equal to the par value thereof, together with a sum equal to all dividends accumulated and unpaid thereon, before any distribution of the assets shall be made to holders of the Cumulative Preference Stock or the Common Stock. In the event such liquidation, dissolution or winding up of the Corporation is voluntary, the holders of the 4 1/4% Cumulative Preferred Stock shall also be entitled to

receive for each share, before any distribution of the assets shall be made to holders of the Cumulative Preference Stock or the Common Stock, a premium of 6.625% of the par value thereof if such event should occur on or prior to June 1 or a premium of 5.625% of the par value thereof if such event should occur subsequent to June 1,1952 but on or prior to June 1 or a premium of 4.625% of the par value thereof if such event should occur subsequent to June 1 The holders of the 4 1/4% Cumulative Preferred Stock shall be entitled to no further participation in the distribution of the assets of the Corporation. The Corporation may, at its option expressed by resolution of its Board of Directors, at any time redeem the whole, or from time to time any part, of the 4 1/4% Cumulative Preferred Stock at the time outstanding by the payment of 106.625% of the par value thereof if redeemed on or prior to June 1, 1952, or 105.625% of the par value thereof if redeemed subsequent to June 1, 1952 and on or prior to June 1, 1957, or 104.625% of the par value thereof if redeemed subsequent to June 1 plus, in any case, accumulated and unpaid dividends to the date of such redemption.

So long as any shares of the 4 1/4% Cumulative Preferred Stock are outstanding, the Corporation shall not declare or pay any dividends on its Common Stock (other than dividends payable in Common Stock) or make any distribution on, or purchase or otherwise acquire for value, any of its Common Stock (each such payment, distribution, purchase and/or acquisition being herein referred to as a "common stock dividend "), except to the extent permitted by the following provisions of this paragraph H.

(a) No common stock dividends shall be declared or paid in an amount which, together with all other common stock dividends declared in the year ending on (and including) the date of the declaration of such common stock dividend, would in the aggregate exceed fifty per centum (50%) of the net income of the Corporation available for dividends on its Common Stock for the twelve consecutive calendar months ending on the last day of the calendar month next preceding the declaration of such common stock dividend, if at the end of such calendar month the ratio (herein referred to as the "capitalization ratio") of the sum of (1) the capital represented by the Common Stock (including premiums on capital stock) and (ii) the surplus accounts, of the Corporation, to the sum of (x) the total capital and (xx) the surplus accounts, of the Corporation (after adjustment, in each case, of the surplus accounts to reflect payment of such common stock dividend) would be less than twenty per centum (20%);

(b) If such capitalization ratio, determined as aforesaid, shall be twenty per centum (20%) or more, but less than twenty-five per centum (25%), no common stock dividend shall be declared or paid in an amount which, together with all other common stock dividends declared in the year ending on (and including) the date of the declaration of

such common stock dividend, would exceed seventy-five per centum (75%) of the net income of the Corporation available for dividends on its Common Stock for the twelve consecutive calendar months ending on the last day of the .calendar month next preceding the declaration of such common stock dividend; and

(c) If such capitalization ratio, determined as aforesaid, shall be in excess of twenty five per centum (25%), no common stock dividend shall be declared or paid which would reduce such capitalization ratio to less than twenty-five per centum (25%) except to the extent permitted by the next preceding sub-paragraphs (a) and (b) hereof.

For the purpose of each of the foregoing sub-paragraphs (a), (b) and (c): (1) the net income of the Corporation available for dividends on its Common Stock is to be computed before any deduction for amortization of the remaining balance of the $8,209,628.26 excess cost to the Corporation of property acquired in 1901 over recorded cost to predecessor companies and (ii) the total capital of the Corporation shall be deemed to consist of the aggregate of (x) the principal amount of all outstanding indebtedness of the Corporation maturing one year or more after the date of issue thereof and (xx) the par or stated value of all outstanding capital stock (including premiums on capital stock) of all classes of the Corporation. All indebtedness and capital stock owned by the Corporation shall be excluded in determining total capital. Surplus accounts upon which capitalization ratios are computed shall be adjusted to eliminate all amounts, if any, restricted, with respect to the payment of common stock dividends, by the provisions of any indenture, or supplements thereto, securing outstanding bonds of the Corporation. Purchases or other acquisitions of Common Stock shall be deemed, for the purposes of this paragraph H, to have been made as of the date on which such purchases or acquisitions are consummated.

I. There is hereby created a series of Cumulative Preferred Stock limited to 50,000 shares which is designated as '4.56% Cumulative Preferred Stock." The holders of the 4.56% Cumulative Preferred Stock shall be entitled to receive, out of funds legally available for the payment thereof, when, as and if declared by the Board of Directors, dividends in lawful money of the United States of America at the rate of four and 56/100 per cent (4.56%) of the par value thereof per annum and no more, payable quarterly on the first days of March, June, September and December of each year. Dividends upon the 4.56% Cumulative Preferred Stock shall accrue from and be cumulative from September 1, 1951. In the event of any liquidation, dissolution or winding up of the Corporation, the holders of the 4.56% Cumulative Preferred Stock shall be entitled to receive, for each share thereof, an amount in cash equal to the par value thereof, together with a sum equal to all dividends accumulated and unpaid thereon, before any distribution of the assets shall be made to holders of the Cumulative Preference Stock or the Common Stock. In the event such

liquidation, dissolution or winding up of the Corporation is voluntary, the holders of the 4.56% Cumulative Preferred Stock shall also be entitled to receive for each share, before any distribution of the assets shall be made to holders of the Cumulative Preference Stock or the Common Stock, a premium of 4% of the par value thereof if such event should occur on or prior to September 1 or a premium of 3% of the par value thereof if such event should occur subsequent to September 1,195 6 but on or prior to September 1 ,1961, or a premium of 2% of the par value thereof if such event should occur subsequent to September 1, 1961 but on or prior to September 1, 1966, or a premium of 1% of the par value thereof if such event should occur subsequent to September 1 The holders of the 4.56% Cumulative Preferred Stock shall be entitled to no further participation in the distribution of the assets of the Corporation. The Corporation may, at its option expressed by resolution of its Board of Directors, at any time redeem the whole, or from time to time any part, of the 4.56% Cumulative Preferred Stock at the time outstanding by the payment of 104% of the par value thereof if redeemed on or prior to September 1, 1956 or 103% of the par value thereof if redeemed subsequent to September 1, 1956 and on or prior to September 1, 1961, or 102% of the par value thereof if redeemed subsequent to September 1, 1961 and on or prior to September 1, 1966 or 101 % of the par value thereof if redeemed subsequent to September 1, 1966, plus, in any case, accumulated and unpaid dividends to the date of such redemption.

J. There is hereby created a series of Cumulative Preferred Stock limited to 100,000 shares which is designated as "4.25% Cumulative Preferred Stock." The holders of the 4.25% Cumulative Preferred Stock shall be entitled to receive, out of funds legally available for the payment thereof, when, as and if declared by the Board of Directors, dividends in lawful money of the United States of America at the rate of four and twenty-five one hundredths per cent (4.25%) of the par value thereof per annum and no more, payable quarterly on the first days of March, June, September and December of each year. Dividends upon the 4.25% Cumulative Preferred Stock shall accrue from and be cumulative from December 1, 1954. In the event of any liquidation, dissolution or winding up of the Corporation, the holders of the 4.25% Cumulative Preferred Stock shall be entitled to receive, for each share thereof, an amount in cash equal to the par value thereof, together with a sum equal to all dividends accumulated and unpaid thereon, before any distribution of the assets shall be made to holders of the Cumulative Preference Stock or the Common Stock. In the event such liquidation, dissolution or winding up of the Corporation is voluntary, the holders of the 4.25% Cumulative Preferred Stock shall also be entitled to receive for each share, before any distribution of the assets shall be made to holders of the Cumulative Preference Stock or the Common Stock, a premium of 4.25% of the par value thereof if such event should occur on or prior to December 1, 1959, or a premium of 3.50% of the par value thereof if such event should occur subsequent to December 1 ,1959 but on or prior to December 1, 1964, or a premium of 2.75% of the par value thereof if

such event should occur subsequent to December 1, 1964 but on or prior to December 1, 1969, or a premium of 2% of the par value thereof if such event should occur subsequent to December 1, 1969. The holders of the 4.25% Cumulative Preferred Stock shall be entitled to no further participation in the distribution of the assets of the Corporation. The Corporation may, at its option expressed by resolution of its Board of Directors, at any time redeem the whole, or from time to time any part, of the 4.25% Cumulative Preferred Stock at the time outstanding by the payment of 104.25% of the par value thereof if redeemed on or prior to December 1, 1959 or 103.50% of the par value thereof if redeemed subsequent to December 1, 1959 and on or prior to December 1 1964 or 102.75% of the par value thereof if redeemed subsequent to December 1, 1964 and on or prior to December l, 1969, or 102% of the par value thereof if redeemed subsequent to December 1 plus, in any case, accumulated and unpaid dividends to the date of such redemption.

K. There is hereby created a series of Cumulative Preferred Stock limited to 100,000 shares which is designated as "8.32% Cumulative Preferred Stock." The holders of the 8.32% Cumulative Preferred Stock shall be entitled to receive, out of funds legally available for the payment thereof, when, as and if declared by the Board of Directors, dividends in lawful money of the United States of America at the rate of eight and thirty-two one hundredths per cent (8.32%) of the par value thereof per annum and no more, payable quarterly on the first days of March, June, September and December of each year, beginning December 1, 1971. Dividends upon the 8.32% Cumulative Preferred Stock shall accrue from and be cumulative from the date of original issue. In the event of any liquidation, dissolution or winding up of the Corporation, the holders of the 8.32% Cumulative Preferred Stock shall be entitled to receive, for each share thereof, an amount in cash equal to the par value thereof, together with a sum equal to all dividends accumulated and unpaid thereon, before any distribution of the assets shall be made to holders of the Cumulative Preference Stock or the Common Stock. In the event such liquidation, dissolution or winding up of the Corporation is voluntary, the holders of the 8.32% Cumulative Preferred Stock shall also be entitled to receive for each share, before any distribution of the assets shall be made to holders of the Cumulative Preference Stock or the Common Stock, a premium of 9.78% of the par value thereof if such event should occur on or prior to September 1, 1976 or a premium of 7.70% of the par value thereof if such event should occur subsequent to September 1, 1976 but on or prior to September 1, 1981 or a premium of 5.62% of the par value thereof if such event should occur subsequent to September 1, 1981 but on or prior to September 1, 1984, or a premium of 3.54% of the par value thereof if such event should occur subsequent to September 1, 1984 but on or prior to September 1, 1987, or a premium of 2.46% of the par value thereof if such event should occur subsequent to September 1, 1987. The holders of the 8.32% Cumulative Preferred Stock shall be entitled to no further participation in the distribution of the assets of the Corporation. The Corporation may, at its option expressed by resolution of its Board of Directors, at any time redeem the

whole, or from time to time any part, of the 8.32% Cumulative Preferred Stock at the time outstanding by the payment of 109.78% of the par value thereof if redeemed on or prior to September 1, 1976, or 107.70% of the par value thereof if redeemed subsequent to September 1, 1976 and on or prior to September 1, 1981, or 105.62% of the par value thereof if redeemed subsequent to September 1, 1981 and on or prior to September 1, 1984, or 103.54% of the par value thereof if redeemed subsequent to September 1 and on or prior to September 1, 1987, or 102.46% of the par value thereof if redeemed subsequent to September 1 plus, in any case, accumulated and unpaid dividends to the date of such redemption; provided, however, that prior to September 1 no shares of the 8.32% Cumulative Preferred Stock may be redeemed, directly or indirectly, from the proceeds or in anticipation of any refunding operation (other than through the use of stock junior to Cumulative Preferred Stock) involving an effective cost of money to the Corporation, computed in accordance with accepted financial practice, of less than 8.30% per annum.

L. There is hereby created a series of Cumulative Preferred Stock limited to 150,000 shares which is designated as "7.76% Cumulative Preferred Stock." The holders of the 7.76% Cumulative Preferred Stock shall be entitled to receive, out of funds legally available for the payment thereof, when, as and if declared by the Board of Directors, dividends in lawful money of the United States of America at the rate of seven and seventy-six one hundredths per cent (7.76%) of the par value thereof per annum and no more, payable quarterly on the first days of March, June, September and December of each year, beginning December 1, 1972. Dividends upon the 7.76% Cumulative Preferred Stock shall accrue from and be cumulative from the date of original issue. In the event of any liquidation, dissolution or winding up of the Corporation, the holders of the 7.76% Cumulative Preferred Stock shall be entitled to receive, for each share thereof, an amount in cash equal to the par value thereof, together with a sum equal to all dividends accumulated and unpaid thereon, before any distribution of the assets shall be made to holders of the Cumulative Preference Stock or the Common Stock. In the event such liquidation, dissolution or winding up of the Corporation is voluntary, the holders of the 7.76% Cumulative Preferred Stock shall also be entitled to receive for each share, before any distribution of the assets shall be made to holders of the Cumulative Preference Stock or the Common Stock, a premium of 9.197% of the par value thereof if such event should occur on or prior to September l , l977, or a premium of 7.257% of the par value if such event should occur subsequent to September 1, 1977 but on or prior to September 1, 1982, or a premium of 5.317% of the par value thereof if such event should occur subsequent to September 1, 1982 but on or prior to September 1, 1985, or a premium of 3.377% of the par value thereof if such event should occur subsequent to September 1, 1985 but on or prior to September 1, 1988, or a premium of 2.437% of the par value thereof if such event should occur subsequent to September 1, 1988. The holders of the 7.76% Cumulative Preferred Stock shall be entitled

to no further participation in the distribution of the assets of the Corporation. The Corporation may, at its option expressed by resolution of its Board of Directors, at any time redeem the whole, or from time to time any part, of the 7.76% Cumulative Preferred Stock at the time outstanding by the payment of 109.197% of the par value thereof if redeemed on or prior to September 1, 1977, or 107.257% of the par value thereof if redeemed subsequent to September 1, 1977 and on or prior to September 1, 1982 or 105.317% of the par value thereof if redeemed subsequent to September 1, 1982 and on or prior to September 1, 1985, or 103.377% of the par value thereof if redeemed subsequent to September 1 and on or prior to September 1, 1988, or 102.437% of the par value thereof if redeemed subsequent to September 1, 1 988, plus, in any case, accumulated and unpaid dividends to the date of such redemption; provided, however, that prior to September 1 no shares of the 7.76% Cumulative Preferred Stock may be redeemed, directly or indirectly, from the proceeds or in anticipation of any refunding operation (other than through the use of stock junior to Cumulative Preferred Stock) involving an effective cost of money to the Corporation, computed in accordance with accepted financial practice, of less than 7.74% per annum.

M. There is hereby created a series of Cumulative Preferred Stock limited to 150,000 shares which is designated as "7.80% Cumulative Preferred Stock". The holders of the 7.80% Cumulative Preferred Stock shall be entitled to receive, out of funds legally available for the payment thereof, when, as and if declared by the Board of Directors, dividends in lawful money of the United States of America at the rate of seven and eighty one hundredths percent (7.80%) of the par value thereof per annum and no more, payable quarterly on the first days of March, June, September and December of each year, beginning December 1, 1973. Dividends upon the 7.80% Cumulative Preferred Stock shall accrue from and be cumulative from the date of original issue. In the event of any liquidation, dissolution or winding up of the Corporation, the holders of the 7.80% Cumulative Preferred Stock shall be entitled to receive, for each share thereof, an amount in cash equal to the par value thereof, together with a sum equal to all dividends accumulated and unpaid thereon, before any distribution of the assets shall be made to holders of the Cumulative Preference Stock or the Common Stock. In the event such liquidation, dissolution or winding up of the Corporation is voluntary, the holders of the 7.80% Cumulative Preferred Stock shall also be entitled to receive for each share, before any distribution of the assets shall be made to holders of the Cumulative Preference Stock or the Common Stock, a premium of 8.45% of the par value thereof if such event should occur on or prior to September 1, 1978, or a premium of 6.50% of the par value thereof if such event should occur subsequent to September 1, 1978 but on or prior to September 1 or a premium of 4.55% of the par value thereof if such event should occur subsequent to September 1, 1983 but on or prior to September 1, 1986, or a premium of 2.60% of the par value thereof if such event should occur subsequent to September 1, 1986 but on or prior to

September 1, 1989, or a premium of 1.65% of the par value thereof if such event should occur subsequent to September 1, 1989. The holders of the 7.80% Cumulative Preferred Stock shall be entitled to no further participation in the distribution of the assets of the Corporation. The Corporation may, at its option expressed by resolution of its Board of Directors, at any time redeem the whole, or from time to time any part, of the 7.80% Cumulative Preferred Stock at the time outstanding by the payment of 108.45% of the par value thereof if redeemed on or prior to September 1, 1978, or 106.50% of the par value thereof if redeemed subsequent to September 1, 1978 and on or prior to September 1, 1983, or 104.55% of the par value thereof if redeemed subsequent to September 1 and on or prior to September 1, 1986, or 102.60% of the par value thereof if redeemed subsequent to September 1, 1986 and on or prior to September 1, 1989, or 101.65% of the par value thereof if redeemed subsequent to September 1 plus, in any case, accumulated and unpaid dividends to the date of such redemption; provided, however, that prior to September 1 no shares of the 7.80% Cumulative Preferred Stock may be redeemed, directly or indirectly, from the proceeds or in anticipation of any refunding operation (other than through the use of stock junior to Cumulative Preferred Stock) involving an effective cost of money to the Corporation, computed in accordance with accepted financial practice, of less than 7.79% per annum.

N. There is hereby created a series of Cumulative Preferred Stock limited to 100,000 shares which is designated as "11 % Cumulative Preferred Stock". The holders of the 11 % Cumulative Preferred Stock shall be entitled to receive, out of funds legally available for the payment thereof, when, as and if declared by the Board of Directors, dividends in lawful money of the United States of America at the rate of eleven percent (11 %) of the par value thereof per annum and no more, payable quarterly on the first days of March, June, September and December of each year, beginning December 1 Dividends upon the 11 % Cumulative Preferred Stock shall accrue from and be cumulative from the date of original issue. In the event of any liquidation, dissolution or winding up of the Corporation, the holders of the 11 % Cumulative Preferred Stock shall be entitled to receive, for each share thereof, an amount in cash equal to the par value thereof, together with a sum equal to all dividends accumulated and unpaid thereon, before any distribution of the assets shall be made to holders of the Cumulative Preference Stock or the Common Stock. In the event such liquidation, dissolution or winding up of the Corporation is voluntary, the holders of the 11% Cumulative Preferred Stock shall also be entitled to receive for each share, before any distribution of the assets shall be made to holders of the Cumulative Preference Stock or the Common Stock, a premium equal to the excess of the regular redemption price thereof over x100. The holders of the 11% Cumulative Preferred Stock shall be entitled to no further participation in the distribution of the assets of the Corporation. The Corporation may, at its option expressed by resolution of the Board of Directors, at any time redeem the whole, or from time to time any part, of the 11 % Cumulative Preferred Stock at

the time outstanding by the payment of a regular redemption price equal to 111.00% of the par value thereof if redeemed on or prior to August 3 or 106.00% of the par value thereof if redeemed subsequent to August 3 and on or prior to August 3 or 103.50% of the par value thereof if. redeemed subsequent to August 3 and on or prior to August 31 or 101.00% of the par value thereof if redeemed subsequent to August 31 plus, in any case, accumulated and unpaid dividends to the date of such redemption; provided, however, that prior to September 1, 1984 no shares of the 11% Cumulative Preferred Stock may be redeemed, directly or indirectly, from the proceeds or in anticipation of any refunding operation (other than for the sinking fund for the 11% Cumulative Preferred Stock or through the use of stock junior to Cumulative Preferred Stock) involving an effective cost of money to the Corporation, computed in accordance with accepted financial practice, of less than 11 % per annum; and, provided further, that shares of the 11 % Cumulative Preferred Stock will be redeemable, from any funds regardless of cost, at any time on and after September 1 for a sinking fund at the sinking fund redemption price, which shall be $100 per share plus accumulated and unpaid dividends to the date of such redemption. The Corporation shall apply, as and for said sinking fund for the 11% Cumulative Preferred Stock, on September 1, in each year commencing September 1, 1979, a minimum of five thousand shares of the 11% Cumulative Preferred Stock, and may so apply on each said September 1 any number of additional such shares up to five thousand additional shares. The application of such additional shares to the sinking fund shall not reduce the sinking fund requirement in any subsequent year, and the right of the Corporation to so apply additional shares on any such September 1 shall not be cumulative. Shares to be so applied to the sinking fund for the 11 % Cumulative Preferred Stock may be acquired, in whole or in part, by redemption, on or prior to the September 1 when so applied, at the sinking fund redemption price pursuant to paragraph D of Article FOURTH, Cumulative Preferred Stock of the Amended Articles of Incorporation, or in whole or in part by purchase at such times and in such manner as the Board of Directors may determine. Shares of the 11 % Cumulative Preferred Stock acquired by redemption at the sinking fund redemption price on or prior to any September 1 shall be applied to the then current annual sinking fund requirement; but shares purchased other than by redemption may, at the option of the Board of Directors, be applied in satisfaction of the then current or any succeeding sinking fund requirement. Shares applied in satisfaction of the sinking fund requirement for the 11 % Cumulative Preferred Stock may not be reissued in said series but shall become authorized but unissued shares of Cumulative Preferred Stock of the Corporation.

O. There is hereby created a series of Cumulative Preferred Stock limited to 190,000 shares which is designated as "10% Cumulative Preferred Stock". The holders of the 10% Cumulative Preferred Stock shall be entitled to receive, out of funds legally available for the payment thereof, when, as and if declared by the Board of Directors, dividends in lawful

money of the United States of America at the rate of ten percent (10%) of the par value thereof per annum and no more, payable quarterly on the first days of March, June, September and December of each year, beginning June 1 Dividends upon the 10% Cumulative Preferred Stock shall accrue from and be cumulative from the date of original issue. In the event of any liquidation, dissolution or winding up of the Corporation, the holders of the 10% Cumulative Preferred Stock shall be entitled to receive, for each share thereof, an amount in cash equal to the par value thereof, together with a sum equal to all dividends accumulated and unpaid thereon, before any distribution of the assets shall be made to holders of the Cumulative Preference Stock or the Common Stock. In the event such liquidation, dissolution or winding up of the Corporation is voluntary, the holders of the 10% Cumulative Preferred Stock shall also be entitled to receive for each share, before any distribution of the assets shall be made to holders of the Cumulative Preference Stock or the Common Stock, a premium equal to the excess of the regular redemption price thereof over $100. The holders of the 10% Cumulative Preferred Stock shall be entitled to no further participation in the distribution of the assets of the Corporation. The Corporation may, at its option expressed by resolution of the Board of Directors, at any time redeem the whole, or from time to time any part, of the l0% Cumulative Preferred Stock at the time outstanding by the payment of a regular redemption price equal to 110% of the par value thereof if redeemed on or prior to February 29, 1980, or 105% of the par value thereof if redeemed subsequent to February 29, 1980 and on or prior to February 28, 1983, or 103% of the par value thereof if redeemed subsequent to February 28, 1983 and on or prior to February 28, 1986, or 101% of the par value thereof if redeemed subsequent to February 28, 1986, plus in any case, accumulated and unpaid dividends to the date of such redemption; provided, however, that prior to March 1 no shares of the 10% Cumulative Preferred Stock may be redeemed, directly or indirectly, from the proceeds or in anticipation of any refunding operation involving the incurring of debt or the issuance of stock ranking equally with or prior to the 10% Cumulative Preferred Stock as to dividends or assets, if such debt or stock has an effective cost of money to the Corporation, computed in accordance with accepted financial practice, of less than 10% per annum; and provided, further, that if a statute or regulation is enacted or adopted that would give the Corporation the right to deduct for Federal income tax purposes all or any part of the dividends paid by the Corporation on any of its preferred stock, but which right would not be applicable to dividends paid on the 10% Cumulative Preferred Stock, and the Corporation proposed to and could, by appropriate corporate action, issue shares of its Cumulative Preferred Stock entitled to such right, then the shares of the 10% Cumulative Preferred Stock may be redeemed, as a whole, at the option of the Corporation, at any time prior to March 1 by payment of a special redemption price equal to 103.75% of the par value thereof if redeemed on or prior to September 1, 1975, or 107.50% of the par value thereof if redeemed subsequent to September 1, 1975 but prior to March 1 or 1 11.25% of the par value thereof if redeemed subsequent to March 1, 1976 but prior to September 1, 1976,

or 115.00% of the par value thereof if redeemed subsequent to September 1 but prior to March 1, 1977. Shares of the 1 0% Cumulative Preferred Stock purchased or redeemed by the Corporation may not be reissued in said series but shall become authorized but unissued shares of Cumulative Preferred Stock of the Corporation. No shares of the 10% Cumulative Preferred Stock shall be deemed outstanding for purposes of any meeting of stockholders of the Corporation unless issued on or prior to the record date for such meeting.

P. There is hereby created a series of Cumulative Preferred Stock ($25 par value) limited to 1,000,000 shares which is designated as "8.84% Cumulative Preferred Stock ($25 par value)". The holders of the 8.84% Cumulative Preferred Stock ($25 par value) shall be entitled to receive, out of funds legally available for the payment thereof, when, as and if declared by the Board of Directors, dividends in lawful money of the United States of America at the rate of eight and eighty-four one hundredths percent (8.84%) of the par value thereof per annum and no more, payable quarterly on the first days of March, June, September and December of each year, beginning March 1 Dividends upon the 8.84% Cumulative Preferred Stock ($25 par value) shall accrue from and be cumulative from the date of original issue. In the event of any liquidation, dissolution or winding up of the Corporation, the holders of the 8.84% Cumulative Preferred Stock ($25 par value) shall be entitled to receive, for each share thereof, an amount in cash equal to the par value thereof, together with a sum equal to all dividends accumulated and unpaid thereon, before any distribution of the assets shall be made to holders of the Cumulative Preference Stock or the Common Stock. In the event such liquidation, dissolution or winding up of the Corporation is voluntary, the holders of the 8.84% Cumulative Preferred Stock ($25 par value) shall also be entitled to receive for each share, before any distribution of the assets shall be made to holders of the Cumulative Preference Stock or the Common Stock, a premium equal to the excess of the regular redemption price thereof over $25. The holders of the 8.84% Cumulative Preferred Stock ($25 par value) shall be entitled to no further participation in the distribution of the assets of the Corporation. The Corporation may, at its option expressed by resolution of the Board of Directors, at any time redeem the whole, or from time to time any part, of the 8.84% Cumulative Preferred Stock ($25 par value) at the time outstanding by the payment of a regular redemption price equal to 108.8% of the par value thereof if redeemed on or prior to November 30, 1981, or 106.2% of the par value thereof if redeemed subsequent to November 30, 1981 and on or prior to November 30, or 103.6% of the par value thereof if redeemed subsequent to November 30, and on or prior to November 30, 1991, or 101 % of the par value thereof if redeemed subsequent to November 30, 1991, plus, in any case, accumulated and unpaid dividends to the date of such redemption; provided, however, that prior to December 1 no shares of the 8.84% Cumulative Preferred Stock ($25 par value) may be redeemed, directly or indirectly, from the proceeds or in anticipation of any refunding operation involving the incurring of debt or the issuance of stock ranking equally with or prior to the 8.84% Cumulative Preferred Stock

($25 par value) as to dividends or assets, if such debt or stock has an effective cost of money to the Corporation, computed in accordance with accepted financial practice, of less than 8.84% per annum. Shares of the 8.84% Cumulative Preferred Stock ($25 par value) purchased or redeemed by the Corporation may not be reissued in said series but shall become authorized but unissued shares of Cumulative Preferred Stock of the Corporation.

Q. There is hereby created a series of Cumulative Preferred Stock ($25 par value) limited to 1,400,000 shares which is designated as "$2.365 Cumulative Preferred Stock ($25 par value)". The holders of the $2.365 Cumulative Preferrred Stock ($25 par value) shall be entitled to receive, out of funds legally available for the payment thereof, when, as and if declared by the Board of Directors, dividends in lawful money of the United States of America at the rate of nine and forty-six one hundredths percent (9.46%) of the par value thereof per annum and no more, payable quarterly on the first days of March, June, September and December of each year, beginning December 1, 1977. Dividends upon the $2.365 Cumulative Preferred Stock ($25 par value) shall accrue from and be cumulative from the date of original issue. In the event of any liquidation, dissolution or winding up of the Corporation, the holders of the $2.365 Cumulative Preferred Stock ($25 par value) shall be entitled to receive, for each share thereof, an amount in cash equal to the par value thereof, together with a sum equal to all dividends accumulated and unpaid thereon, before any distribution of the assets shall be made to holders of the Cumulative Preference Stock or the Common Stock. In the event such liquidation, dissolution or winding up of the Corporation is voluntary, the holders of the $2.365 Cumulative Pre. ferred Stock ($25 par value) shall also be entitled to receive for each share, before any distribution of the assets shall be made to holders of. the Cumulative Preference Stock or the Common Stock, a premium equal to the excess of the regular redemption price thereof over $25. The holders of the $2.365 Cumulative Preferred Stock ($25 par value) shall be entitled to no further participation in the distribution of the assets of the Corporation. The Corporation may, at its option expressed by resolution of the Board of Directors, at any time redeem the whole, or from time to time any part, of the $2.365 Cumulative Preferred Stock ($25 par value) at the time outstanding by the payment of a regular redemption price equal to $29.85 per share if redeemed on or prior to September 30, or $29.15 per share if redeemed subsequent to September 30, and on or prior to September 30, 1987, or $28.45 per share if redeemed subsequent to September 30, and on or prior to September 30, 1992, or $27.75 per share if redeemed subsequent to September 30, 1992, plus, in any case, accumulated and unpaid dividends to the date of such redemption; provided, however, that prior to October 1, 1982 no shares of the $2.365 Cumulative Preferred Stock ($25 par value) may be redeemed, directly or indirectly, from the proceeds or in anticipation of any refunding operation involving the incurring of debt or the issuance of stock ranking equally with or prior to the $2.365 Cumulative Preferred Stock ($25 par value) as to dividends or assets, if such debt or stock has an effective cost of money to the

Corporation, computed in accordance with accepted financial practice, of less than 8.60% per annum. Shares of the $2.365 Cumulative Preferred Stock ($25 par value) purchased or redeemed by the Corporation may not be reissued in said series but shall become authorized but unissued shares of Cumulative Preferred Stock of the Corporation.

R. There is hereby created a series of Cumulative Preferred Stock ($100 par value) limited to 250,000 shares which is designated as "9 3/8% Cumulative Preferred Stock ($100 par value)." The holders of the 9 3/8% Cumulative Preferred Stock ($100 par value) shall be entitled to receive, out of funds legally available for the payment thereof, when, as and if declared by the Board of Directors, dividends in lawful money of the United States of America at the rate of nine and three-eighths percent (9 3/8%) of the par value thereof per annum and no more, payable quarterly on the first days of March, June, September and December of each year, beginning September 1, 1979 in the case of shares of the 9 3/8% Cumulative Preferred Stock ($100 par value) issued prior to June 1 and beginning December 1, 1979 in the case of shares of the 9 3/8% Cumulative Preferred Stock ($100 par value) issued on or after June 1 Dividends upon the 9 3/8% Cumulative Preferred Stock ($100 par value) shall accrue from and be cumulative from the date of original issue. In the event of any liquidation, dissolution or winding up of the Corporation, the holders of the 9 3/8Io Cumulative Preferred Stock ($100 par value) shall be entitled to receive, for each share thereof, an amount in cash equal to the par value thereof, together with a sum equal to all dividends accumulated and unpaid thereon to the date of liquidation, before any distribution of the assets shall be made to holders of the Cumulative Preference Stock or the Common Stock. In the event such liquidation, dissolution or winding up of the Corporation is voluntary, the holders of the 9 3/8% Cumulative Preferred Stock ($100 par value) shall also be entitled to receive for each share, before any distribution of the assets shall be made to holders of the Cumulative Preference Stock or the Common Stock, a premium equal to $9.38 prior to June 1 and the excess of the regular redemption price thereof over $100 thereafter. The holders of the 9 3/8% Cumulative Preferred Stock ($100 par value) shall be entitled to no further participation in the distribution of the assets of the Corporation. The Corporation may not redeem any shares of the 9 3/8% Cumulative Preferred Stock ($100 par value) prior to June 1 The Corporation may, at its option expressed by resolution of the Board of Directors, at any time after May 31, 1984, redeem the whole, or from time to time any part, of the 9 3/8% Cumulative Preferred Stock ($100 par value) at the time outstanding by the payment of a regular redemption price per share equal to $106.92 if redeemed prior to June 1, 1985, or $106.42 if redeemed on or subsequent to June 1 ,1985 and prior to June 1 or $105.93 if redeemed on or subsequent to June 1 ,1986 and prior to June 1, 1987, or

$105.43 if redeemed on or subsequent to June 1 , 1987 and prior to June 1, 1988, or
$104.94 if redeemed on or subsequent to June 1, 1988 and prior to June 1, 1989, or
$104.45 if redeemed on or subsequent to June 1, 1989 and prior to June 1, 1990, or

$103.95 if redeemed on or subsequent to June 1, 1990 and prior to June 1, 1991, or
$103.46 if redeemed on or subsequent to June 1, 1991 and prior to June 1, 1 992, or
$102.96 if redeemed on or subsequent to June 1, 1992 and prior to June 1,1993, or
$102.47 if redeemed on or subsequent to June 1, 1993 and prior to June 1, 1994, or
$101.98 if redeemed on or subsequent to June 1, 1994 and prior to June 1, 1995, or
$101.48 if redeemed on or subsequent to June 1, 1995 and prior to June 1, 1996, or
$100.99 if redeemed on or subsequent to June 1, 1996 and prior to June 1, 1997, or
$100.49 if redeemed on or subsequent to June 1, 1 997 and prior to June 1, 1998, or
$100.00 if redeemed on or subsequent to June 1 plus, in any case, accumulated and unpaid dividends to the date of such redemption; provided, however, that prior to June 1, 1989, no shares of the 9 3/8% Cumulative Preferred Stock ($100 par value) may be redeemed (other than for the mandatory or optional sinking fund for the 9 3/8% Cumulative Preferred Stock ($100 par value)), directly or indirectly, with the proceeds of issuance of any indebtedness or stock ranking prior to the Common Stock as to dividends or assets, if such indebtedness or stock has an interest or dividend rate or an effective interest or dividend cost to the Corporation or any subsidiary or affiliate thereof, computed in accordance with accepted financial practice, of less than 9 3/8% per annum; and, provided further, that shares of the 9 3/8% Cumulative Preferred Stock ($100 par value) will be redeemable, from any funds regardless of cost, for the mandatory or optional sinking fund at the sinking fund redemption price, which shall be $100 per share plus accumulated and unpaid dividends to the date of such redemption. The Corporation shall redeem and apply, as and for a mandatory sinking fund for the 9 3/8% Cumulative Preferred Stock ($100 par value), on June 1, in each year of the fourteen years commencing June 1 sixteen thousand six hundred fifty (16,650) shares of the 9 3/8% Cumulative Preferred Stock ($100 par value), and, on June 1 sixteen thousand nine hundred (16,900) such shares. The obligation of the Corporation to redeem and apply shares of the 9 3/8% Cumulative Preferred Stock ($100 par value) as and for said mandatory sinking fund shall be cumulative. The Corporation may redeem and apply on each said June 1, as and for an optional sinking fund for the 9 3/8% Cumulative Preferred Stock ($100 par value), any number of additional such shares up to sixteen thousand six hundred fifty (16,650) shares, but not exceeding a cumulative total of thirty-seven thousand five hundred (37,500) additional shares. The right of the Corporation to redeem and apply shares of the 9 3/8% Cumulative Preferred Stock ($100 par value) as and for said optional sinking fund shall not be cumulative. No redemption, purchase, retirement or other acquisition of shares of the 9 3/8% Cumulative Preferred Stock ($100 par value) by the Corporation on or prior to any said June 1 (other than redemption as and for the mandatory sinking fund as hereinabove provided) shall be credited to or relieve the Corporation to any extent from its obligation to redeem and apply shares thereof as and for the mandatory sinking fund. Shares of the 9 3/8% Cumulative Preferred Stock ($100 par value) redeemed and applied in satisfaction of the mandatory sinking fund, or redeemed and applied as and for the optional sinking fund,

or redeemed, purchased, retired, or otherwise acquired by the Corporation for any other purpose, may not be reissued in said series but shall become authorized but unissued shares of Cumulative Preferred Stock of the Corporation.

S. There is hereby created a series of Cumulative Preferred Stock ($100 par value) limited to 130,000 shares which is designated as " 13 1/4% Cumulative Preferred Stock ($100 par value)". The holders of the 13 1/4% Cumulative Preferred Stock ($100 par value) shall be entitled to receive, out of funds legally available for the payment thereof, when, as and if declared by the Board of Directors, dividends in lawful money of the United States of America at the rate of thirteen and one4ourth percent (13 1 /4%) of the par value thereof per annum and no more, payable quarterly on the first days of March, June, September and December of each year, beginning September 1 Dividends upon the 13 1/4% Cumulative Preferred Stock ($100 par value) shall accrue from and be cumulative from the date of original issue. In the event of any liquidation, dissolution or winding up of the Corporation, the holders of the 13 1/4% Cumulative Preferred Stock ($100 par value) shall be entitled to receive, for each share thereof, an amount in cash equal to the par value thereof, together with a sum equal to all dividends accumulated and unpaid thereon to the date of liquidation, before any distribution of the assets shall be made to holders of the Cumulative Preference Stock or the Common Stock. In the event such liquidation, dissolution or winding up of the Corporation is voluntary, the holders of the 13 1/4% Cumulative Preferred Stock ($100 par value) shall also be entitled to receive for each share, before any distribution of the assets shall be made to holders of the Cumulative Preference Stock or the Common Stock, a premium equal to $13.25 prior to June 1 and the excess of the regular redemption price thereof over $100 thereafter. The holders of the l3 1/4% Cumulative Preferred Stock ($100 par value) shall be entitled to no further participation in the distribution of the assets of the Corporation. The Corporation may, at its option expressed by resolution of the Board of Directors, at any time, redeem the whole, or from time to time any part, of the 13 1/4% Cumulative Preferred Stock ($100 par value) at the time outstanding by the payment of a regular redemption price per share equal to $113.25 if redeemed prior to June 1, 1981,or $112.47 if redeemed on or subsequent to June 1 and prior to June 1, l 982, or $111.69 if redeemed on or subsequent to June 1, l 982, and prior to June 1, 1983, or S 1 if redeemed on or subsequent to June 1 and prior to June 1, 1984, or $110.13 if redeemed on or subsequent to June 1 and prior to June 1, 1985, or $109.35 if redeemed on or subsequent to June 1 and prior to June 1, 1986, or $108.57 if rcdeemed on or subsequent to June 1, 1986, and prior to June 1, 1987, or $107.79 if redeemed on or subsequent to Junc 1, 1987, and prior to June 1, 1988,
or $107.01 if redeemed on or subsequent to June 1, 1988, and prior to June 1, 1989, or
$106.24 if redeemed on or subsequent to June 1, 1989, and prior to June 1, 1990, or
$105.46 if redeemed on or subsequent to June 1, 1990, and prior to June 1, 1991, or
$104.68 if redeemed on or subsequent to June 1, 1991, and prior to June l, 1992, or

$103.90 if redeemed on or subsequent to June 1, 1992, and prior to June 1, 1993, or
$103.12 if redeemed on or subsequent to June 1, 1993, and prior to June 1, 1994, or
$102.34 if redeemed on or subsequent to June 1, 1994, and prior to June 1, 1995, or
$101.56 if redeemed on or subsequent to June 1, 1995, and prior to June 1, 1996, or
$100.78 if redeemed on or subsequent to June 1, 1996, and prior to June 1, 1997, or
$100.00 if redeemed on or subsequent to June 1 plus, in any case, accumulated and unpaid dividends to the date of such redemption; provided, however; that prior to June 1, 1990, no shares of the 13 1/4% Cumulative Preferred Stock ($100 par value) may be redeemed (other than for the mandatory or optional sinking fund for the 13 1/4% Cumulative Preferred Stock ($100 par value) or pursuant to Section 6.1 of the Preferred Stock Agreements dated April 23, 1980, between the Corporation and the original purchasers of the shares of the 13 1/4% Cumulative Preferred Stock ($100 par value)), directly or indirectly, with the proceeds of issuance of any indebtedness or stock ranking prior to the Common Stock as to dividends or assets, if such indebtedness or stock has an interest or dividend rate or an effective interest or dividend cost to the Corporation or any subsidiary or affiliate thereof, computed in accordance with accepted financial practice, of less than 13 1/4% per annum or with the proceeds of issuance of any shares of Common Stock; and, provided, further, that shares of the 13 1/4% Cumulative Preferred Stock ($1 00 par value) will be redeemable, from any funds regardless of cost, for the mandatory or optional sinking fund at the sinking fund redemption price, which shall be $100 per share plus accumulated and unpaid dividends to the date of such redemption. The Corporation shall redeem and apply, as and for a mandatory sinking fund for the 13 1/4% Cumulative Preferred Stock ($100 par value), on June 1, in each year of the fourteen years commencing June 1, 1986, eight thousand six hundred sixty (8.660) shares of the 13 1/4% Cumulative Preferred Stock ($100 par value), and, on June 1, 2000, eight thousand seven hundred sixty (8,760) such shares. The obligation of the Corporation to redeem and apply shares of the 13 1/4% Cumulative Preferred Stock ($100 par value) as and for said mandatory sinking fund shall be cumulative. The Corporation may redeem and apply on each said June 1, as and for an optional sinking fund for the 13 1/4% Cumulative Preferred Stock ($100 par value), any number of additional such shares up to eight thousand six hundred sixty (8,660) shares, but not exceeding a cumulative total of forty-three thousand three hundred thirty-three (43,333) additional shares. The right of the Corporation to redeem and apply shares of the 13 1/4% Cumulative Preferred Stock ($100 par value) as and for said optional sinking fund shall not be cumulative. No redemption, purchase, retirement or other acquisition of shares of the 13 1/4% Cumulative Preferred Stock ($100 par value) by the Corporation on or prior to any said June 1 (other than redemption as and for the mandatory sinking fund as hereinabove provided) shall be credited to or relieve the Corporation to any extent from its obligation to redeem and apply shares thereof as and for the mandatory sinking fund. Shares of the 13 1/4% Cumulative Preferred Stock ($100 par value) redeemed and applied in satisfaction of the mandatory sinking fund, or redeemed and

applied as and for the optional sinking fund, or redeemed, purchased, retired, or otherwise acquired by the Corporation for any other purpose, may not be reissued in said series but shall become authorized but unissued shares of Cumulative Preferred Stock of the Corporation.

T. There is hereby created a series of Cumulative Preferred Stock ($100 par value) limited to 200,000 shares which is designated as "12.65% Cumulative Preferred Stock ($100 par value)". The holders of the 12.65% Cumulative Preferred Stock ($100 par value) shall be entitled to receive, out of funds legally available for the payment thereof, when, as and if declared by the Board of Directors, dividends in lawful money of the United States of America at the rate of twelve and sixty-five one hundredths percent (12.65%) of the par value thereof per annum and no more, payable quarterly on the fast days of March, June, September and December of each year, beginning September 1 Dividends upon the 12.65% Cumulative Preferred Stock ($100 par value) shall accrue from and be cumulative from the date of original issue. In the event of any liquidation, dissolution or winding up of the Corporation, the holders of the 12.65% Cumulative Preferred Stock ($100 par value) shall be entitled to receive, for each share thereof, an amount in cash equal to the par value thereof, together with a sum equal to all dividends accumulated and unpaid thereon, before any distribution of the assets shall be made to holders of the Cumulative Preference Stock or the Common Stock. In the event such liquidation, dissolution or winding up of the Corporation is voluntary, the holders of the 12.65% Cumulative Preferred Stock ($100 par value) shall also be entitled to receive for each share, before any distribution of the assets shall be made to holders of the Cumulative Preference Stock or the Common Stock, a premium equal to the excess of the regular redemption price thereof over $100. The holders of the 12.65% Cumulative Preferred Stock ($100 par value) shall be entitled to no further participation in the distribution of the assets of the Corporation. The Corporation may, at its option expressed by resolution of the Board of Directors, at any time redeem the whole, or from time to time any part, of the 12.65% Cumulative Preferred Stock ($100 par value) at the time outstanding by the payment of a regular redemption price equal to 112.65% of the par value thereof if redeemed on or prior to June 1 ,1985, or 108.50% of the par value thereof if redeemed subsequent to June 1, 1985 and on or prior to June 1, 1990, or 104.25% of the par value thereof if redeemed subsequent to June 1, 1990 and on or prior to June 1, 1995, or 100.00% of the par value thereof if redeemed subsequent to June 1, 1995, plus, in any case, accumulated and unpaid dividends to the date of such redemption; provided, however, that prior to June 1 no shares of the 12.65% Cumulative Preferred Stock ($100 par value) may be redeemed, directly or indirectly, from the proceeds or in anticipation of any refunding operation (other than for the sinking fund for the 12.65% Cumulative Preferred Stock ($100 par value) or through the use of stock junior to Cumulative Preferred Stock) involving an effective cost of money to the Corporation, computed in accordance with accepted financial practice, of less than 12.65% per annum; and,

provided further, that shares of the 12.65% Cumulative Preferred Stock ($100 par value) may be redeemed, from any funds legally available therefor, regardless of cost, on and after June 1, 1986, for the sinking fund hereinafter provided for, at $100 per share plus accumulated and unpaid dividends to the date of such redemption (hereinafter referred to as the "Sinking Fund Redemption Price"). So long as there shall be outstanding any shares of the 12.65% Cumulative Preferred Stock ($100 par value), after full dividends on the outstanding Cumulative Preferred Stock of all series shall have been paid or declared and set apart for payment with respect to all past dividend periods and the current dividend period, the Corporation shall redeem, pursuant to paragraph D of Article FOURTH, Cumulative Preferred Stock, of the Amended Articles of Incorporation, for a sinking fund for the retirement of shares of the 12.65% Cumulative Preferred Stock ($100 par value), at the Sinking Fund Redemption Price, 8,000 shares of the 12.65% Cumulative Preferred Stock ($100 par value), on June 1 in each year beginning 1986, unless a fewer number of such shares shall be outstanding in which case the fewer number shall be so redeemed ;provided, however, that the Corporation may apply, as a credit against the number of shares of 12.65% Cumulative Preferred Stock ($100 par value) to be redeemed for the sinking fund as aforesaid, any shares of the 12.65% Cumulative Preferred Stock ($100 par value) previously purchased or redeemed by the Corporation, other than shares previously redeemed for the sinking fund or shares redeemed pursuant to the following sentence or shares previously so applied as a credit. On June 1 in each year beginning 1986, the Corporation may, at its option, redeem, at the Sinking Fund Redemption Price, an additional 8,000 shares of the 12.65% Cumulative Preferred Stock ($100 par value); provided, however, the redemption of such additional shares shall not reduce the amount so required to be redeemed in any subsequent year; and provided, further, the right of the Corporation to redeem such additional shares shall not be cumulative. If the Corporation shall fail for any reason on any such June 1 to redeem and credit 8,000 shares for the sinking fund, the number of shares to be redeemed and credited on the next such June 1 shall be increased by the amount of the deficiency. Unless all shares of the 12.65% Cumulative Preferred Stock (S 100 par value) theretofore required to be redeemed for the sinking fund for the 12.65%G Cumulative Preferred Stock ($100 par value) shall have been redeemed, no dividends shall be declared or paid upon or set apart for the Common Stock or any other stock ranking junior to the Cumulative Preferred Stock in respect of dividends or assets, and no shares of Common Stock or any other stock ranking junior to the Cumulative Preferred Stock in respect of dividends or assets shall be purchased or otherwise acquired for a consideration by the Corporation. Shares of the 12.65% Cumulative Preferred Stock (S 100 par value) purchased or redeemed by the Corporation may not be reissued in said series but shall become authorized but unissued shares of Cumulative Preferred Stock ($100 par value) of the Corporation.

U. There is hereby created a series of Cumulative Preferred Stock ($100 par value) limited to 300,000 shares which is designated as "14.80% Cumulative Preferred Stock ($100 par value)". The holders of the 14.80% Cumulative Preferred Stock ($100 par value) shall be entitled to receive, out of funds legally available for the payment thereof, when, as and if declared by the Board of Directors, dividends in lawful money of the United States of America at the rate of fourteen and eighty one hundredths percent (14.80%) of the par value thereof per annum and no more, payable quarterly on the first days of March, June, September and December of each year, beginning June 1 Dividends upon the 14.80% Cumulative Preferred Stock ($100 par value) shall accrue from and be cumulative from the date of original issue. In the event of any liquidation, dissolution or winding up of the Corporation, the holders of the 14.80% Cumulative Preferred Stock ($100 par value) shall be entitled to receive, for each share thereof, an amount in cash equal to the par value thereof, together with a sum equal to all dividends accumulated and unpaid thereon, before any distribution of the assets shall be made to holders of the Cumulative Preference Stock or the Common Stock. In the event such liquidation, dissolution or winding up of the Corporation is voluntary, the holders of the 14.80% Cumulative Preferred Stock ($100 par value) shall also be entitled to receive for each share, before any distribution of the assets shall be made to holders of the Cumulative Preference Stock or the Common Stock, a premium equal to the excess of the regular redemption price thereof over $100. The holders of the 14.80% Cumulative Preferred Stock ($100 par value) shall be entitled to no further participation in the distribution of the assets of the Corporation. The Corporation may, at its option expressed by resolution of the Board of Directors, at any time redeem the whole, or from time to time any part, of the 14.80% Cumulative Preferred Stock ($100 par value) at the time outstanding by the payment of a regular redemption price equal to l 14.80% of the par value thereof if redeemed on or prior to March l ,1986, or 110.00% of the par value thereof if redeemed subsequent to March 1, 1986 and on or prior to March 1, 1991, or 105.00% of the par , value thereof if redeemed subsequent to March 1 and on or prior to March 1, 1996, or 100.00% of the par value thereof if redeemed subsequent to March 1, 1996, plus, in any case, accumulated and unpaid dividends to the date of such redemption; provided, however, that prior to March 1, 1986 no shares of the 14.80% Cumulative Preferred Stock ($100 par value) may be redeemed, directly or indirectly, from the proceeds or in anticipation of any refunding operation (other than for the sinking fund for the 14.80% Cumulative Preferred Stock ($100 par value) or through the use of stock junior to Cumulative Preferred Stock) involving an effective cost of money to the Corporation, computed in accordance with accepted financial practice, of less than 14.80% per annum; and, provided further, that shares of the 14.80% Cumulative Preferred Stock ($100 par value) may be redeemed, from any funds legally available therefor, regardless of cost, on and after March 1, 1987, for the sinking fund hereinafter provided for, at $100 per share plus accumulated and unpaid dividends to the date of such redemption (hereinafter referred to as the "Sinking Fund Redemption Price"). So long as there shall be outstanding any

shares of the 14.80% Cumulative Preferred Stock ($100 par value), after full dividends on the outstanding Cumulative Preferred Stock of all series shall have been paid or declared and set apart for payment with respect to all past dividend periods and the current dividend period, the Corporation shall redeem, pursuant to paragraph D of Article FOURTH, Cumulative Preferred Stock, of the Amended Articles of Incorporation, as amended, for a sinking fund for the retirement of shares of the 14.80% Cumulative Preferred Stock ($100 par value), at the Sinking Fund Redemption Price, 12,000 shares of the 14.80% Cumulative Preferred Stock ($100 par value), on March 1 in each year beginning 1987, unless a fewer number of such shares shall be outstanding in which case the fewer number shall be so redeemed; provided, however, that the Corporation may apply, as a credit against the number of shares of 14.80% Cumulative Preferred Stock ($100 par value) to be redeemed for the sinking fund as aforesaid, any shares of the 14.80% Cumulative Preferred Stock ($100 par value) previously purchased or redeemed by the Corporation, other than shares previously redeemed for the sinking fund or shares redeemed pursuant to the following sentence or shares previously so applied as a credit. On March 1 in each year beginning 1987, the Corporation may, at its option, redeem, at the Sinking Fund Redemption Price, an additional 12,000 shares of the 14.80% Cumulative Preferred Stock ($100 par value); provided, however, the redemption of such additional shares shall not reduce the amount so required to be redeemed *in any* subsequent year; and provided, further, the right of the Corporation to redeem such additional shares shall not be cumulative. If the Corporation shall fail for any reason on any such March 1 to redeem and credit 12,000 shares for the sinking fund, the number of shares to be redeemed and credited on the next such March 1 shall be increased by the amount of the deficiency. Unless all shares of the 14.80% Cumulative Preferred Stock ($100 par value) theretofore required to be redeemed for the sinking fund for the 14.80% Cumulative Preferred Stock ($100 par value) shall have been redeemed, no dividends shall be declared or paid upon or set apart for the Common Stock or any other stock ranking junior to the Cumulative Preferred Stock in respect of dividends or assets, and no shares of Common Stock or any other stock ranking junior to the Cumulative Preferred Stock in respect of dividends or assets shall be purchased or otherwise acquired for a consideration by the Corporation. Shares of the 14.80% Cumulative Preferred Stock ($100 par value) purchased or redeemed by the Corporation may not be reissued in said series but shall become authorized but unissued shares of Cumulative Preferred Stock ($100 par value) of the Corporation.

V. There is hereby created a series of Cumulative Preferred Stock ($25 par value) limited to 800,000 shares which is designated as "$4.28 Cumulative Preferred Stock ($25 par value)". The holders of the $4.28 Cumulative Preferred Stock ($25 par value) shall be entitled to receive, out of funds legally available for the payment thereof, when, as and if declared by the Board of Directors, dividends in lawful money of the United States of America at the rate of $4.28 per annum and no more, payable quarterly on the first days

of March, June, September and December of each year, beginning September 1, 1982. Dividends upon the $4.28 Cumulative Preferred Stock ($25 par value) shall accrue from and be cumulative from the date of original issue. In the event of any liquidation, dissolution or winding up of the Corporation, the holders of the $4.28 Cumulative Preferred Stock ($25 par value) shall be entitled to receive, for each share thereof, an amount in cash equal to the par value thereof, together with a sum equal to all dividends accumulated and unpaid thereon, before any distribution of the assets shall be made to holders of the Cumulative Preference Stock or the Common Stock. In the event such liquidation, dissolution or winding up of the Corporation is voluntary, the holders of the $4.28 Cumulative Preferred Stock ($25 par value) shall also be entitled to receive for each share, before any distribution of the assets shall be made to holders of the Cumulative Preference Stock or the Common Stock, a premium equal to the excess of the regular redemption price thereof over $25. The holders of the $4.28 Cumulative Preferred Stock ($25 par value) shall be entitled to no further participation in the distribution of the assets of the Corporation. The Corporation may, at its option expressed by resolution of the Board of Directors, at any time redeem the whole, or from time to time any part, of the $4.28 Cumulative Preferred Stock ($25 par value) at the time outstanding by the payment of a regular redemption price equal to $31.78 per share if redeemed on or prior to April 15, 1987, or $30.38 per share if redeemed subsequent to April 15, 1987 and on or prior to April 15, 1992, or $28.98 per share if redeemed subsequent to April 15, 1992 and on or prior *to* April 15, 1997, or $27.50 per share if redeemed subsequent to April 15, 1997, plus, in any case, accumulated and unpaid dividends to the date of such redemption; provided, however, that prior to April 15, 1987 no shares of the $4.28 Cumulative Preferred Stock ($25 par value) may be redeemed, directly or indirectly, from the proceeds or in anticipation of any refunding operation (other than through the use of stock junior to Cumulative Preferred Stock) involving an effective cost of money to the Corporation, computed in accordance with accepted financial practice, of less than 15.56% per annum. Shares of the $4.28 Cumulative Preferred Stock ($25 par value) purchased or redeemed by the Corporation may not be reissued in said series but shall become authorized but unissued shares of Cumulative Preferred Stock ($25 par value) of the Corporation.

W. There is hereby created a series of Cumulative Preferred Stock ($25 par value) limited to 1,200,000 shares which is designated as "$3.47 Cumulative Preferred Stock ($25 par value)." The holders of the $3.47 Cumulative Preferred Stock ($25 par value) shall be entitled to receive, out of funds legally available for the payment thereof, when, as and if declared by the Board of Directors, dividends in lawful money of the United States of America at the rate of $3.47 per annum and no more, payable quarterly on the first days of March, June, September and December of each year, beginning September 1 ,1983. Dividends upon the $3.47 Cumulative Preferred Stock ($25 par value) shall accrue from and be cumulative from the date of original issue. In the event of any liquidation, dissolution or

winding up of the Corporation, the holders of the $3.47 Cumulative Preferred Stock ($25 par value) shall be entitled to receive, for each share thereof, an amount in cash equal to the par value thereof, together with a sum equal to all dividends accumulated and unpaid thereon, before any distribution of the assets shall be made to holders of the Cumulative Preference Stock or the Common Stock. In the event such liquidation, dissolution or winding up of the Corporation is voluntary, the holders of the $3.47 Cumulative Preferred Stock ($25 par value) shall also be entitled to receive for each share, before any distribution of the assets shall be made to holders of the Cumulative Preference Stock or the Common Stock, a premium equal to the excess of the regular redemption price thereof over $25. The holders of the $3.47 Cumulative Preferred Stock ($25 par value) shall be entitled to no further participation in the distribution of the assets of the Corporation. The Corporation may, at its option expressed by resolution of the Board of Directors, at any time redeem the whole, or from time to time any part, of the $3.47 Cumulative Preferred Stock ($25 par value) at the time outstanding by the payment of a regular redemption price equal to $30.97 per share if redeemed on or prior to April 15, 1988, or $29.81 per share if redeemed subsequent to April 15, 1988 and on or prior to April 15, 1993, or $28.65 per share if redeemed subsequent to April 15, 1993 and on or prior to April 15, 1998 or $27.50 per share if redeemed subsequent to April 15, 1998, plus, in any case, accumulated and unpaid dividends to the date of such redemption; provided, however, that prior to April 1 no shares of $3.47 Cumulative Preferred Stock ($25 par value) may be redeemed, directly or indirectly, from the proceeds or in anticipation of any refunding operation (other than through the use of stock junior to Cumulative Preferred Stock) involving an effective cost of money to the Corporation, computed in accordance with accepted financial practice, of less than 12.62% per annum. Shares of the $3.47 Cumulative Preferred Stock ($25 par value) purchased or redeemed by the Corporation may not be reissued in said series but shall become authorized but unissued shares of Cumulative Preferred Stock (S25 par value) of the Corporation.

X. There is hereby created a series of Cumulative Preferred Stock ($25 par value) limited to 1,200,000 shares which is designated as "$3.75 Cumulative Preferred Stock ($25 par value)." The holders of the $3.75 Cumulative Preferred Stock ($25 par value) shall be entitled to receive, out of funds legally available for the payment thereof, when, as and if declared by the Board of Directors, dividends in lawful money of the United States of America at the rate of $3.75 per annum and no more, payable quarterly on the first days of March, June, September and December of each year, beginning June 1 Dividends upon the $3.75 Cumulative Preferred Stock ($25 par value) shall accrue from and be cumulative from the date of original issue. In the event of any liquidation, dissolution or winding up of the Corporation, the holders of the $3.75 Cumulative Preferred Stock (S25 par value) shall be entitled to receive, for each share thereof, an amount in cash equal to the par value thereof, together with a sum equal to all dividends accumulated and unpaid thereon, before

any distribution of the assets shall be made to holders of the Cumulative Preference Stock or the Common Stock. In the event such liquidation, dissolution or winding up of the Corporation is voluntary, the holders of the $3.75 Cumulative Preferred Stock ($25 par value) shall also be entitled to receive for each share, before any distribution of the assets shall be made to holders of the Cumulative Preference Stock or the Common Stock, a premium equal to the excess of the regular redemption price thereof over $25.00. The holders of the $3.75 Cumulative Preferred Stock ($25 par value) shall be entitled to no further participation in the distribution of the assets of the Corporation. The Corporation may, at its option expressed by resolution of the Board of Directors, at any time redeem the whole, or from time to time any part, of the $3.75 Cumulative Preferred Stock ($25 par value) at the time outstanding by the payment of a regular redemption price equal to $28.75 per share if redeemed on or prior to March 1 or $27.50 per share if redeemed subsequent to March 1, 1989 and on or prior to March 1, 1994, or $26.25 per share if redeemed subsequent to March 1, 1994 and on or prior to March 1, 1999 or $25.00 per share if redeemed subsequent to March 1, 1999, plus, in any case, accumulated and unpaid dividends to the date of such redemption; provided, however, that prior to March 1, 1989 no shares of the $3.75 Cumulative Preferred Stock ($25 par value) may be redeemed, directly or indirectly, from the proceeds or in anticipation of any refunding operation (other than through the use of stock junior to Cumulative Preferred Stock) involving an effective cost of money to the Corporation, computed in accordance with accepted financial practice, of less than 15% per annum; and, provided further, that shares of the $3.75 Cumulative Preferred Stock ($25 par value) may be redeemed, from any funds legally available therefor, regardless of cost, on and after March 1, 1990 for the sinking fund hereinafter provided for, at $25.00 per share plus accumulated and unpaid dividends to the date of such redemption (hereinafter referred to as the "Sinking Fund Redemption Price"). So long as there shall be outstanding any shares of the $3.75 Cumulative Preferred Stock ($25 par value), after full dividends on the outstanding Cumulative Preferred Stock of all series shall have been paid or declared and set apart for payment with respect to all past dividend periods and the current dividend period, the Corporation shall redeem, pursuant to paragraph D of Article FOURTH, Cumulative Preferred Stock, of the Amended Articles of Incorporation, as amended, for a sinking fund for the retirement of shares of the $3.75 Cumulative Preferred Stock ($25 par value), at the Sinking Fund Redemption Price, 60,000 shares of the $3.75 Cumulative Preferred Stock ($25 par value), on March 1 in each year beginning 1990, unless a fewer number of shares shall be outstanding in which case the fewer number shall be so redeemed; provided, however, that the Corporation may apply, as a credit against the number of shares of $3.75 Cumulative Preferred Stock ($25 par value) to be redeemed for the sinking fund as aforesaid, any shares of the $3.75 Cumulative Preferred Stock ($25 par value) previously purchased or redeemed by the Corporation, other than shares previously redeemed for the sinking fund or shares redeemed pursuant to the following sentence or shares previously so applied as a credit. On March 1 in each year

beginning 1990, the Corporation may, at its option redeem, at the Sinking Fund Redemption Price, an additional 60,000 shares of the $3.75 Cumulative Preferred Stock ($25 par value); provided, however, the redemption of such additional shares shall not reduce the amount so required to be redeemed in any subsequent year; and provided, further, the right of the Corporation to redeem such additional shares shall not be cumulative. If the Corporation shall fail for any reason on any such March 1 to redeem and credit 60,000 shares for the sinking fund, the number of shares to be redeemed and credited on the next such March 1 shall be increased by the amount of the deficiency. Unless all shares of the $3.75 Cumulative Preferred Stock ($25 par value) theretofore required to be redeemed for the sinking fund for the $3.75 Cumulative Preferred Stock ($25 par value) shall have been redeemed, no dividends shall be declared or paid upon or set apart for the Common Stock or any other stock ranking junior to the Cumulative Preferred Stock in respect of dividends or assets, and no shares of Common Stock or any other stock ranking junior to the Cumulative Preferred Stock in respect of dividends or assets shall be purchased or otherwise acquired for a consideration by the Corporation. Shares of the $3.75 Cumulative Preferred Stock ($25 par value) purchased or redeemed by the Corporation may not be reissued in said series but shall become authorized but unissued shares of Cumulative Preferred Stock ($25 par value) of the Corporation.

Y. There is hereby created a series of Cumulative Preferred Stock ($25 par value) limited to 1,400,000 shares which is designated as "$3.72 Cumulative Preferred Stock ($25 par value)." The holders of the $3.72 Cumulative Preferred Stock ($25 par value) shall be entitled to receive, out of funds legally available for the payment thereof, when, as and if declared by the Board of Directors, dividends in lawful money of the United States of America at the rate of $3.72 per annum and no more, payable quarterly on the first days of March, June, September,, and December of each year, beginning March 1, 1985. Dividends upon the $3.72 Cumulative Preferred Stock ($25 par value) shall accrue from and be cumulative from the date of original issue. In the event of any liquidation, dissolution or winding up of the Corporation, the holders of the $3.72 Cumulative Preferred Stock ($25 par value) shall be entitled to receive, for each share thereof, an amount in cash equal to the par value thereof, together with a sum equal to all dividends accumulated and unpaid thereon, before any distribution of the assets shall be made to holders of the Cumulative Preference Stock or the Common Stock. In the event such liquidation, dissolution or winding up of the Corporation is voluntary, the holders of the $3.72 Cumulative Preferred Stock ($25 par value) shall also be entitled to receive for each share, before any distribution of the assets shall be made to holders of the Cumulative Preference Stock or the Common Stock, a premium equal to the excess of the regular redemption price thereof over $25.00. The holders of the $3.72 Cumulative Preferred Stock ($25 par value) shall be entitled to no further participation in the distribution of the assets of the Corporation. The Corporation may, at its option expressed by resolution of the Board of Directors, at any time redeem the

whole, or from time to time any part, of the $3.72 Cumulative Preferred Stock ($25 par value) at the time outstanding by the payment of a regular redemption price equal to $28.72 per share if redeemed on or prior to December 1, 1989, or $27.48 per share if redeemed subsequent to December 1 and on or prior to December 1 or $26.24 per share if redeemed subsequent to December 1, 1994 and on or prior to December 1, 1999, or $25.00 per share if redeemed subsequent to December 1, 1999, plus, in any case, accumulated and unpaid dividends to the date of such redemption; provided, however, that prior to December l , 1989 no shares of the $3.72 Cumulative Preferred Stock ($25 par value) may be redeemed, directly or indirectly, from the proceeds or in anticipation of any refunding operation (other than through the use of stock junior to Cumulative Preferred Stock) involving an effective cost of money to the Corporation, computed in accordance with accepted financial practice, of less than 14.88% per annum; and, provided further, that shares of the $3.72 Cumulative Preferred Stock ($25 par value) may be redeemed, from any funds legally available therefor, regardless of cost, on and after December 1 for the sinking fund hereinafter provided for, at $25.00 per share plus accumulated :and unpaid dividends to the date of such redemption (hereinafter referred to as the "Sinking Fund Redemption Price"). So long as there shall be outstanding any shares of the $3.72 Cumulative Preferred Stock ($25 par value), after full dividends on the outstanding Cumulative Preferred Stock of all series shall have been paid or declared and set apart for payment with respect to all past dividend periods and the current dividend period, the Corporation shall redeem, pursuant to paragraph D of Article FOURTH, Cumulative Preferred Stock, of the Amended Articles of Incorporation for a sinking fund for the retirement of shares of the $3.72 Cumulative Preferred Stock ($25 par value), at the Sinking Fund Redemption Price, 70,000 shares of the $3.72 Cumulative Preferred Stock ($25 par value), on December 1 in each year beginning 1990, unless a fewer number of shares shall be outstanding in which case the fewer number shall be so redeemed; provided, however, that the Corporation may apply, as a credit against the number of shares of $3.72 Cumulative Preferred Stock ($25 par value) to be redeemed for the sinking fund as aforesaid, any shares of the $3.72 Cumulative Preferred Stock ($25 par value) previously purchased or redeemed by the Corporation, other than shares previously redeemed for the sinking fund or shares redeemed pursuant to the following sentence or shares previously so applied as a credit. On December 1 in each year beginning 1990, the Corporation may, at its option redeem, at the Sinking Fund Redemption Price, an additional 70,000 shares of the $3.72 Cumulative Preferred Stock ($25 par value); provided, however, the redemption of such additional shares shall not reduce the amount so required to be redeemed in any subsequent year; and provided, further, the right of the Corporation to redeem such additional shares shall *not* be cumulative. If the Corporation shall fail for any reason on any such December 1 to redeem and credit 70,000 shares for the sinking fund, the number of shares to be redeemed and credited on the next such December 1 shall be increased by the amount of the deficiency. Unless all shares of the $3.72 Cumulative Preferred Stock ($25 par value) theretofore

required to be redeemed for the sinking fund for the $3.72 Cumulative Preferred Stock ($25 par value) shall have been redeemed, no dividends shall be declared or paid upon or set apart for the Common Stock or any other stock ranking *junior* to the Cumulative Preferred Stock in respect of dividends or assets, and no shares of Common Stock or any other stock ranking junior to the Cumulative Preferred Stock in respect of dividends or assets shall be purchased or otherwise acquired for a consideration by the Corporation. Shares of the $3.72 Cumulative Preferred Stock ($25 par value) purchased or redeemed by the Corporation may not be reissued in said series but shall become authorized but unissued shares of Cumulative Preferred Stock ($25 par value) of the Corporation.

Z. There is hereby created a series of Cumulative Preferred Stock ($25 par value) limited to 1,200,000 shares which is designated as "Adjustable Rate Preferred Stock, Series A ($25 par value)." The holders of the Adjustable Rate Preferred Stock, Series A ($25 par value) shall be entitled to receive, out of funds legally available for the payment thereof, when, as and if declared by the Board of Directors, dividends in lawful money of the United States of America, at the rate determined in accordance with the provisions stated in paragraph (2) below. The particular provisions applicable to the Adjustable Rate Preferred Stock, Series A ($25 par value) are as follows:

(1) Dividends on the Adjustable Rate Preferred Stock, Series A ($25 par value shall accrue from and be cumulative from the date of original issue and shall be payable quarterly on the first days of March, June, September and December of each year, beginning March 1,1986:

(2) The dividend rate per share (based on the par value) of the Adjustable Rate Preferred Stock, Series A ($25 par value) shall be 10.88% per annum through March 1, 1986 and at a rate that is .1 5% above the Applicable Rate (as defined in paragraph (a) below), from time to time in effect for each subsequent dividend period ; provided, however, the dividend rate for any dividend period shall in no event be less than 7% per annum or greater than 14% per annum.

(a) Except as provided below in this paragraph, the "Applicable Rate" for any dividend period will be the highest of the Treasury Bill Rate, the Ten Year Constant Maturity Rate and the Twenty Year Constant Maturity Rate (each as hereinafter defined) for such dividend period. In the event that the Corporation determines in good faith that for any reason one or more of such rates cannot be determined for any dividend period, then the Applicable Rate for such dividend period shall be the higher of whichever of such rates can be so determined. In the event that the Corporation determines in good faith that none of such rates can be determined for any dividend period, then the Applicable Rate in effect for the preceding dividend period shall be continued for such dividend period.

(b) Except as provided below in this paragraph, the "Treasury Bill Rate" for each dividend period shall be the arithmetic average of the two most recent weekly per annum market discount rates (or the one weekly per annum market discount rate, if only one such rate shall be published during the relevant Calendar Period (as defined below)) for three-month U.S. Treasury bills, as published weekly by the Board of Governors of the Federal Reserve System (the "Federal Reserve Board") during the Calendar Period immediately prior to the last ten calendar days of February, May, August or November, as the case may be, prior to the dividend period for which the dividend rate on the Adjustable Rate Preferred Stock, Series A ($25 par value) is being determined. If the Federal Reserve Board does not publish such a weekly per annum market discount rate during any such Calendar Period, then the Treasury Bill Rate for such dividend period shall be the arithmetic average of the two most recent weekly per annum market discount rates (or the one weekly per annum market discount rate, if only one such rate shall be published during the relevant Calendar Period) for three-month U.S. Treasury bills, as published weekly during such Calendar Period by any Federal Reserve Bank or by any U.S. Government department or agency selected by the Corporation. If a per annum market discount rate for three-month U.S. Treasury bills shall not be published by the Federal Reserve Board or by any Federal Reserve Bank or by any U.S. Government department or agency during such Calendar Period, then the Treasury Bill Rate for such dividend period shall be the arithmetic average of the two most recent weekly per annum market discount rates (or the one weekly per annum market discount rate, if only one such rate shall be published during the relevant Calendar Period) for all of the U.S. Treasury bills then having maturities of not less than 80 nor more than 100 days, as published during such Calendar Period by the Federal Reserve Board or, if the Federal Reserve Board shall not publish such rates, by any Federal Reserve Bank or by any U.S. Government department or agency selected by the Corporation. If the Corporation determines in good faith that for any reason no such U.S. Treasury bill rates are published as provided above during such Calendar Period, then the Treasury Bill Rate for such dividend period shall be the arithmetic average of the per annum market discount rates based upon the closing bids during such Calendar Period for each of the issues of marketable non-interest bearing U.S. Treasury securities with a maturity of not less than 80 nor more than 100 days from the date of each such quotation, as quoted daily for each business day in New York City (or less frequently if daily quotations shall not be generally available) to the Corporation by at least three recognized U.S. Government securities dealers selected by the Corporation. If the Corporation determines in good faith that for any reason the Corporation cannot determine the Treasury Bill Rate for any dividend period as provided above in this paragraph, the Treasury Bill Rate for such dividend period shall be the arithmetic average of the per annum market discount rates based upon the closing bids during such Calendar Period for each of the issues of marketable interest

bearing U.S. Treasury securities with a maturity of not less than 80 nor more than 100 days from the date of each such quotation, as quoted daily for each business day in New York City (or less frequently if daily quotations shall not be generally available) to the Corporation by at least three recognized U.S. Government securities dealers selected by the Corporation.

(c) Except as provided below in this paragraph, the "Ten Year Constant Maturity Rate" for each dividend period shall be the arithmetic average of the two most recent weekly per annum Ten Year Average Yields (as defined below) (or the one weekly per annum Ten Year Average Yield, if only one such Yield shall be published during the relevant Calendar Period as provided below), as published weekly by the Federal Reserve Board during the Calendar Period immediately prior to the last ten calendar days of February, May, August or November, as the case may be, prior to the dividend period for which the dividend rate on the Adjustable Rate Preferred Stock, Series A ($25 par value) is being determined. If the Federal Reserve Board does not publish such a weekly per annum Ten Year Average Yield during such Calendar Period, then the Ten Year Constant Maturity Rate for such dividend period shall be the arithmetic average of the two most recent weekly per annum Ten Year Average Yields (or the one weekly per annum Ten Year Average Yield, if only one such Yield shall be published during such Calendar Period), as published weekly during such Calendar Period by any Federal Reserve Bank or by any U.S. Government department or agency selected by the Corporation. If a per annum Ten Year Average Yield shall not be published by the Federal Reserve Board or by any Federal Reserve Bank or by any U.S. Government department or agency during such Calendar Period, then the Ten Year Constant Maturity Rate for such dividend period shall be the arithmetic average of the two most recent weekly per annum average yields to maturity (or the one weekly average yield to maturity, if only one such yield shall be published during such Calendar Period) for all of the actively traded marketable U.S. Treasury fixed interest rate securities (other than Special Securities, as defined below) then having maturities of not less than eight nor more than twelve years, as published during such Calendar Period by the Federal Reserve Board, or, if the Federal Reserve Board shall not publish such yields, by any Federal Reserve Bank or by any U.S. Government department or agency selected by the Corporation. If the Corporation determines in good faith that for any reason the Corporation cannot determine the Ten Year Constant Maturity Rate for any dividend period as provided above in this paragraph, then the Ten Year Constant Maturity Rate for such dividend period shall be the arithmetic average of the per annum average yields to maturity based upon the closing bids during such Calendar Period for each of the issues of actively traded marketable U.S. Treasury fixed interest rate securities (other than Special Securities) with a final maturity date not less than eight nor more than twelve years from the date of each such quotation, as quoted daily

for each business day in New York City (or less frequently if daily quotations shall not be generally available) to the Corporation by at least three recognized U.S. Government securities dealers selected by the Corporation.

(d) Except as provided below in this paragraph, the "Twenty Year Constant Maturity Rate" for each dividend period shall be the arithmetic average of the two most recent weekly per annum Twenty Year Average Yields (as defined below) (or the one weekly per annum Twenty Year Average Yield, if only one such Yield shall be published during the relevant Calendar Period), as published weekly by the Federal Reserve Board during the Calendar Period immediately prior to the last ten calendar days of February, May, August or November, as the case may be, prior to the dividend period for which the dividend rate on the Adjustable Rate Preferred Stock, Series A ($25 par value) is being determined. If the Federal Reserve Board does not publish such a weekly per annum Twenty Year Average Yield during such Calendar Period, then the Twenty Year Constant Maturity Rate for such dividend period shall be the arithmetic average of the two most recent weekly per annum Twenty Year Average Yields (or the one weekly per annum Twenty Year Average Yield, if only one such Yield shall be published during such Calendar Period), as published weekly during such Calendar Period by any Federal Reserve Bank or by any U.S. Government department or agency selected by the Corporation. If a per annum Twenty Year Average Yield shall not be published by the Federal Reserve Board or by any Federal Reserve Bank or by any U.S. Government department or agency during such Calendar Period, then the Twenty Year Constant Maturity Rate for such dividend period shall be the arithmetic average of the two most recent weekly per annum average yields to maturity (or the one weekly average yield to maturity, if only one such yield shall be published during such Calendar Period) for all of the actively traded marketable U.S. Treasury fixed interest rate securities (other than Special Securities) then having maturities of not less than eighteen nor more than twenty-two years, as published during such Calendar Period by the Federal Reserve Board or, if the Federal Reserve Board shall not publish such yields, by any Federal Reserve Bank or by any U.S. Government department or agency selected by the Corporation. If the Corporation determines in good faith that for any reason the Corporation cannot determine the Twenty Year Constant Maturity Rate for any dividend period as provided above in this paragraph, then the Twenty Year Constant Maturity Rate for such dividend period shall be the arithmetic average of the per annum average yields to maturity based upon the closing bids during such Calendar Period for each of the issues of actively traded marketable U.S. Treasury fixed interest rate securities (other than Special Securities) with a final maturity date not less than eighteen nor more than twenty-two years from the date of each such quotation, as quoted daily for each business day in New York City (or less frequently if daily quotations shall not be generally available) to the Corporation by at least three recognized U.S. Government securities dealers selected by the Corporation.

(e) The Treasury Bill Rate, the Ten Year Constant Maturity Rate and the Twenty Year Constant Maturity Rate shall each be rounded to the nearest one hundredth of a percentage point.

(f) The amount of dividends per share payable for each dividend period subsequent to the fixed dividend period shall be computed by dividing the dividend rate for such dividend period by four and applying such rate against the par value per share of the Adjustable Rate Preferred Stock, Series A ($25 par value). The amount of dividends payable for the fixed dividend period or any period shorter than a full quarterly dividend period shall be computed on the basis of 30-day months and a 360-day year.

(g) The dividend rate with respect to each dividend period shall be calculated as promptly as practicable by the Corporation. The mathematical accuracy of each such calculation will be confirmed in writing by independent accountants of recognized standing, as selected by the Corporation. The Corporation shall cause each individual rate to be published in a newspaper of general circulation in New York City prior to the commencement of the dividend period to which it applies.

(h) As used herein, the term "Calendar Period" means a period of fourteen consecutive calendar days; the term "Special Securities" means securities which can, at the option of the holder, be surrendered at face value in payment of any federal estate tax or which provide tax benefits to the holder and are priced to reflect such tax benefits or which were originally issued at a deep or substantial discount; the term "Ten Year Average Yield" means the average yield to maturity for actively traded marketable U.S. Treasury fixed interest rate securities (adjusted to constant maturities of ten years); and the term "Twenty Year Average Yield" means the average yield to maturity for actively traded marketable U.S. Treasury fixed interest rate securities (adjusted to constant maturities of twenty years).

(3) In the event of any liquidation, dissolution or winding up of the Corporation, the holders of the Adjustable Rate Preferred Stock, Series A ($25 par value) shall be entitled to receive, for each share thereof, an amount in cash equal to the par value thereof, together with a sum equal to all dividends accumulated and unpaid thereon before any distribution of the assets shall be made to holders of the Cumulative Preference Stock or the Common Stock. In the event such liquidation, dissolution or winding up of the Corporation is voluntary, the holders of the Adjustable Rate Preferred Stock, Series A ($25 par value) shall also be entitled to receive for each share, before any distribution of the assets shall be made to holders of the Cumulative Preference Stock or the Common Stock, a premium equal to the excess of the regular

redemption price thereof over $25.00. The holders of the Adjustable Rate Preferred Stock, Series A ($25 par value) shall be entitled to no further participation in the distribution of the assets of the Corporation.

(4) The Adjustable Rate Preferred Stock, Series A ($25 par value) shall not be redeemable prior to December 1 After November 30, the Adjustable Rate Preferred Stock, Series A ($25 par value) shall be redeemable, at the option of the Corporation, at any time in whole or in part from time to time, by payment of a redemption price equal to $25.75 per share if redeemed on or after December 1 and before December 1, 1995 and $25 per share if redeemed thereafter, plus in each case accumulated and unpaid dividends. Shares of the Adjustable Rate Preferred Stock, Series A ($25 par value) purchased or redeemed by the Corporation may not be reissued in said series but shall become authorized but unissued shares of Cumulative Preferred Stock ($25 par value) of the Corporation.

AA. There is hereby created a series of Cumulative Preferred Stock ($25 par value) limited to 1,200,000 shares which is designated as "Adjustable Rate Preferred Stock, Series B ($25 par value)." The holders of the Adjustable Rate Preferred Stock, Series B ($25 par value) shall be entitled to receive, out of funds legally available for the payment thereof, when, as and if declared by the Board of Directors, dividends in lawful money of the United States of America, at the rate determined in accordance with the provisions stated in paragraph (2) below. The particular provisions applicable to the Adjustable Rate Preferred Stock, Series B ($25 par value) are as follows:

(1) Dividends on the Adjustable Rate Preferred Stock, Series B ($25 par value) shall accrue from and be cumulative from the date of original issue and shall be payable quarterly on the first days of March, June, September and December of each year, beginning June 1, 1986.

(2) The dividend rate per share (based on the par value) of the Adjustable Rate Preferred Stock, Series B ($25 par value) shall be 9.25% per annum through August 31, 1986 and at a rate that is 1.00% above the Applicable Rate (as defined in paragraph (a) below), from time to time in effect for each subsequent dividend period ; provided, however, the dividend rate for any dividend period shall in no event be less than 7% per annum or greater than 13% per annum.

(a) Except as provided below in this paragraph, the "Applicable Rate" for any dividend period will be the highest of the Treasury Bill Rate, the Ten Year Constant Maturity Rate and the Twenty Year Constant Maturity Rate (each as hereinafter defined) for such dividend period. In the event that the Corporation determines in

good faith that for any reason one or more of such rates cannot be determined for any dividend period, then the Applicable Rate for such dividend period shall be the higher of whichever of such rates can be so determined. In the event that the Corporation determines in good faith that none of such rates can be determined for any dividend period, then the Applicable Rate in effect for the preceding dividend period shall be continued for such dividend period.

(b) Except as provided below in this paragraph, the "Treasury Bill Rate" for each dividend period shall be the arithmetic average of the two most recent weekly per annum market discount rates (or the one weekly per annum market discount rate, if only one such rate shall be published during the relevant Calendar Period (as defined below)) for three-month U.S. Treasury bills, as published weekly by the Board of Governors of the Federal Reserve System (the "Federal Reserve Board") during the Calendar Period immediately prior to the last ten calendar days of February, May, August or November, as the case may be, prior to the dividend period for which the dividend rate on the Adjustable Rate Preferred Stock, Series B ($25 par value) is being determined. If the Federal Reserve Board does not publish such a weekly per annum market discount rate during any such Calendar Period, then the Treasury Bill Rate for such dividend period shall be the arithmetic average of the two most recent weekly per annum market discount rates (or the one weekly per annum market discount rate, if only one such rate shall be published during the relevant Calendar Period) for three-month U.S. Treasury bills, as published weekly during such Calendar Period by any Federal Reserve Bank or by any U.S. Government department or agency selected by the Corporation. If a per annum market discount rate for three-month U.S. Treasury bills shall not be published by the Federal Reserve Board or by any Federal Reserve Bank or by any U.S. Government department or agency during such Calendar Period, then the Treasury Bill Rate for such dividend period shall be the arithmetic average of the two most recent weekly per annum market discount rates (or the one weekly per annum market discount rate, if only one such rate shall be published during the relevant Calendar Period) for all of the U.S. Treasury bills then having maturities of not less than 80 nor more than 100 days, as published during such Calendar Period by the Federal Reserve Board or, if the Federal Reserve Board shall not publish such rates, by any Federal Reserve Bank or by any U.S. Government department or agency selected by the Corporation. If the Corporation determines in good faith that for any reason no such U.S. Treasury bill rates are published as provided above during such Calendar Period, then the Treasury Bill Rate for such dividend period shall be the arithmetic average of the per annum market discount rates based upon the closing bids during such Calendar Period for each of the issues of marketable non-interest bearing U.S. Treasury securities with a maturity of not less than 80 nor more than 100 days from the date of each such quotation, as quoted daily for each business day in New York

City (or less frequently if daily quotations shall not be generally available) to the Corporation by at least three recognized U.S. Government securities dealers selected by the Corporation. If the Corporation determines in good faith that for any reason the Corporation cannot determine the Treasury Bill Rate for any dividend period as provided above in this paragraph, the Treasury Bill Rate for such dividend period shall be the arithmetic average of the per annum market discount rates based upon the closing bids during such Calendar Period for each of the issues of marketable interest bearing U.S. Treasury securities with a maturity of not less than 80 nor more than 100 days from the date of each such quotation, as quoted daily for each business day in New York City (or less frequently if daily quotations shall not be generally available) to the Corporation by at least three recognized U.S. Government securities dealers selected by the Corporation.

(c) Except as provided below in this paragraph, the "Ten Year Constant Maturity Rate" for each dividend period shall be the arithmetic average of the two most recent weekly per annum Ten Year Average Yields (as defined below) (or the one weekly per annum Ten Year Average Yield, if only one such Yield shall be published during the relevant Calendar Period as provided below), as published weekly by the Federal Reserve Board during the Calendar Period immediately prior to the last ten calendar days of February, May, August or November, as the case may be, prior to the dividend period for which the dividend rate on the Adjustable Rate Preferred Stock, Series B ($25 par value) is being determined. If the Federal Reserve Board does not publish such a weekly per annum Ten Year Average Yield during such Calendar Period, then the Ten Year Constant Maturity Rate for such dividend period shall be the arithmetic average of the two most recent weekly per annum Ten Year Average Yields (or the one weekly per annum Ten Year Average Yield, if only one such Yield shall be published during such Calendar Period), as published weekly during such Calendar Period by any Federal Reserve Bank or by any U.S. Government department or agency selected by the Corporation. If a per annum Ten Year Average Yield shall not be published by the Federal Reserve Board or by any Federal Reserve Bank or by any U.S. Government department or agency during such Calendar Period, then the Ten Year Constant Maturity Rate for such dividend period shall be the arithmetic average of the two most recent weekly per annum average yields to maturity (or the one weekly average yield to maturity, if only one such yield shall be published during such Calendar Period) for all of the actively traded marketable U.S. Treasury fixed interest rate securities (other than Special Securities, as defined below) then having maturities of not less than eight nor more than twelve years, as published during such Calendar Period by the Federal Reserve Board, or, if the Federal Reserve Board shall not publish such yields, by any Federal Reserve Bank or by any U.S. Government department or agency selected by the Corporation. If the Corporation determines in good faith that

for any reason the Corporation cannot determine the Ten Year Constant Maturity Rate for any dividend period as provided above in this paragraph, then the Ten Year Constant Maturity Rate for such dividend period shall be the arithmetic average of the per annum average yields to maturity based upon the closing bids during such Calendar Period for each of the issues of actively traded marketable U.S. Treasury fixed interest rate securities (other than Special Securities) with a final maturity date not less than eight nor more than twelve years from the date of each such quotation, as quoted daily for each business day in New York City (or less frequently if daily quotations shall not be generally available) to the Corporation by at least three recognized U.S. Government securities dealers selected by the Corporation.

(d) Except as provided below in this paragraph, the "Twenty Year Constant Maturity Rate" for each dividend period shall be the arithmetic average of the two most recent weekly per annum Twenty Year Average Yields (as defined below) (or the one weekly per annum Twenty Year Average Yield, if only one such Yield shall be published during the relevant Calendar Period), as published weekly by the Federal Reserve Board during the Calendar Period immediately prior to the last ten calendar days of February, May, August or November, as the case may be, prior to the dividend period for which the dividend rate on the Adjustable Rate Preferred Stock, Series B ($25 par value) is being determined. If the Federal Reserve Board does not publish such a weekly per annum Twenty Year Average Yield during such Calendar Period, then the Twenty Year Constant Maturity Rate for such dividend period shall be the arithmetic average of the two most recent weekly per annum Twenty Year Average Yields (or the one weekly per annum Twenty Year Average Yield, if only one such Yield shall be published during such Calendar Period), as published weekly during such Calendar Period by any Federal Reserve Bank or by any U.S. Government department or agency selected by the Corporation. If a per annum Twenty Year Average Yield shall not be published by the Federal Reserve Board or by any Federal Reserve Bank or by any U.S. Government department or agency during such Calendar Period, then the Twenty Year Constant Maturity Rate for such dividend period shall be the arithmetic average of the two most recent weekly per annum average yields to maturity (or the one weekly average yield to maturity, if only one such yield shall be published during such Calendar Period) for all of the actively traded marketable U.S. Treasury fixed interest rate securities (other than Special Securities) then having maturities of not less than eighteen nor more than twenty-two years, as published during such Calendar Period by the Federal Reserve Board or, if the Federal Reserve Board shall not publish such yields, by any Federal Reserve Bank or by any U.S. Government department or agency selected by the Corporation. If the Corporation determines in good faith that for any reason the Corporation cannot determine the Twenty Year Constant Maturity Rate for any dividend period as provided above in the paragraph then the Twenty Year

Constant Maturity Rate for such dividend period shall be the arithmetic average of the per annum average yields to maturity based upon the closing bids during such Calendar Period for each of the issues of actively traded marketable U.S. Treasury fixed interest rate securities (other than Special Securities) with a final maturity date not less than eighteen nor more than twenty-two years from the date of each such quotation, as quoted daily for each business day in New York City (or less frequently if daily quotations shall not be generally available) to the Corporation by at least three recognized U.S. Government securities dealers selected by the Corporation.

(e) The Treasury Bill Rate, the Ten Year Constant Maturity Rate and the Twenty Year Constant Maturity Rate shall each be rounded to the nearest one hundredth of a percentage point.

(f) The amount of dividends per share payable for each dividend period subsequent to the fixed dividend period shall be computed by dividing the dividend rate for such dividend period by four and applying such rate against the par value per share of the Adjustable Rate Preferred Stock, Series B ($25 par value). The amount of dividends payable for the fixed dividend period or any period shorter than a full quarterly dividend period shall be computed on the basis of 30-day months and a 360-day year.

(g) The dividend rate with respect to each dividend period shall be calculated as promptly as practicable by the Corporation. The mathematical accuracy of each such calculation will be confirmed in writing by independent accountants of recognized standing, as selected by the Corporation. The Corporation shall cause each individual rate to be published in a newspaper of general circulation in New York City prior to the commencement of the dividend period to which it applies.

(h) As used herein, the term "Calendar Period" means a period of fourteen consecutive calendar days; the term "Special Securities" means securities which can, at the option of the holder, be surrendered at face value in payment of any Federal estate tax or which provide tax benefits to the holder and are priced to reflect such tax benefits or which were originally issued at a deep or substantial discount; the term "Ten Year Average Yield" means the average yield to maturity for actively traded marketable U.S. Treasury fixed interest rate securities (adjusted to constant maturities of ten years); and the term "Twenty Year Average Yield" means the average yield to maturity for actively traded marketable U.S. Treasury fixed interest rate securities (adjusted to constant maturities of twenty years).

(3) In the event of any liquidation, dissolution or winding up of the Corporation, the holders of the Adjustable Rate Preferred Stock, Series B ($25 par value) shall be entitled to receive, for each share thereof, an amount in cash equal to the par value thereof, together with a sum equal to all dividends accumulated and unpaid thereon before any distribution of the assets shall be made to holders of the Cumulative Preference Stock or the Common Stock. In the event such liquidation, dissolution or winding up of the Corporation is voluntary, the holders of the Adjustable Rate Preferred Stock, Series B ($25 par value) shall also be entitled to receive for each share, before any distribution of the assets shall be made to holders of the Cumulative Preference Stock or the Common Stock, a premium equal to the excess of the regular redemption price thereof over $25.00. The holders of the Adjustable Rate Preferred Stock, Series B ($25 par value) shall be entitled to no further participation in the distribution of the assets of the Corporation.

(4) The Adjustable Rate Preferred Stock, Series B ($25 par value) shall not be redeemable prior to March 1, 1991. The Adjustable Rate Preferred Stock, Series B ($25 par value) shall be redeemable, at the option of the Corporation, at any time in whole or in part from time to time, by payment of a redemption price equal to $25.15 per share if redeemed on or after March 1, 1991 and before March 1, 1996, and $25 per share if redeemed thereafter, plus in each case accumulated and unpaid dividends. Shares of the Adjustable Rate Preferred Stock, Series B ($25 par value) purchased or redeemed by the Corporation may not be reissued in said series but shall become authorized but unissued shares of Cumulative Preferred Stock ($25 par value) of the Corporation.

CUMULATIVE PREFERENCE STOCK

A. Whenever voting rights shall otherwise vest in them by law or pursuant to any provision of these articles, the holders of the Cumulative Preference Stock shall be entitled to one vote for each share held. The authorized shares of Cumulative Preference Stock may be issued in series from time to time. All shares of any one series of Cumulative Preference Stock shall be alike in every particular and all shares of Cumulative Preference Stock shall rank equally. The express terms and provisions of shares of different series shall be identical except that there may be variations in respect of the dividend rate, dates of payment of dividends and dates from which they are cumulative, redemption rights and price, liquidation price, sinking fund requirements, conversion rights, and restrictions on issuance of shares of the same series or of any other class or series. The Board of Directors of the Corporation is authorized to fix, by the adoption of an amendment to the Articles creating each such series of the Cumulative Preference Stock, (a) the designation and number of shares of such series; (b) the dividend rate of such series; (c) the dates of payment of dividends on

shares of such series and the dates from which they are cumulative; (d) the redemption rights of the Corporation with respect to shares of such series and the price or prices at which shares of such series may be redeemed; (e) the amount or amounts payable to holders of shares of such series on any voluntary or involuntary liquidation, dissolution or winding up of the Corporation, which may be different for voluntary and involuntary liquidation, dissolution or winding up; (f) the amount of the sinking fund, if any, to be applied to the purchase or redemption of shares of such series and the manner of its application; (g) whether or not the shares of such series shall be made convertible into, or exchangeable for, shares of any other class or classes ranking junior to the Cumulative Preference Stock in regard to dividends or assets or of any other series of the same class of stock of the Corporation, and, if made so convertible or exchangeable, the conversion price or prices, or the rates of exchange, and the adjustments, if any, at which such conversion or exchange may be made; and (h) whether or not the issue of any additional shares of such series or any future series in addition to such series or any other class of stock shall be subject to any restrictions and, if so, the nature of such restrictions.

B. Dividends on shares of Cumulative Preference Stock of any series shall be payable at rates and on dates to be fixed by the Board of Directors at the time of the creation of such series. Dividends on the Cumulative Preference Stock of all series shall be cumulative, and no dividends shall be declared or paid upon or set apart for the Common Stock unless and until full dividends on the outstanding Cumulative Preference Stock of all series shall have been paid or declared and set apart for payment with respect to all past dividend periods and the current dividend period. Dividends shall accrue from and be cumulative from such date as may be fixed by the Board of Directors at the time of the creation of such series. In the event of the issue of additional Cumulative Preference Stock of any series after the initial issue of stock of such series, all dividends paid on Cumulative Preference Stock of such series prior to the issue of such additional Cumulative Preference Stock and all dividends declared and payable to holders of record of Cumulative Preference Stock of such series on a date prior to such additional issue shall be deemed to have been paid on the additional stock so issued.

C. If, upon any liquidation, dissolution or winding up, the assets distributable among the holders of the Cumulative Preference Stock of all series shall be insufficient to permit the payment of the full preferential amounts to which they shall be entitled, then all assets of the Corporation remaining after the distribution of assets to holders of all stock ranking prior to the Cumulative Preference Stock in respect of assets shall be distributed among the holders of the Cumulative Preference Stock of all series then outstanding, ratably in proportion to the full preferential amounts to which they are respectively entitled. Nothing in this paragraph C of Article FOURTH shall be deemed to prevent the purchase, acquisition or other retirement by the Corporation of any shares of its outstanding stock as now or in the

future authorized or permitted by the laws of the State of Ohio. A consolidation or merger of the Corporation with or into any other corporation or corporations, or a sale or transfer of all or substantially all of its property, shall not be deemed to be a liquidation, dissolution or winding up of the Corporation.

D. Notice of any proposed redemption of Cumulative Preference Stock of any series shall be given by the Corporation by mailing a copy of such notice, at least thirty (30) days, and not more than ninety (90) days, prior to the date fixed for such redemption, to the holders of record of the Cumulative Preference Stock to be redeemed, at their respective addresses then appearing upon the books of the Corporation. In case of the redemption of a part only of the Cumulative Preference Stock of any series at the time outstanding, the shares to be redeemed shall be selected by lot or pro rata, as the Board of Directors may determine. The Board of Directors shall have full power and authority, subject to the limitations and provisions herein contained, to prescribe the manner in which, and the terms and conditions upon which, the shares of the Cumulative Preference Stock of any series shall be redeemed from time to time. On or at any time before the redemption date specified in such notice, the Corporation shall deposit in trust, for the account of the holders of the shares to be redeemed, funds necessary for such redemption with a bank or trust company in good standing, (1) organized under the laws of the United States of America or of the State of New York and doing business in the Borough of Manhattan, City of New York, or (2) organized under the laws of the United States of America or of the State of Ohio and doing business in the City of Toledo. Ohio; and designated in such notice of redemption. Upon the mailing of the notice of redemption as above provided, or upon the making of such deposit, whichever is later, all shares with respect to the redemption of which such notice and deposit shall have been given and made shall, whether or not the certificates therefor shall have been surrendered for cancellation, be deemed to be no longer outstanding for any purpose, and all rights with respect to such shares shall thereupon cease and terminate, except only the right of the holders of the certificates for such shares to receive, out of the funds so deposited in trust, from and after the date of such deposit, the amount payable upon the redemption thereof, without interest; provided, however, that no right of conversion (if any) belonging to such shares, if such right of conversion is, by its terms, to exist for a period beyond the date of the mailing of such notice or the making of such deposit, shall be impaired by the mailing of such notice or the making of such deposit. At the expiration of six (6) years after the date of such deposit, such trust shall terminate. Any such moneys then remaining on deposit with such bank or trust company shall be paid over to the Corporation, and thereafter the holders of the certificates for such shares shall have no claims against such bank or trust company, but only claims as unsecured creditors against the Corporation for the amount payable upon the redemption thereof without interest.

The Corporation may also from time to time purchase or otherwise acquire, for a consideration, shares of its outstanding Cumulative Preference Stock of any series at prices not exceeding the current redemption price thereof. The Corporation shall not, however, purchase or otherwise acquire for a consideration any shares of Common Stock or of any other

stock ranking junior to the Cumulative Preference Stock in respect of dividends or assets unless full dividends at the fixed dividend rate or rates therefor with respect to all past dividend periods and the current dividend period in which such purchase or other acquisition is to be made shall have been paid or declared and set apart for payment on all shares of Cumulative Preference Stock then outstanding and not then to be redeemed, purchased or otherwise acquired.

E. So long as any shares of the Cumulative Preference Stock shall remain outstanding, the Corporation shall not, without the written consent of, or the affirmative vote at a meeting called for such purpose of, the holders of shares of Cumulative Preference Stock entitling them to exercise two-thirds of the voting power of the Cumulative Preference Stock then outstanding:

(1) Authorize or issue any stock ranking prior to the Cumulative Preference Stock in respect of dividends or assets; provided, however, that the foregoing shall not apply to the authorization or issuance of additional shares of Cumulative Preferred Stock ($100 par value), or to the authorization or issurance of additional shares of Cumulative Preferred Stock ($25 par value); or

(2) Authorize or issue any obligation or security convertible into or evidencing the right to purchase shares of Cumulative Preference Stock or stock ranking prior to or on a parity with Cumulative Preference Stock in respect of dividends or assets.

(3) Amend the provisions of this Article FOURTH so as to affect adversely any of the preferences or other rights hereby given to the Cumulative Preference Stock.

(4) Amend the provisions of Article Ill paragraph 1 of the Corporation's Code of Regulations to reduce the minimum number of directors to less than five.

So long as any shares of the Cumulative Preference Stock shall remain outstanding, the Corporation shall not, without the written consent of the holders of shares of such stock entitling them to exercise a majority of the voting power of the Cumulative Preference Stock then outstanding, or the affirmative vote, taken at a meeting of the stockholders called for the purpose, of the holders of shares of such stock entitling them to exercise a majority of the voting power to the outstanding shares of such stock:

(5) Authorize any additional shares of Cumulative Preferred Stock ($100 par value), Cumulative Preferred Stock ($25 par value), or Cumulative Preference Stock, or authorize any stock other than Cumulative Preference Stock but ranking on a parity with the Cumulative Preference Stock in respect of dividends or assets; or

(6) Merge the Corporation into any other corporation, merge any other corporation into the Corporation, consolidate the Corporation with any other corporation or sell the property of the Corporation as or substantially as an entirety unless such merger, consolidation or sale or the issue or assumption of all securities to be issued or assumed in connection therewith shall have been ordered, approved or permitted by the Securities and Exchange Commission under the Public Utility Holding Company Act of 1935, or by any successor commission, or by any regulatory authority of the United States of America then having jurisdiction in the premises; provided that the provision of this Clause (6) shall not apply to any mortgage of all or substantially all the property of the Corporation or to a purchase or other acquisition by the Corporation of the assets or franchises of another corporation in any manner which does not involve a merger or consolidation under the laws of the State of Ohio.

The holders of the outstanding shares of any series of Cumulative Preference Stock shall not have any right under the provisions hereinabove in this paragraph E set forth to vote in respect of the authorization or issuance of any shares of any class of stock of the Corporation, if, through the application of proceeds thereof or otherwise in connection therewith, provision is to be made for redemption or retirement of all of the shares of such series of Cumulative Preference Stock at the time outstanding.

In addition to the required consent or affirmative vote of holders of Cumulative Preference Stock, the proportion of the voting power of holders of outstanding Common Stock which shall be sufficient for the adoption of an amendment to these Articles authorizing any additional shares of Cumulative Preference Stock or stock ranking on a parity with the Cumulative Preference Stock in respect of dividends or assets shall be a majority of such voting power.

F. The holders of Cumulative Preference Stock shall not be entitled to vote except as follows:

1. As provided in the preceding paragraph E; and

2. In proceedings as to which their vote is required by the then existing laws of the State of Ohio; and

3. (a) If and when dividends payable on the Cumulative Preference Stock shall be in default in an amount equivalent to four full quarterly dividends on all shares of Cumulative Preference Stock then outstanding and until all dividends then in default on the Cumulative Preference Stock shall have been paid, the record holders of a

majority of the voting power of the shares of Cumulative Preference Stock then outstanding, voting separately as one class, shall be entitled, at each meeting of the stockholders at which directors are elected, to elect two directors, subject to the prior rights of the holders of Cumulative Preferred Stock as hereinbefore provided in this Article FOURTH. The record holders of the shares of Common Stock, voting separately as a class, shall be entitled at any such meeting to elect the remaining directors of the Corporation . The term of office of each director of the Corporation shall terminate upon the election of his successor. At each election of directors by a class vote pursuant to the provisions of this paragraph, the class first electing the directors which it is entitled to elect shall name the directors who are to be succeeded by the directors then elected by such class, whereupon the term of office of the directors so named shall terminate. The term of office of the directors not so named shall terminate upon the election by the other classes of the numbers of directors which they are entitled to elect.

(b) If and when all dividends then in default on the Cumulative Preference Stock then outstanding shall be paid, the holders of the shares of the Cumulative Preference Stock shall thereupon be divested of the special right with respect to the election of directors provided in the foregoing paragraph, and the voting power of holders of shares of the Cumulative Preference Stock shall revert to the status existing before the occurrence of such default, but always subject to the same provisions for vesting such special right in the Cumulative Preference Stock in case of further like default or defaults in dividends thereon. Dividends shall be deemed to have been paid, as that terra is used in this paragraph, whenever such dividends shall have been declared and paid, or declared and provision made for the payment thereof, or whenever there shall be surplus and net profits of the Corporation legally available for the payment thereof which shall have accrued since the date of the default giving rise to such special voting rights.

(c) In case of any vacancy in the office of a director occurring among the directors elected by the holders of the Cumulative Preference Stock, voting separately as a class, or of a vacancy in the office of his successor appointed as below provided, the remaining director so elected may elect a successor to hold office for the unexpired term of the director whose place shall be vacant. Likewise, in case of any vacancy in the office of a director occurring among the directors not elected by the holders of the Cumulative Preferred Stock or the Cumulative Preference Stock, or of a vacancy in the office of his successor appointed as below provided, the remaining directors not elected by the holders of the Cumulative Preferred Stock or the Cumulative Preference Stock, by affirmative vote of a majority thereof, or the remaining such director if there be but one, may elect a successor or successors to hold office for the unexpired term of the director or directors whose place or places shall be vacant.

(d) The aforesaid right of the holders of Cumulative Preference Stock of the Corporation to vote separately for the election of members of the Board of Directors may be exercised at any annual meeting of stockholders of the Corporation or, within the limitations herein provided, at a special meeting of stockholders held for the purpose of electing directors. Whenever the holders of the shares of the Cumulative Preference Stock, as a class, become entitled to elect directors of the Corporation pursuant to paragraph (a) preceding, then, upon the request in writing signed by the record holders of shares of the Cumulative Preference Stock having not less than 1,000 votes, delivered by registered mail or in person to the President, a Vice President or Secretary of the Corporation, it shall be the duty of such officer forthwith to cause 15 days prior notice, in the manner provided by the Code of Regulations of the Corporation, to be given to the stockholders of a special meeting of stockholders to be held at such time as such officer may fix, not less than 20 nor more than 30 days after the receipt of such request, for the purpose of electing directors. In the event that such officer shall not have issued such notice within 5 days after the delivery to him of such request, such record holders of Cumulative Preference Stock aforesaid shall have the right to give such notice. If no such special meeting be called or if, having been called, the meeting (including any adjournments thereof) results in no election of directors prior to the date for mailing of the notice of the next annual meeting of stockholders of the Corporation, the election of the directors to be elected by the holders of the shares of the Cumulative Preference Stock, voting as a class, shall take place at the next annual meeting of the stockholders of the Corporation next succeeding the accrual of such special voting right. At all meetings of stockholders at which directors are elected during such time as the holders of shares of the Cumulative Preference Stock shall have the special right, voting separately as one class, to elect directors, the presence in person or by proxy of the holders of a majority of the outstanding shares of a class of stock then outstanding shall be required to constitute a quorum of such class for the election of such number of directors as such class may be entitled to elect as hereinabove provided; provided, however, that the absence of a quorum of the holders of stock of any class entitled to vote for the election of directors shall not prevent the election at any such meeting or adjournment thereof of directors by any other class if the necessary quorum of the holders of such other class is present in person or by proxy at such meeting; and provided further that in the absence of a quorum of the holders of stock of any class of the Corporation's stock, a majority of those holders of the stock of such class who are present in person or by proxy shall have the power to adjourn the election of the directors to be elected by such class from time to time without notice other than announcement at the meeting until holders of the requisite amount of shares of such class shall be present in person or by proxy, but such adjournment shall not be made to a date beyond the date for the mailing of notice of

the next annual meeting of stockholders of the Corporation. All directors elected at any such special meeting shall hold office only for the interim period until the next succeeding annual meeting of stockholders of the Corporation and the election of their successors at such meeting or thereafter.

(e) Whenever, as provided in the foregoing paragraph (b), the holders of the shares of the Cumulative Preference Stock shall be divested of the special right with respect to the election of directors provided in the foregoing paragraph (a) and the voting power of holders of shares of the Cumulative Preference Stock shall revert to the status existing before the vesting of such special right in the Cumulative Preference Stock, then, upon the request in writing signed by the record holders of not less than 1,000 shares of the Common Stock delivered by registered mail or in person to the President, a Vice President or Secretary of the Corporation, it shall be the duty of such officer forthwith to cause 15 days' prior notice, in the manner provided by the Code of Regulations of the Corporation, to be given to the stockholders entitled to vote, of a special meeting of stockholders to be held at such time as such officer may fix, not less than 20 nor more than 30 days after the receipt of such request, for the purpose of electing directors to succeed the directors theretofore elected by the holders of Cumulative Preference Stock, voting as a class, as aforesaid. In the event that such officer shall not have issued such notice within 5 days after delivery to him of such request, such record holders of Common Stock aforesaid shall have the right to give such notice. Upon the election at such meeting of such successor directors, the term of office of the directors so succeeded shall terminate.

G. The holders of the Cumulative Preference Stock shall have no right to subscribe for or purchase or receive any part of any new or additional issue of stock of any class or securities convertible into, or carrying warrants or rights to subscribe to, stock of any class whether now or hereafter authorized and whether issued for cash, property or by way of dividends.

COMMON STOCK

Subject to the limitations hereinbefore set forth in this Article FOURTH, dividends may be paid upon the Common Stock, out of any assets of the Corporation available for the purpose, when and as declared by the Board of Directors.

In the event of any liquidation, dissolution or winding up of the Corporation, after there shall have been paid to or set aside for the holders of all classes of stock ranking prior to the Common Stock the full preferential amounts to which they are respectively entitled, the holders of the Common Stock shall be entitled to receive pro rata all of the

remaining assets of the Corporation available for distribution to its stockholders. The Board of Directors may distribute such remaining assets of the Corporation in kind to the holders of the Common Stock, or may sell, transfer or otherwise dispose of all or any of the remaining property and assets of the Corporation and receive payment therefor wholly or partly in cash or in stock or in obligations of any corporation or person, and may either distribute all or any part of the consideration received therefor in kind to the holders of the Common Stock or sell all or any part of such consideration and distribute the proceeds thereof to the holders of the Common Stock.

The holders of the Common Stock shall exclusively possess full voting power for the election of directors and for all other purposes, except as any statute of the State of Ohio shall expressly provide to the contrary, and except as and to the extent hereinbefore in this Article FOURTH otherwise provided, and each holder of the Common Stock shall be entitled to one vote for each share of the Common Stock standing in his name on the books of the Corporation on the record date for determining the stockholders entitled to vote at such meeting; provided, however, if notice in writing is given by any stockholder to the President, a Vice-President, or the Secretary of the Corporation, not less than forty-eight hours before the time fixed for holding a meeting of the stockholders for the purpose of electing directors if notice of such meeting has been given at least ten days prior thereto, and otherwise not less than twenty-four hours before such time, that he desires that the voting at such election shall be cumulative, and if an announcement of the giving of such notice is made upon the convening of the meeting by the Chairman or Secretary or by or on behalf of the stockholder giving such notice, each stockholder has the right to cumulate such voting power as he possesses and to give one candidate as many votes as the number of directors to be elected multiplied by the number of his votes equals or to distribute his votes on the same principle among two or more candidates as he sees fit.

In order to constitute a quorum at any meeting of the stockholders, there shall be present in person or by proxy the holders of record of shares entitling them to exercise a majority of the voting power of the Corporation, provided, however, that no action required by statute or by these Articles or the Code of Regulations of the Corporation to be taken by a specified proportion of the voting power of the Corporation or of any class of shares may be taken by a lesser proportion, and provided, further, that the holders of a majority of the voting shares represented at the meeting, whether or not a quorum is present, may adjourn such meeting from time to time.

Upon any issue for money or other consideration of any stock of the Corporation that may be authorized from time to time, no holder of Common Stock shall have any preemptive or other right to subscribe for, purchase or receive any proportionate or other share of the stock so issued, but the Board of Directors may dispose of all or any portion

of such stock as and when it may determine, free of any such rights, whether by offering the same to stockholders or by sale or other disposition as the Board of Directors may deem advisable; provided, however that if the Board of Directors shall determine to offer any new or additional shares of Common Stock, or any security convertible into Common Stock for money, other than by a public offering of all of such shares or securities or an offering of all of such shares or securities to or through underwriters or investment bankers who shall have agreed promptly to make a public offering of such shares or securities, the same shall first be offered pro rata to the holders of the then outstanding shares of Common Stock of the Corporation upon terms not less favorable to the purchaser (without deduction of such reasonable compensation, allowance or discount for the sale, underwriting or purchase as may be fixed thereafter by the Board of Directors) than those on which the Board of Directors issues and disposes of such stock or securities to other than such holders of Common Stock; and provided further, that the time within which such preemptive rights shall be exercised may be limited by the Board of Directors to such time as to the Board of Directors may seem proper, not less, however,' than 20 days after mailing of notice that such stock rights are available and may be exercised.

Subject to the provisions of paragraph (D) of this Article FOURTH, the Corporation, by action of the Board of Directors, may purchase shares of Common Stock issued by the Corporation.

The proportion of the voting power of holders of outstanding Common Stock which shall be sufficient for the adoption of an amendment to these Articles authorizing any additional shares of Common Stock shall be a majority of such voting power.

ARTICLE FIFTH

The Corporation is to have perpetual existence.

ARTICLE SIXTH

These Amended Articles of Incorporation supersede and take the place of the heretofore existing Amended Articles of Incorporation and all previously adopted Amendments thereto.

CORPORATE BY-LAWS

AMENDED AND RESTATED

CODE OF REGULATIONS

OF

THE TOLEDO EDISON COMPANY

December 14, 2007

MEETINGS OF SHAREHOLDERS

Section 1. Annual Meetings.

The annual meeting of shareholders shall be held on such date and at such time as the Board of Directors may determine each year. Such meetings may be held within or without the State of Ohio at such time and place as the Directors may determine. The Directors may determine that the meeting shall not be held at any physical place, but instead may be held solely by means of communications equipment as authorized by Section 9 below.

Section 2. Special Meetings.

Special meetings of the shareholders may be called at any time by (i) the Chairman of the Board, (ii) the President, (iii) the Directors, by action at a meeting or a majority of the Directors acting without a meeting, or (iv) the holders of 25% or more of the outstanding shares entitled to vote thereat. Such meetings may be held within or without the State of Ohio at such time and place as may be specified in the notice thereof.

Section 3. Notice of Meetings.

Written notice stating the time, place, if any, and purposes of a meeting of the shareholders, and the means, if any, by which shareholders can be present and vote at the meeting through the use of communications equipment shall be given by personal delivery, or by mail, facsimile transmission, overnight delivery service, or any other means of communication authorized by the shareholder to whom the notice is given, not less than seven nor more than sixty days before the date of the meeting. Such notice may be given by or at the direction of the Chairman of the Board, the President or the Corporate Secretary. Notices sent by mail shall be sent postage prepaid and shall be addressed to each shareholder at his address as it appears upon the records of the Corporation. Notice by mail shall be deemed to be given at the time when the notice is deposited in the mail, notice by personal delivery or by overnight delivery service shall be deemed to be given when received, and notice by facsimile, or other electronic communications shall be deemed to be given at the time when confirmation of successful transmission is received.

Any shareholder may waive in writing notice of any meeting, either before or after the holding of such meeting, and, by attending any meeting without protesting the lack of proper notice, shall be deemed to have waived notice thereof.

Section 4. Business Transacted at Meetings.

Business transacted at any meeting of shareholders shall be for the purposes stated in the notice.

Section 5. Quorum and Adjournments.

The holders of a majority of the stock issued and outstanding and entitled to vote thereat, present in person or represented by proxy, shall constitute a quorum at all meetings of the shareholders for the transaction of business except as otherwise provided by statute or by the Articles of Incorporation. If, however, such quorum shall not be present or represented at any meeting of the shareholders, the shareholders entitled to vote thereat, present in person or represented by proxy, shall have power to adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum shall be present or represented. At such adjourned meeting at which a quorum shall be present or represented, any business may be transacted which might have been transacted at the meeting as originally notified.

Section 6. Required Vote; Inspectors.

(a) When a quorum is present or represented at any meeting, the vote of the holders of a majority of the stock having voting power present in person or represented by proxy shall decide any question brought before such meeting, unless the question is one upon which by express provision of the statutes or of the Articles of Incorporation a different vote is required in which case such express provision shall govern and control the decision of such question.

(b) Inspectors of election may be appointed to act at any meeting of shareholders in accordance with Ohio law.

Section 7. Voting Power of Shareholders.

Every shareholder of record of the Corporation shall be entitled at each meeting of shareholders to one vote for each share of stock held by such shareholder according to the books of the Corporation as of the date of such vote or, if a record date is set by the Board of Directors, as of such record date.

Section 8. Voting by Proxy.

At any meeting of the shareholders, any shareholder may be represented and vote by a proxy or proxies appointed by an instrument in writing or by any other form of verifiable communication, including any form of electronic or other communications, to the full extent legally permitted (now or hereafter). In the event that any such instrument shall designate two or more persons to act as proxies, a majority of such persons present at the meeting, or, if only one shall be present,

then that one shall have and may exercise all of the powers conferred by such instrument upon all of the persons so designated unless the instrument shall otherwise provide. No such proxy shall be valid after the expiration of eleven (11) months from the date of its execution, unless coupled with an interest, or unless the person executing it specifies therein the length of time for which it is to continue in force. Subject to the above, any proxy duly executed is not revoked and continues in full force and effect until an instrument or verifiable communication revoking it or a duly executed proxy bearing a later date is filed with the Corporate Secretary of the Corporation.

Section 9. Participation by Shareholders Through Communications Equipment.

If authorized by the Directors, the shareholders and proxyholders who are not physically present at a meeting of shareholders may attend a meeting of shareholders by use of communications equipment that enables the shareholder or proxyholder an opportunity to participate in the meeting and to vote on matters submitted to the shareholders, including an opportunity to read or hear the proceedings of the meeting and to speak or otherwise participate in the proceedings contemporaneously with those physically present.

Section 10. Action by Shareholders Without a Meeting.

Any action which may be taken by the vote of the shareholders at a meeting may be taken without a meeting if authorized by a writing or writings signed by all of the holders of shares who would be entitled to notice of a meeting for such purpose. Such written consent shall be filed with or entered upon the records of the Corporation.

DIRECTORS

Section 11. Authority of Directors.

The business of the Corporation shall be managed by its Board of Directors, which may exercise all such powers of the Corporation and do all such lawful acts and things as are not by statute, the Articles of Incorporation, or these Regulations directed or required to be exercised or done by the shareholders.

Section 12. Number; Qualifications.

The number of Directors shall be not less than three (3) and not more than five (5) (plus any Directors separately elected by the holders of any class of stock other than the Common Stock as provided in the Articles of Incorporation as amended from time to time). The number of Directors may be determined (a) by the vote of the holders of a majority of the shares entitled to vote thereon at any annual meeting or special meeting called for the purpose of electing Directors or (b) by action of the Board of Directors at a meeting by the vote of a majority of the Directors in office at the time or in a writing signed by all the Directors in office at the time. When so fixed, such number shall continue to be the authorized number of Directors until changed by the shareholders or Directors in the manner described above. Any increase in the number of Directors shall be deemed to create a

vacancy or vacancies which may be filled as provided in Section 15. A reduction in the number of Directors shall not be applied to remove any Director from office prior to the expiration of his term. Directors need not be shareholders of the Corporation.

Section 13. Election of Directors.

At each meeting of the shareholders for the election of Directors, the persons receiving the greatest number of votes shall be the Directors. Such elections shall be by ballot whenever requested by any person entitled to vote at such meeting; but unless so requested, such election may be conducted in any way approved at such meeting.

Section 14. Term of Office; Removal; Resignations.

(a) Directors shall hold office until the annual meeting of the shareholders next following their election and until their respective successors are elected, or until their earlier resignation, death or removal from office.

(b) Any Director or the entire Board of Directors may be removed upon the affirmative vote of the holders of a majority of the voting power of the Corporation.

(c) Any Director may resign at any time by giving written notice of his resignation to the President or Corporate Secretary. Any resignation will be effective upon actual receipt by such person or, if later, as of the date and time specified in such written notice.

Section 15. Vacancies.

Vacancies, including those caused by an increase in the number of Directors, may be filled by a majority of the remaining Directors though less than a quorum. When one or more Directors shall give notice of his or their resignation to the Board, effective at a future date, the Board shall have the power to fill such vacancy or vacancies to take effect when such resignation or resignations shall become effective, each Director so appointed to hold office during the remainder of the term of office of the resigning Director or Directors. Whenever any vacancy shall occur among the Directors, the remaining Directors shall constitute the Directors of the Corporation until such vacancy is filled or until the number of Directors is changed as in Section 12 hereof.

MEETINGS OF THE BOARD OF DIRECTORS

Section 16. Organizational Meeting.

Immediately after each annual meeting of the shareholders at which Directors are elected, or each special meeting held in lieu thereof, the newly elected Directors, if a quorum thereof is present, shall hold an organizational meeting at the same place or at such other time and place as may be fixed by the shareholders at such meeting, for the purpose of electing officers and transacting any other business. Notice of such meeting need not be given. If for any reason such organizational

meeting is not held at such time, a special meeting of the Directors for such purpose shall be held as soon thereafter as practicable.

Section 17. Special Meetings.

Special meetings of the Directors may be held at any time within or without the State of Ohio upon call by the Chairman of the Board, the President, or the Corporate Secretary upon the written request of two Directors.

Notice of the place, if any, and time of each meeting of the Directors shall be given to each Director either by personal delivery or by mail, facsimile transmission, overnight delivery service, or any other means of communication authorized by the Director, at least two days before the meeting. The notice need not specify the purposes of the meeting. Notices sent by mail shall be sent postage prepaid and shall be addressed to each Director at his address as it appears upon the records of the Corporation. Notice by mail shall be deemed to be given at the time when the notice is deposited in the mail, notice by personal delivery or by overnight delivery service shall be deemed to be given when received, and notice by facsimile, or other electronic communications shall be deemed to be given at the time when confirmation of successful transmission is received. Such notice may be waived in writing by Directors either before or after the meeting, and such written waivers shall be filed with or entered upon the records of the meeting. The attendance of any Director at any such meeting without protesting the lack of proper notice, prior to or at the commencement of the meeting, shall be deemed to be a waiver by the Director of notice of the meeting. Unless otherwise limited in the notice thereof, any business may be transacted at any organizational, regular or special meeting.

Section 18. Quorum and Adjournments; Participation by Communications Equipment.

(a) A majority of the Directors, at a meeting duly called and held, shall be necessary to constitute a quorum for the transaction of business and the act of a majority of the Directors present at any meeting at which a quorum is present shall be the act of the Board of Directors, except as may be otherwise specifically provided by statute or by the Articles of Incorporation. Any action required or permitted to be taken at a meeting of the Directors may be taken without a meeting if a consent in writing, setting forth the action so taken, shall be signed by all of the Directors entitled to vote with respect to the subject matter thereof. Any meeting duly called, whether or not a quorum is present, may, by vote of a majority of the Directors present, be adjourned from time to time and place to place within or without the State of Ohio, in which case no further notice of the adjourned meeting need be given.

(b) Meetings of the Board of Directors or of any committee of the Board of Directors may be held through any means of communications equipment if all persons participating can hear each other, and such participation will constitute presence in person at such meeting.

Section 19. Committees.

The Board of Directors may, by resolution passed by a majority of the Directors, designate one or more committees, each committee to consist of one or more of the Directors of

the Corporation, which, to the extent provided in the resolution, shall have and may exercise the powers of the Board of Directors in the management of the business and affairs of the Corporation. Such committee or committees shall have such name or names as may be determined from time to time by resolution adopted by the Board of Directors. The committees shall keep regular minutes of their proceedings and report the same to the Board when required.

Section 20. Compensation.

The Directors may be paid their expenses, if any, for attendance at each meeting of the Board of Directors and may be paid a fixed sum for attendance at each meeting of the Board of Directors. The sums may be different for different Directors, and the sum shall be established by resolution of the Board of Directors and may be changed from time to time by resolution. No such payment shall preclude any Director from serving the Corporation in any other capacity and receiving compensation therefor. Members of special or standing committees may be allowed like compensation for attending committee meetings.

Section 21. Action by Directors Without a Meeting.

Any action required or permitted to be taken at a meeting of the Board of Directors or any committee of the Board of Directors may be taken without a meeting if, prior or subsequent to such action, all members of the Board of Directors or of such committee, as the case may be, consent thereto in writing and such written consents are filed with the Corporate Secretary of the Corporation.

EXECUTIVE COMMITTEE

Section 22. Executive Committee.

The Board of Directors at any time may elect from its members an Executive Committee which shall consist of not less than three (3) members. Each member of such Committee shall hold office during the pleasure of the Board and may be removed by a majority vote of the whole Board at any time with or without cause. Vacancies occurring in the Committee may be filled by the Board. The Committee shall prescribe its own rules for calling and holding meetings, and for transacting business, subject, however, to any rules prescribed by the Board of Directors, and the Committee shall keep minutes of its actions. Action by the Committee may be taken at meetings thereof attended by not less than a majority thereof, or without a meeting by instrument in writing signed by not less than a majority of the members. Except as the Committee's powers and duties may be limited or otherwise prescribed by the Board of Directors, the Committee, during the intervals between the meetings of the Board, shall possess and may exercise all of the powers and authority of the Board of Directors, however conferred, provided, however, that the Committee shall not be empowered to elect the officers (other than Assistant Secretaries and Assistant Treasurers) or to fill vacancies in the Board of Directors or in the Executive Committee. Subject to such exceptions, persons dealing with the Corporation shall be entitled to rely upon any action of the Committee with the same force and effect as though such action had been taken by the Board of Directors.

OFFICERS

Section 23. Generally.

The Corporation may have a Chairman, elected by the Directors from among their number, and shall have a President, a Corporate Secretary and a Treasurer. The Corporation may also have one or more Vice Chairmen, Vice Presidents, Senior Vice Presidents and such other officers and assistant officers as the Board of Directors may deem appropriate. If the Board of Directors so desires, it may elect a Chief Executive Officer to manage the affairs of the Corporation, subject to the direction and control of the Board of Directors. All of the officers shall be elected by the Board of Directors. Notwithstanding the foregoing, by specific action, the Board of Directors may authorize the Chairman or the President to appoint any person to any office other than Chairman, President, Corporate Secretary, or Treasurer. Any number of offices may be held by the same person, and no two offices must be held by the same person. Any of the offices may be left vacant from time to time as the Board of Directors may determine. In case of the absence or disability of any officer of the Corporation or for any other reason deemed sufficient by a majority of the Board of Directors, the Board of Directors may delegate the absent or disabled officer's powers or duties to any other officer or to any Director.

Section 24. Authority and Duties of Officers.

The officers of the Corporation shall have such authority and shall perform such duties as are customarily incident to their respective offices, or as may be specified from time to time by the Board of Directors, the Chairman or the President regardless of whether such authority and duties are customarily incident to such office.

Section 25. Compensation.

The compensation of all officers and agents of the Corporation who are also members of the Board of Directors of the Corporation will be fixed by the Board of Directors or by a committee of the Board of Directors. The Board of Directors may fix, or delegate the power to fix, the compensation of the other officers and agents of the Corporation to the Chief Executive Officer or any other officer of the Corporation.

Section 26. Succession.

The officers of the Corporation will hold office until their successors are elected. Any officer may be removed at any time by the affirmative vote of a majority of the whole Board. Any vacancy occurring in any office of the Corporation may be filled by the Board of Directors or by the Chairman or President as provided in Section 23.

Section 27. Delegation of Duties.

The Directors are authorized to delegate the duties of any officers to any other officer and generally to control the action of the officers and to require the performance of duties in addition to those mentioned herein.

SHARES CERTIFICATES

Section 28. Transfer and Registration of Certificates

The Board of Directors shall have authority to make such rules and regulations, not inconsistent with law, the Articles, or these Regulations, as it deems expedient concerning the issuance, transfer, and registration of certificates for shares and the shares represented thereby and may appoint transfer agents and registrars thereof. The Directors may provide by resolution that some or all of any or all classes and series of shares shall be uncertificated shares, subject to any disclosure obligations therefore under Section 1701.24 of the Ohio Revised Code, and provided that any then-outstanding shares of that class or series represented by a certificate shall not become uncertificated shares until the certificate is surrendered to the Corporation.

Section 29. Substituted Certificates

Any person claiming that a certificate for shares has been lost, stolen, or destroyed shall make an affidavit or affirmation of that fact and, if required, shall give the Corporation (and its registrar or registrars and its transfer agent or agents, if any) a bond of indemnity, in such form and with one (1) or more sureties satisfactory to the Board, and, if required by the Board of Directors, shall advertise the same in such manner as the Board of Directors may require, whereupon a new certificate may be executed and delivered of the same tenor and for the same number of shares as the one alleged to have been lost, stolen, or destroyed.

RECORD DATES AND CLOSING OF TRANSFER BOOKS

Section 30. Record Dates and Closing of Transfer Books.

The Board of Directors may fix a time not exceeding sixty (60) days preceding the date of any meeting of shareholders or the date fixed for the payment of any dividend or distribution or the date for the allotment of rights as the record date for the determination of the shareholders entitled to notice of or to vote at any such meeting or entitled to receive payment of any such dividend, distribution or allotment of rights, and in such case only shareholders of record on the date so fixed shall be entitled to notice of or to vote at such meeting or to receive payment of such dividend, distribution or allotment of rights, as the case may be, notwithstanding any transfer of any shares on the books of the Corporation after any record date so fixed. The Board of Directors may close the books of the Corporation against transfers of shares during the whole or any part of the period between such record date and the date of the event in respect for which such record date was fixed.

REGISTERED SHAREHOLDERS

Section 31. Recognition of Record Ownership.

The Corporation shall be entitled to recognize the exclusive right of a person registered on its books as the owner of shares to receive dividends, and to vote as such owner, and to hold liable for calls and assessments a person registered on its books as the owner of shares, and shall not be bound to recognize any equitable or other claim to or interest in such share or shares on the part of any other person, whether or not it shall have express or other notice thereof, except as otherwise provided by the laws of Ohio.

GENERAL PROVISIONS

DIVIDENDS

Section 32. Payment of Dividends.

The Board of Directors may declare dividends upon the capital stock of the Corporation, subject to the provisions of the Articles of Incorporation, if any, at any regular or special meeting pursuant to law. Dividends may be paid in cash, in property or in shares of the capital stock, subject to the provisions of the Articles of Incorporation. Before payment of any dividend, there may be set aside out of any funds of the Corporation available for dividends such sum or sums as the Directors from time to time, in their absolute discretion, think proper as a reserve or reserves to meet contingencies, or for equalizing dividends, or for repairing or maintaining any property of the Corporation, or for such other purpose as the Directors shall think conducive to the interest of the Corporation and the Directors may modify or abolish any such reserves in the manner in which it was created.

FISCAL YEAR

***Section 33*. *Fiscal Year*.**

The fiscal year of the Corporation shall be fixed by resolution of the Board of Directors.

SEAL

***Section 34*. *Corporate Seal*.**

The Directors may adopt a corporate seal of the Corporation which shall be of such design, and shall contain such words, as may be prescribed by the Directors. Failure to affix any such corporate seal shall not affect the validity of any instrument.

TRANSFER AGENT AND REGISTRAR

***Section 35*. *Transfer Agent; Registrar*.**

The Corporation may open transfer books in any state of the United States or in any foreign country for the purpose of transferring securities issued by it, and it may employ an agent or agents to keep the records of its securities to transfer or to register securities or both, in Ohio or in other states or in a foreign country, or both, and the acts of such agents shall be binding on the Corporation. The duties and liabilities of such agent or agents shall be such as may be agreed to by the Corporation. If no such transfer agent is appointed to act in Ohio in respect to its shares, the Corporation shall keep an office in Ohio at which shares shall be transferable, and at which it shall keep books in which shall be recorded the names and addresses of all shareholders and all transfers of shares.

PROVISIONS IN ARTICLES OF INCORPORATION

***Section 36*. *Governance By Articles of Incorporation*.**

These Regulations are at all times subject to the provisions of the Articles of Incorporation of the Corporation (including in such term whenever used in these Regulations, amendments thereto), and in case of any conflict between any provision herein and in the Articles of Incorporation, the provisions in the Articles of Incorporation shall be deemed to govern.

AMENDMENTS

Section 37. Procedure for Amendments.

These Regulations may be altered, amended, or repealed in any respect or superseded by new Regulations in whole or in part, (a) by the affirmative vote of the holders of record of shares entitling them to exercise a majority of the voting power of the Corporation at an annual or special meeting called for such purpose, or by their unanimous written consent; or (b) by the Board of Directors at an annual or special meeting called for such purpose, or by their unanimous written consent, as provided in Ohio Rev. Code Section 1701.11.

INDEMNIFICATION AND INSURANCE

Section 38. Indemnification.

The Corporation shall indemnify any person who was or is a party, or is threatened to be made a party, to any threatened, pending, or completed action, suit, or proceeding, whether civil, criminal, administrative or investigative, by reason of the fact that he or she is or was a director, officer, employee, or agent of the Corporation, or is or was serving at the request of the Corporation as a director, trustee, officer, employee, member, manager, or agent of another corporation, limited liability company, partnership, joint venture, trust or other enterprise, against expenses, including attorney's fees, judgments, fines and amounts paid in settlement, actually and reasonably incurred by him or her in connection with such action, suit, or proceeding, if he or she acted in good faith and in a manner he or she reasonably believed to be in or not opposed to the best interests of the corporation, and with respect to any criminal action or proceeding, if he or she had no reasonable cause to believe his or her conduct was unlawful, to the full extent and according to the procedures and requirements set forth in the Ohio General Corporation Law as now in effect or as amended from time to time. The Corporation shall pay, to the full extent then permitted by law, expenses, including attorney's fees, incurred by a member of the Board of Directors in defending any such action, suit or proceeding as they are incurred, in advance of the final disposition thereof, and may pay, in the same manner and to the full extent then permitted by law, such expenses incurred by any other person.

The indemnification and payment of expenses provided hereby shall not be exclusive of, and shall be in addition to, any other rights granted to those seeking indemnification under any law, the Articles of Incorporation, any agreement, vote of shareholders or disinterested members of the Board of Directors, or otherwise, both as to action in official capacities and as to action in another capacity while he or she is a member of the Board of Directors, or an officer, employee or agent of the Corporation, and shall continue as to a person who has ceased to be a member of the Board of Directors, officer, employee or agent and shall inure to the benefit of the heirs, executors and administrators of such a person.

Section 39. Insurance.

The Corporation may, to the full extent then permitted by law and authorized by the Board of Directors, purchase and maintain insurance or furnish similar protection, including but not limited to trust funds, letters of credit or self-insurance, on behalf of or for any persons described in Section 38 against any liability asserted against and incurred by any such person in any such capacity, or arising out of his status as such, whether or not the Corporation would have the power to indemnify such person against such liability. Insurance may be purchased from or maintained with a person in which the Corporation has a financial interest.

EMERGENCY REGULATIONS

Section 40. Emergency Regulations.

The Board of Directors may adopt, at any meeting, either before or during "an emergency" as that term is defined in Section 1701.01 of the Ohio Revised Code, emergency regulations to be operative during, but only during, an emergency. The emergency regulations may contain any provisions which may be made by emergency regulations as provided in Section 1701.111 of the Ohio Revised Code.

AMENDED AND RESTATED

CODE OF REGULATIONS

OF

THE TOLEDO EDISON COMPANY

(Effective March 15, 2002)

MEETINGS OF SHAREHOLDERS

Section 1. Annual Meetings.

The annual meeting of shareholders shall be held on such date and at such time as the Board of Directors may determine each year. Such meetings may be held within or without the State of Ohio at such time and place as the directors may determine.

Section 2. Special Meetings.

Special meetings of the shareholders may be called at any time by (i) the Chairman of the Board, (ii) the President, (iii) the Directors, by action at a meeting or a majority of the Directors acting without a meeting, or (iv) the holders of 25% or more of the outstanding shares entitled to vote thereat. Such meetings may be held within or without the State of Ohio at such time and place as may be specified in the notice thereof.

Section 3. Notice of Meetings.

Written notice of every annual or special meeting of the shareholders stating the time, place and purposes thereof shall be given to each shareholder entitled to notice as provided by law, not less than seven (7) nor more than sixty (60) days before the date of the meeting. Such notice may be given by or at the direction of the Chairman of the Board, the President or the Corporate Secretary. Except to the full extent that notice is legally permitted (now or hereafter) to be given by any other form of media, including any form of electronic or other communications, notice shall be given by personal delivery or by mail addressed to the shareholder at his last address as it appears on the records of the Corporation. Any shareholder may waive in writing notice of any meeting, either before or after the holding of such meeting, and, by attending any meeting without protesting the lack of proper notice, shall be deemed to have waived notice thereof.

Section 4. Business Transacted at Meetings.

Business transacted at any meeting of shareholders shall be for the purposes stated in the notice.

Section 5. Quorum and Adjournments.

The holders of a majority of the stock issued and outstanding and entitled to vote thereat, present in person or represented by proxy, shall constitute a quorum at all meetings of the shareholders for the transaction of business except as otherwise provided by statute or by the Articles of Incorporation. If, however, such quorum shall not be present or represented at any meeting of the shareholders, the shareholders entitled to vote thereat, present in person or represented by proxy, shall have power to adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum shall be present or represented. At such adjourned meeting at which a quorum shall be present or represented, any business may be transacted which might have been transacted at the meeting as originally notified.

Section 6. Required Vote; Inspectors.

(a) When a quorum is present or represented at any meeting, the vote of the holders of a majority of the stock having voting power present in person or represented by proxy shall decide any question brought before such meeting, unless the question is one upon which by express provision of the statutes or of the Articles of Incorporation a different vote is required in which case such express provision shall govern and control the decision of such question.

(b) Inspectors of election may be appointed to act at any meeting of shareholders in accordance with Ohio law.

Section 7. Voting Power of Shareholders.

Every shareholder of record of the Corporation shall be entitled at each meeting of shareholders to one vote for each share of stock held by such shareholder according to the books of the Corporation as of the date of such vote or, if a record date is set by the Board of Directors, as of such record date.

Section 8. Voting by Proxy.

At any meeting of the shareholders, any shareholder may be represented and vote by a proxy or proxies appointed by an instrument in writing or by any other form of verifiable communication, including any form of electronic or other communications, to the full extent legally permitted (now or hereafter). In the event that any such instrument shall designate two or more persons to act as proxies, a majority of such persons present at the meeting, or, if only one shall be present, then that one shall have and may exercise all of the powers conferred by such instrument upon all of the persons so designated unless the instrument shall otherwise provide. No such proxy shall be valid after the expiration of eleven (11) months from the date of its execution, unless coupled with an interest, or unless the person executing it specifies therein the

length of time for which it is to continue in force. Subject to the above, any proxy duly executed is not revoked and continues in full force and effect until an instrument or verifiable communication revoking it or a duly executed proxy bearing a later date is filed with the Corporate Secretary of the Corporation.

Section 9. Action by Shareholders Without a Meeting.

Any action which may be taken by the vote of the shareholders at a meeting may be taken without a meeting if authorized by the written consent of the shareholders holding at least a majority of the voting power, unless the provisions of the statutes or of the Articles of Incorporation provide that a greater proportion of written consents shall be required. Such written consent shall be filed with or entered upon the records of the Corporation.

DIRECTORS

Section 10. Authority of Directors.

(a) The business of the Corporation shall be managed by its Board of Directors, which may exercise all such powers of the Corporation and do all such lawful acts and things as are not by statute, the Articles of Incorporation, or these Regulations directed or required to be exercised or done by the shareholders.

(b) Any action required or permitted to be taken at a meeting of the Board of Directors or any committee of the Board of Directors may be taken without a meeting if, prior or subsequent to such action, all members of the Board of Directors or of such committee, as the case may be, consent thereto in writing and such written consents are filed with the Corporate Secretary of the Corporation.

Section 11. Number; Qualifications.

The number of Directors shall be not less than three (3) and not more than five (5) (plus any Directors separately elected by the holders of any class of stock other than the Common Stock as provided in the Articles of Incorporation as amended from time to time). The number of Directors may be determined (a) by the vote of the holders of a majority of the shares entitled to vote thereon at any annual meeting or special meeting called for the purpose of electing Directors or (b) by action of the Board of Directors at a meeting by the vote of a majority of the Directors in office at the time or in a writing signed by all the Directors in office at the time. When so fixed, such number shall continue to be the authorized number of Directors until changed by the shareholders or Directors in the manner described above. Any increase in the number of Directors shall be deemed to create a vacancy or vacancies which may be filled as provided in Section 14. A reduction in the number of Directors shall not be applied to remove any Director from office prior to the expiration of his term. Directors need not be shareholders of the Corporation.

Section 12. Election of Directors.

At each meeting of the shareholders for the election of Directors, the persons receiving the greatest number of votes shall be the Directors. Such elections shall be by ballot whenever requested by any person entitled to vote at such meeting; but unless so requested, such election may be conducted in any way approved at such meeting.

Section 13. Term of Office; Removal; Resignations.

(a) Directors shall hold office until the annual meeting of the shareholders next following their election and until their respective successors are elected, or until their earlier resignation, death or removal from office.

(b) Any Director or the entire Board of Directors may be removed upon the affirmative vote of the holders of a majority of the voting power of the Corporation.

(c) Any Director may resign at any time by giving written notice of his resignation to the President or Corporate Secretary. Any resignation will be effective upon actual receipt by such person or, if later, as of the date and time specified in such written notice.

Section 14. Vacancies.

Vacancies, including those caused by an increase in the number of Directors, may be filled by a majority of the remaining Directors though less than a quorum. When one or more Directors shall give notice of his or their resignation to the Board, effective at a future date, the Board shall have the power to fill such vacancy or vacancies to take effect when such resignation or resignations shall become effective, each Director so appointed to hold office during the remainder of the term of office of the resigning Director or Directors. Whenever any vacancy shall occur among the Directors, the remaining Directors shall constitute the Directors of the Corporation until such vacancy is filled or until the number of Directors is changed as in Section 11 hereof.

MEETINGS OF THE BOARD OF DIRECTORS

Section 15. Organizational Meeting.

Immediately after each annual meeting of the shareholders at which Directors are elected, or each special meeting held in lieu thereof, the newly elected Directors, if a quorum thereof is present, shall hold an organizational meeting at the same place or at such other time and place as may be fixed by the shareholders at such meeting, for the purpose of electing officers and transacting any other business. Notice of such meeting need not be given. If for any reason such organizational meeting is not held at such time, a special meeting of the Directors for such purpose shall be held as soon thereafter as practicable.

Section 16. Regular Meetings.

Regular meetings of the Directors may be held without notice at such times and places within or without the State of Ohio as shall be determined by the Directors from time to time.

Section 17. Special Meetings.

Special meetings of the Directors may be held at any time within or without the State of Ohio upon call by the Chairman of the Board, the President, or the Corporate Secretary upon the written request of two Directors. Notice of each such meeting shall be given to each Director by letter, facsimile, telegram, telephone, or in person not less than forty-eight (48) hours prior to such meeting. Notices sent by mail shall be sent postage prepaid and shall be addressed to each Director at his address as it appears upon the records of the Corporation. Notice by mail shall be deemed to be given at the time when the notice is deposited in the mail, and notice by facsimile or telegram shall be deemed to be given at the time when confirmation of successful transmission is received. Such notice may be waived in writing by Directors either before or after the meeting, and such written waivers shall be filed with or entered upon the records of the meeting. The attendance of any Director at any such meeting without protesting the lack of proper notice, prior to or at the commencement of the meeting, shall be deemed to be a waiver by the Director of notice of the meeting. Unless otherwise limited in the notice thereof, any business may be transacted at any organizational, regular or special meeting.

Section 18. Quorum and Adjournments; Participation by Communications Equipment.

(a) A majority of the Directors, at a meeting duly called and held, shall be necessary to constitute a quorum for the transaction of business and the act of a majority of the Directors present at any meeting at which a quorum is present shall be the act of the Board of Directors, except as may be otherwise specifically provided by statute or by the Articles of Incorporation. Any action required or permitted to be taken at a meeting of the Directors may be taken without a meeting if a consent in writing, setting forth the action so taken, shall be signed by all of the Directors entitled to vote with respect to the subject matter thereof. Any meeting duly called, whether or not a quorum is present, may, by vote of a majority of the Directors present, be adjourned from time to time and place to place within or without the State of Ohio, in which case no further notice of the adjourned meeting need be given.

(b) Meetings of the Board of Directors or of any committee of the Board of Directors may be held through any means of communications equipment if all persons participating can hear each other, and such participation will constitute presence in person at such meeting.

Section 19. Committees.

The Board of Directors may, by resolution passed by a majority of the Directors, designate one or more committees, each committee to consist of one or more of the Directors of the Corporation, which, to the extent provided in the resolution, shall have and may exercise the powers of the Board of Directors in the management of the business and affairs of the Corporation. Such committee or committees shall have such name or names as may be

determined from time to time by resolution adopted by the Board of Directors. The committees shall keep regular minutes of their proceedings and report the same to the Board when required.

Section 20. Compensation.

The Directors may be paid their expenses, if any, for attendance at each meeting of the Board of Directors and may be paid a fixed sum for attendance at each meeting of the Board of Directors. The sums may be different for different Directors, and the sum shall be established by resolution of the Board of Directors and may be changed from time to time by resolution. No such payment shall preclude any Director from serving the Corporation in any other capacity and receiving compensation therefor. Members of special or standing committees may be allowed like compensation for attending committee meetings.

EXECUTIVE COMMITTEE

Section 21. Executive Committee.

The Board of Directors at any time may elect from its members an Executive Committee which shall consist of not less than three (3) members. Each member of such Committee shall hold office during the pleasure of the Board and may be removed by a majority vote of the whole Board at any time with or without cause. Vacancies occurring in the Committee may be filled by the Board. The Committee shall prescribe its own rules for calling and holding meetings, and for transacting business, subject, however, to any rules prescribed by the Board of Directors, and the Committee shall keep minutes of its actions. Action by the Committee may be taken at meetings thereof attended by not less than a majority thereof, or without a meeting by instrument in writing signed by not less than a majority of the members. Except as the Committee's powers and duties may be limited or otherwise prescribed by the Board of Directors, the Committee, during the intervals between the meetings of the Board, shall possess and may exercise all of the powers and authority of the Board of Directors, however conferred, provided, however, that the Committee shall not be empowered to elect the officers (other than Assistant Secretaries and Assistant Treasurers) or to fill vacancies in the Board of Directors or in the Executive Committee. Subject to such exceptions, persons dealing with the Corporation shall be entitled to rely upon any action of the Committee with the same force and effect as though such action had been taken by the Board of Directors.

OFFICERS

Section 22. Generally.

The Corporation may have a Chairman, elected by the directors from among their number, and shall have a President, a Corporate Secretary and a Treasurer. The Corporation may also have one or more Vice Chairmen, Vice Presidents, Senior Vice Presidents and such other officers and assistant officers as the Board of Directors may deem appropriate. If the

Board of Directors so desires, it may elect a Chief Executive Officer to manage the affairs of the Corporation, subject to the direction and control of the Board of Directors. All of the officers shall be elected by the Board of Directors. Notwithstanding the foregoing, by specific action, the Board of Directors may authorize the Chairman or the President to appoint any person to any office other than Chairman, President, Corporate Secretary, or Treasurer. Any number of offices may be held by the same person, and no two offices must be held by the same person. Any of the offices may be left vacant from time to time as the Board of Directors may determine. In case of the absence or disability of any officer of the Corporation or for any other reason deemed sufficient by a majority of the Board of Directors, the Board of Directors may delegate the absent or disabled officer's powers or duties to any other officer or to any director.

Section 23. Authority and Duties of Officers.

The officers of the Corporation shall have such authority and shall perform such duties as are customarily incident to their respective offices, or as may be specified from time to time by the Board of Directors, the Chairman or the President regardless of whether such authority and duties are customarily incident to such office.

Section 24. Compensation.

The compensation of all officers and agents of the Corporation who are also members of the Board of Directors of the Corporation will be fixed by the Board of Directors or by a committee of the Board of Directors. The Board of Directors may fix, or delegate the power to fix, the compensation of the other officers and agents of the Corporation to the Chief Executive Officer or any other officer of the Corporation.

Section 25. Succession.

The officers of the Corporation will hold office until their successors are elected. Any officer may be removed at any time by the affirmative vote of a majority of the whole Board. Any vacancy occurring in any office of the Corporation may be filled by the Board of Directors or by the Chairman or President as provided in Regulation 22.

Section 26. Delegation of Duties.

The Directors are authorized to delegate the duties of any officers to any other officer and generally to control the action of the officers and to require the performance of duties in addition to those mentioned herein.

Section 27. Signing Checks and Other Instruments.

The Directors are authorized to determine or provide the method of determining how checks, notes, bills or exchange and similar instruments shall be signed, countersigned or endorsed.

CERTIFICATES OF STOCK

Section 28. ***Contents of Certificates.***

Every shareholder shall be entitled to one or more certificates, signed by the President or a Vice President and by the Treasurer, an Assistant Treasurer, the Corporate Secretary, or an Assistant Corporate Secretary of the Corporation, certifying the number and class of shares owned by him in the Corporation. If the Corporation is authorized to issue shares of more than one class or more than one series of any class, there shall be set forth upon the face or back of the certificate a full or summary statement of the designations, preferences and relative, participating, optional or other special rights of the various classes of stock or series thereof and the qualifications, limitations or restrictions of such rights, or the certificate shall have a statement that the Corporation will furnish such information to any shareholders upon request and without charge. If the Corporation shall be authorized to issue only special stock, such certificate shall set forth in full or summarize the rights of the holders of such stock.

Section 29. ***Countersignature of Authentication by Transfer Agents or Registrars.***

Whenever any certificate is countersigned or otherwise authenticated by a transfer agent or registrar, then a facsimile of the signatures of such officers of the Corporation may be engraved, stamped, or printed upon such certificate in lieu of the actual signatures. In case any officer or officers who shall have signed, or whose facsimile signature or signatures shall have been used on, any such certificate or certificates shall cease to be an officer or officers of the Corporation, whether because of death, resignation or otherwise, before such certificate or certificates shall have been delivered by the Corporation, such certificate or certificates may nevertheless be adopted by the Corporation and be issued and delivered as though the person or persons who signed such certificate or certificates, or whose facsimile signature or signatures shall have been used thereon, had not ceased to be an officer or officers of such Corporation.

LOST CERTIFICATES

Section 30. ***Replacement of Lost Certificates.***

The Board of Directors may direct a new certificate or certificates to be issued in place of any certificate or certificates theretofore issued by the Corporation alleged to have been lost or destroyed, upon the making of an affidavit of that fact by the person claiming the certificate of stock to be lost or destroyed. When authorizing such issue of a new certificate or certificates, the Board of Directors may, in its discretion and as a condition precedent to the issuance thereof, require the owner of such lost or destroyed certificate or certificates, or his legal representative, to advertise the same in such manner as it shall require and/or give the Corporation a bond in such sum as it may direct as indemnity against any claim that may be made against the Corporation with respect to the certificate alleged to have been lost or destroyed.

TRANSFER OF STOCK

Section 31. Transfer of Stock.

Upon surrender to the Corporation or the transfer agent of the Corporation of a certificate for shares duly endorsed or accompanied by proper evidence of succession, assignment or authority to transfer, it shall be the duty of the Corporation to issue a new certificate to the person entitled thereto, cancel the old certificate and record the transaction on its books.

RECORD DATES AND CLOSING OF TRANSFER BOOKS

Section 32. Record Dates and Closing of Transfer Books.

The Board of Directors may fix a time not exceeding sixty (60) days preceding the date of any meeting of shareholders or the date fixed for the payment of any dividend or distribution or the date for the allotment of rights as the record date for the determination of the shareholders entitled to notice of or to vote at any such meeting or entitled to receive payment of any such dividend, distribution or allotment of rights, and in such case only shareholders of record on the date so fixed shall be entitled to notice of or to vote at such meeting or to receive payment of such dividend, distribution or allotment of rights, as the case may be, notwithstanding any transfer of any shares on the books of the Corporation after any record date so fixed. The Board of Directors may close the books of the Corporation against transfers of shares during the whole or any part of the period between such record date and the date of the event in respect for which such record date was fixed.

REGISTERED SHAREHOLDERS

Section 33. Recognition of Record Ownership.

The Corporation shall be entitled to recognize the exclusive right of a person registered on its books as the owner of shares to receive dividends, and to vote as such owner, and to hold liable for calls and assessments a person registered on its books as the owner of shares, and shall not be bound to recognize any equitable or other claim to or interest in such share or shares on the part of any other person, whether or not it shall have express or other notice thereof, except as otherwise provided by the laws of Ohio.

GENERAL PROVISIONS

DIVIDENDS

Section 34. Payment of Dividends.

The Board of Directors may declare dividends upon the capital stock of the Corporation, subject to the provisions of the Articles of Incorporation, if any, at any regular or special meeting pursuant to law. Dividends may be paid in cash, in property or in shares of the capital stock, subject to the provisions of the Articles of Incorporation. Before payment of any dividend, there may be set aside out of any funds of the Corporation available for dividends such sum or sums as the Directors from time to time, in their absolute discretion, think proper as a reserve or reserves to meet contingencies, or for equalizing dividends, or for repairing or maintaining any property of the Corporation, or for such other purpose as the Directors shall think conducive to the interest of the Corporation and the Directors may modify or abolish any such reserves in the manner in which it was created.

FISCAL YEAR

Section 35. Fiscal Year.

The fiscal year of the Corporation shall be fixed by resolution of the Board of Directors.

SEAL

Section 36. Corporate Seal.

The corporate seal of the Corporation shall be of such design, and shall contain such words, as may be prescribed by the Directors.

TRANSFER AGENT AND REGISTRAR

Section 37. Transfer Agent; Registrar.

The Corporation may open transfer books in any state of the United States or in any foreign country for the purpose of transferring securities issued by it, and it may employ an agent or agents to keep the records of its securities to transfer or to register securities or both, in Ohio or in other states or in a foreign country, or both, and the acts of such agents shall be binding on the Corporation. The duties and liabilities of such agent or agents shall be such as may be agreed to by the Corporation. If no such transfer agent is appointed to act in Ohio in respect to its

shares, the Corporation shall keep an office in Ohio at which shares shall be transferable, and at which it shall keep books in which shall be recorded the names and addresses of all shareholders and all transfers of shares.

PROVISIONS IN ARTICLES OF INCORPORATION

Section 38. Governance By Articles of Incorporation.

These Regulations are at all times subject to the provisions of the Articles of Incorporation of the Corporation (including in such term whenever used in these Regulations, amendments thereto), and in case of any conflict between any provision herein and in the Articles of Incorporation, the provisions in the Articles of Incorporation shall be deemed to govern.

AMENDMENTS

Section 39. Procedure for Amendments.

These Regulations may be altered, changed or amended in any respect or superseded by new Regulations in whole or in part, by the affirmative vote of the holders of record of shares entitling them to exercise a majority of the voting power of the Corporation at an annual or special meeting called for such purpose or without a meeting by the written consent of the holders of record of shares entitling them to exercise a majority of the voting power of the Corporation. In case of adoption of any Regulation or amendment by such written consent, the Corporate Secretary shall enter the same in the corporate records and mail a copy thereof to each shareholder who would have been entitled to vote thereon and did not participate in the adoption thereof.

INDEMNIFICATION AND INSURANCE

Section 40. Indemnification.

The Corporation shall indemnify, to the full extent then permitted by law, any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative, by reason of the fact that he or she is or was a member of the Board of Directors or an officer, employee or agent of the Corporation, or is or was serving at the request of the Corporation as a director, trustee, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise. The Corporation shall indemnify such person against expenses, including attorney's fees, judgments, fines and amounts paid in settlement, actually and reasonably incurred by him by reason of the fact that he is or was such person to the full extent to which the Corporation is empowered or authorized to indemnify any person under the Ohio General Corporation Law as now in effect or as amended from time to time. The Corporation shall pay,

to the full extent then permitted by law, expenses, including attorney's fees, incurred by a member of the Board of Directors in defending any such action, suit or proceeding as they are incurred, in advance of the final disposition thereof, and may pay, in the same manner and to the full extent then permitted by law, such expenses incurred by any other person.

The indemnification and payment of expenses provided hereby shall not be exclusive of, and shall be in addition to, any other rights granted to those seeking indemnification under any law, the Articles of Incorporation, any agreement, vote of shareholders or disinterested members of the Board of Directors, or otherwise, both as to action in official capacities and as to action in another capacity while he or she is a member of the Board of Directors, or an officer, employee or agent of the Corporation, and shall continue as to a person who has ceased to be a member of the Board of Directors, officer, employee or agent and shall inure to the benefit of the heirs, executors and administrators of such a person.

Section 41. Insurance.

The Corporation may, to the full extent then permitted by law and authorized by the Board of Directors, purchase and maintain insurance or furnish similar protection, including but not limited to trust funds, letters of credit or self-insurance, on behalf of or for any persons described in Section 40 against any liability asserted against and incurred by any such person in any such capacity, or arising out of his status as such, whether or not the Corporation would have the power to indemnify such person against such liability. Insurance may be purchased from or maintained with a person in which the Corporation has a financial interest.

EMERGENCY REGULATIONS

Section 42. Emergency Regulations.

The Board of Directors may adopt, at any meeting, either before or during "an emergency" as that term is defined in Section 1701.01 of the Ohio Revised Code, emergency regulations to be operative during, but only during, an emergency. The emergency regulations may contain any provisions which may be made by emergency regulations as provided in Section 1701.111 of the Ohio Revised Code.

AUDITED FINANCIAL INFORMATION

THE TOLEDO EDISON COMPANY AND SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014

GLOSSARY OF TERMS

The following abbreviations and acronyms are used in these financial statements to identify The Toledo Edison Company and its current and former subsidiaries and affiliated companies:

ATSI	American Transmission Systems, Incorporated, formerly a direct subsidiary of FE that became a subsidiary of FET in April 2012, 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
FES	FirstEnergy Solutions Corp., which provides energy-related products and services
FESC	FirstEnergy Service Company, which provides legal, financial and other corporate support services
FET	FirstEnergy Transmission, LLC, formerly known as Allegheny Energy Transmission, LLC, which is the parent of ATSI and TrAIL and has a joint venture in PATH
FirstEnergy	FirstEnergy Corp., together with its consolidated subsidiaries
JCP&L	Jersey Central Power & Light Company, a New Jersey electric utility operating subsidiary
ME	Metropolitan Edison Company, a Pennsylvania electric utility operating subsidiary
MP	Monongahela Power Company, a West Virginia electric utility operating subsidiary
NG	FirstEnergy Nuclear Generation, LLC, a subsidiary of FES, 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
PN	Pennsylvania Electric Company, a Pennsylvania electric utility operating subsidiary
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
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 these financial statements:

AEP	American Electric Power Company, Inc.
AFS	Available-for-sale
AMT	Alternative Minimum Tax
AOCI	Accumulated Other Comprehensive Income
ARO	Asset Retirement Obligation
ASU	Accounting Standards Update
CERCLA	Comprehensive Environmental Response, Compensation, and Liability Act of 1980
DCR	Delivery Capital Recovery
DR	Demand Response
ELPC	Environmental Law & Policy Center
ERO	Electric Reliability Organization
ESP	Electric Security Plan
FASB	Financial Accounting Standards Board
FERC	Federal Energy Regulatory Commission
FPA	Federal Power Act
GAAP	Accounting Principles Generally Accepted in the United States of America
GWH	Gigawatt-hour
IBEW	International Brotherhood of Electrical Workers

GLOSSARY OF TERMS, *Continued*

IRS	Internal Revenue Service
kV	Kilovolt
KWH	Kilowatt-hour
LOC	Letter of Credit
MISO	Midcontinent Independent System Operator, Inc.
MLP	Master Limited Partnership
MW	Megawatt
NDT	Nuclear Decommissioning Trust
NERC	North American Electric Reliability Corporation
NOL	Net Operating Loss
NRC	Nuclear Regulatory Commission
OCC	Ohio Consumers' Counsel
OPEB	Other Post-Employment Benefits
OTTI	Other Than Temporary Impairments
OVEC	Ohio Valley Electric Corporation
PJM	PJM Interconnection, L.L.C.
POLR	Provider of Last Resort
PPA	Purchase Power Agreement
PUCO	Public Utilities Commission of Ohio
R&D	Research and Development
REC	Renewable Energy Credit
RFC	Reliability*First* Corporation
RFP	Request for Proposal
RRS	Retail Rate Stability Rider
RTEP	Regional Transmission Expansion Plan
RTO	Regional Transmission Organization
SB221	Amended Substitute Senate Bill No. 221
SB310	Substitute Senate Bill No. 310
SEC	United States Securities and Exchange Commission
Seventh Circuit	United States Court of Appeals for the Seventh Circuit
SPE	Special Purpose Entity
SSO	Standard Service Offer
VIE	Variable Interest Entity

Independent Auditor's Report

To Management and the Board of Directors
Of the Toledo Edison Company

In our opinion, the accompanying consolidated balance sheets and the related consolidated statements of income and comprehensive income, of common stockholder's equity, and of cash flows present fairly, in all material respects, the financial position of the Toledo Edison Company and its subsidiaries at December 31, 2015 and 2014, and the results of their operations and their cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits of these statements in accordance with the auditing standards of the Public Company Accounting Oversight Board (United States) and in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

As discussed in Note 1 to the financial statements, in 2015 the Company changed the manner in which deferred tax assets and liabilities, along with any related valuation allowance, are classified on the balance sheet.

/s/ PricewaterhouseCoopers LLP

Cleveland, Ohio
February 29, 2016

THE TOLEDO EDISON COMPANY AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF INCOME AND COMPREHENSIVE INCOME

	Year Ended December 31,	
(In thousands)	2015	2014
STATEMENTS OF INCOME		
REVENUES:		
Electric sales	$ 526,781	$ 482,467
Excise tax collections	27,323	27,481
Total revenues	554,104	509,948
OPERATING EXPENSES:		
Purchased power from affiliates	51,129	50,249
Purchased power from non-affiliates	122,909	104,671
Other operating expenses	200,262	164,638
Pension and OPEB mark-to-market adjustment	5,299	29,980
Provision for depreciation	36,391	35,441
Amortization (deferral) of regulatory assets, net	(10,570)	3,630
General taxes	59,510	60,135
Impairment of long-lived assets	8,045	—
Total operating expenses	472,975	448,744
OPERATING INCOME	81,129	61,204
OTHER INCOME (EXPENSE):		
Investment income (loss)	(6,502)	1,353
Miscellaneous income	831	84
Interest expense	(37,892)	(38,152)
Total other expense	(43,563)	(36,715)
INCOME BEFORE INCOME TAXES	37,566	24,489
INCOME TAXES	12,111	4,639
NET INCOME	$ 25,455	$ 19,850
STATEMENTS OF COMPREHENSIVE INCOME		
NET INCOME	$ 25,455	$ 19,850
OTHER COMPREHENSIVE INCOME (LOSS):		
Amortization of Pension and OPEB prior service costs	(3,941)	(5,325)
Change in unrealized gain on available-for-sale securities	(1,384)	2,272
Other comprehensive loss	(5,325)	(3,053)
Income tax benefits on other comprehensive loss	(1,901)	(1,089)
Other comprehensive loss, net of tax	(3,424)	(1,964)
COMPREHENSIVE INCOME	$ 22,031	$ 17,886

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

THE TOLEDO EDISON COMPANY AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS

(In thousands, except share amounts)	December 31, 2015	December 31, 2014
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	$ 747	$ 756
Receivables-		
Customers, net of allowance for uncollectible accounts of $2,675 in 2015 and $2,286 in 2014	56,764	55,634
Affiliated companies	39,065	20,401
Other, net of allowance for uncollectible accounts of $388 in 2015 and $436 in 2014	3,553	2,665
Notes receivable from affiliated companies	33,339	2,347
Prepayments and other	3,830	3,931
	137,298	85,734
UTILITY PLANT:		
In service	1,118,440	1,121,185
Less — Accumulated provision for depreciation	510,651	498,209
	607,789	622,976
Construction work in progress	14,887	14,896
	622,676	637,872
OTHER PROPERTY AND INVESTMENTS:		
Nuclear plant decommissioning trusts	83,227	92,374
Other	1,382	1,431
	84,609	93,805
DEFERRED CHARGES AND OTHER ASSETS:		
Goodwill	500,576	500,576
Regulatory assets	112,795	111,929
Other	71,135	58,698
	684,506	671,203
	$ 1,529,089	$ 1,488,614
LIABILITIES AND CAPITALIZATION		
CURRENT LIABILITIES:		
Currently payable long-term debt	$ 2,788	$ 2,731
Short-term borrowings -		
Affiliated companies	—	49,004
Other	—	50,000
Accounts payable-		
Affiliated companies	20,100	18,384
Other	12,268	10,618
Accrued taxes	32,351	33,025
Lease market valuation liability	36,900	36,900
Other	30,120	32,610
	134,527	233,272
CAPITALIZATION:		
Common stockholder's equity-		
Common stock, $5 par value, authorized 60,000,000 shares - 29,402,054 shares outstanding	147,010	147,010
Other paid-in capital	314,953	163,555
Accumulated other comprehensive income	6,968	10,392
Retained earnings	64,474	39,019
Total common stockholder's equity	533,405	359,976
Noncontrolling interest	2,601	2,601
Total equity	536,006	362,577
Long-term debt and other long-term obligations	397,640	400,374
	933,646	762,951
NONCURRENT LIABILITIES:		
Accumulated deferred income taxes	194,555	197,274
Retirement benefits	62,715	63,909
Asset retirement obligations	28,469	27,116
Lease market valuation liability	14,800	51,700
Other	160,377	152,392
	460,916	492,391
COMMITMENTS AND CONTINGENCIES (Note 12)		
	$ 1,529,089	$ 1,488,614

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

THE TOLEDO EDISON COMPANY AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMMON STOCKHOLDER'S EQUITY

	Common Stock				
(In thousands, except share amounts)	**Number of Shares**	**Par Value**	**Other Paid-In Capital**	**Accumulated Other Comprehensive Income**	**Retained Earnings**
Balance, January 1, 2014	29,402,054	$ 147,010	$ 162,920	$ 12,356	$ 54,169
Net Income					19,850
Change in unrealized gain on investments, net of $811 of income taxes				1,461	
Pension and OPEB, net of $1,900 of income tax benefits (Note 3)				(3,425)	
Stock based compensation			654		
Consolidated tax benefit allocation			(19)		
Cash dividends declared on common stock					$ (35,000)
Balance, December 31, 2014	29,402,054	$ 147,010	$ 163,555	$ 10,392	$ 39,019
Net Income					25,455
Change in unrealized gain on investments, net of $494 of income tax benefits				(890)	
Pension and OPEB, net of $1,407 of income tax benefits (Note 3)				(2,534)	
Stock based compensation			412		
Consolidated tax benefit allocation			986		
Equity contribution from parent			150,000		
Balance, December 31, 2015	29,402,054	$ 147,010	$ 314,953	$ 6,968	$ 64,474

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

THE TOLEDO EDISON COMPANY AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS

(In thousands)	Year Ended December 31, 2015	2014
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income	$ 25,455	$ 19,850
Adjustments to reconcile net income to net cash from operating activities-		
Provision for depreciation	36,391	35,441
Amortization (deferral) of regulatory assets, net	(10,570)	3,630
Deferred rents and lease market valuation liability	(37,839)	(37,839)
Deferred income taxes and investment tax credits, net	(1,306)	10,826
Pension and OPEB mark-to-market adjustment	5,299	29,980
Retirement benefits	(1,884)	(2,879)
Investment impairments	10,869	3,626
Impairment of long-lived assets	8,045	—
Amortization of debt related costs	10,677	10,698
Change in current assets and liabilities-		
Receivables	(18,301)	(10,116)
Prepayments and other current assets	265	584
Accounts payable	3,365	(7,288)
Accrued taxes	(652)	1,169
Cash collateral, net	(3,112)	3,221
Other	6,784	(3,918)
Net cash provided from operating activities	33,486	56,985
CASH FLOWS FROM FINANCING ACTIVITIES:		
New Financing-		
Short-term borrowings, net	—	19,845
Redemptions and Repayments-		
Long-term debt	(1,233)	(982)
Short-term borrowings, net	(99,004)	—
Equity contribution from parent	150,000	—
Common stock dividend payments	—	(35,000)
Other	(1,498)	(1,742)
Net cash provided from (used for) financing activities	48,265	(17,879)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Property additions	(42,668)	(28,403)
Loans to affiliated companies, net	(30,992)	2
Sales of investment securities held in trusts	87,140	93,763
Purchases of investment securities held in trusts	(90,628)	(96,787)
Asset removal costs	(4,497)	(7,977)
Other	(115)	286
Net cash used for investing activities	(81,760)	(39,116)
Net change in cash and cash equivalents	(9)	(10)
Cash and cash equivalents at beginning of period	756	766
Cash and cash equivalents at end of period	$ 747	$ 756
SUPPLEMENTAL CASH FLOW INFORMATION:		
Cash paid during the year-		
Interest (net of amounts capitalized)	$ 27,064	$ 27,390
Income taxes, net of refunds	$ 28,861	$ 5,439

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

THE TOLEDO EDISON COMPANY AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. ORGANIZATION AND BASIS OF PRESENTATION

TE, together with its consolidated subsidiary, is a wholly owned subsidiary of FE, and is incorporated in Ohio. TE operates an electric distribution system in Ohio. TE is subject to regulation by the PUCO and FERC.

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 indicative of results of operations for any future period. TE has evaluated events and transactions for potential recognition or disclosure through February 29, 2016, the issuance date of the financial statements.

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

REVENUES AND RECEIVABLES

TE's principal business is providing electric service to customers in Ohio. TE's retail customers are metered on a cycle basis. Electric revenues are recorded based on energy delivered through the end of the calendar month. An estimate of unbilled revenues is calculated to recognize electric service provided from the last meter reading through the end of the month. This estimate includes many factors, among which are historical customer usage, load profiles, estimated weather impacts, customer shopping activity and prices in effect for each class of customer. In each accounting period, TE recognizes the estimated unbilled amount receivable as revenue and reverses the related prior period estimate.

Receivables from customers include distribution and retail electric sales to residential, commercial and industrial customers. There was no material concentration of receivables as of December 31, 2015 and 2014, with respect to any particular segment of TE's customers. Billed and unbilled customer receivables were $27 million and $30 million, respectively, as of December 31, 2015 and were $29 million and $27 million, respectively, as of December 31, 2014. In addition, TE had one customer that individually accounted for approximately 10% and 12% of revenues during 2015 and 2014, respectively.

ACCOUNTING FOR THE EFFECTS OF REGULATION

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. TE nets its regulatory assets and liabilities based on federal and state jurisdictions. The following table provides information about the composition of net regulatory assets as of December 31, 2015 and December 31, 2014, and the changes during the year ended December 31, 2015:

Regulatory Assets by Source	December 31, 2015	December 31, 2014	Increase (Decrease)
		(In millions)	
Customer receivables for future income taxes	$ 2	$ 2	$ —
Asset removal costs	(25)	(26)	1
Deferred transmission costs	1	(7)	8
Deferred generation costs	29	33	(4)
Deferred distribution costs	36	38	(2)
Storm-related costs	13	13	—
Loss on required debt	42	52	(10)
Other	15	7	8
Net Regulatory Assets included in Consolidated Balance Sheets	$ 113	$ 112	$ 1

PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment reflects original cost (net of any impairments recognized), including payroll and related costs such as taxes, employee benefits, administrative and general costs, and capitalized interest incurred to place the assets in service. The costs of normal maintenance, repairs and minor replacements are expensed as incurred. TE recognizes liabilities for planned major maintenance projects as they are incurred.

TE provides for depreciation on a straight-line basis at various rates over the estimated lives of property included in plant in service. Depreciation expense was approximately 3.1% and 3.0% of average depreciable property in 2015 and 2014, respectively.

TE reviews long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying value of such assets may not be recoverable. The recoverability of a long-lived asset is measured by comparing its carrying value to the sum of undiscounted future cash flows expected to result from the use and eventual disposition of the asset. If the carrying value is greater

than the undiscounted cash flows, impairment exists and a loss is recognized for the amount by which the carrying value of the long-lived asset exceeds its estimated fair value. TE utilizes the income approach, based upon discounted cash flows to estimate fair value.

GOODWILL

In a business combination, the excess of the purchase price over the estimated fair values of the assets acquired and liabilities assumed is recognized as goodwill. TE evaluates goodwill for impairment annually on July 31 and more frequently if indicators of impairment arise. In evaluating goodwill for impairment, TE assesses qualitative factors to determine whether it is more likely than not (that is, likelihood of more than 50 percent) that its fair value is less than its carrying value (including goodwill). If TE concludes that it is not more likely than not that its fair value is less than its carrying value, then no further testing is required. However, if TE concludes that it is more likely than not that its fair value is less than its carrying value or bypasses the qualitative assessment, then the two-step quantitative goodwill impairment test is performed to identify a potential goodwill impairment and measure the amount of impairment to be recognized, if any.

No impairment of goodwill was indicated as a result of testing in 2015 and 2014. In 2015 and 2014, TE performed a quantitative assessment using a discounted cash flow analysis. Key assumptions incorporated in the discounted cash flow analysis requiring significant management judgment included: a discount rate, growth rates, projected operating income, changes in working capital, projected capital expenditures, projected funding of pension plans, expected results of future rate proceedings, and a terminal value growth rate. The July 31, 2015 assessment included a discount rate of 5.75% and a terminal value growth rate of 1.63%.

NEW ACCOUNTING PRONOUNCEMENTS

In May 2014, the FASB issued, ASU 2014-09 "Revenue from Contracts with Customers", requiring entities to recognize revenue by applying a five-step model in accordance with the core principle to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. In addition, the accounting for costs to obtain or fulfill a contract with a customer is specified and disclosure requirements for revenue recognition are expanded. In August 2015, the FASB issued a final Accounting Standards Update deferring the effective date until fiscal years beginning after December 15, 2017. Earlier application is permitted only as of annual reporting periods beginning after December 15, 2016, (the original effective date). The standard shall be applied retrospectively to each period presented or as a cumulative-effect adjustment as of the date of adoption. TE is currently evaluating the impact on its financial statements of adopting this standard.

In February 2015, the FASB issued, "Consolidations: Amendments to the Consolidation Analysis", which amends current consolidation guidance including changes to both the variable and voting interest models used by companies to evaluate whether an entity should be consolidated. This standard is effective for interim and annual periods beginning after December 15, 2015, and early adoption is permitted. A reporting entity must apply the amendments using a modified retrospective approach by recording a cumulative-effect adjustment to equity as of the beginning of the period of adoption or apply the amendments retrospectively. TE does not expect this amendment to have a material effect on its financial statements.

In April 2015, the FASB issued, ASU 2015-03 "Simplifying the Presentation of Debt Issuance Costs", which requires debt issuance costs to be presented on the balance sheet as a direct deduction from the carrying value of the associated debt liability, consistent with the presentation of a debt discount. The guidance is effective for financial statements issued for fiscal years beginning after December 15, 2015, and interim periods within those fiscal years. Early adoption is permitted for financial statements that have not been previously issued. Upon adoption, an entity must apply the new guidance retrospectively to all prior periods presented in the financial statements. In addition, in August 2015, the FASB issued ASU 2015-15, "Presentation and Subsequent Measurement of Debt Issuance Costs Associated with Line-of-Credit Arrangements", which states given the absence of authoritative guidance within ASU 2015-03 for debt issuance costs related to the line-of-credit arrangements, the SEC staff would not object to an entity deferring and presenting debt issuance costs as an asset and subsequently amortizing the costs ratably over the term of the arrangement, regardless of whether there are any outstanding borrowings on the line-of-credit. TE will adopt ASU 2015-15 and ASU 2015-03 beginning January 1, 2016. As of December 31, 2015, TE debt issuance costs included in Deferred Charges and Other Assets were $2 million. TE will elect to continue presenting debt issuance costs relating to its revolving credit facilities as an asset.

In November 2015, the FASB issued ASU 2015 - 17, "Balance Sheet Classification of Deferred Taxes", which requires all deferred tax assets and liabilities, along with any related valuation allowance, be classified as noncurrent on the balance sheet. The new guidance will be effective for fiscal years beginning after December 15, 2016, and interim periods within those fiscal years. Early adoption is permitted for all entities as of the beginning of an interim or annual reporting period. The guidance may be applied either prospectively, for all deferred tax assets and liabilities, or retrospectively. FirstEnergy early adopted ASU 2015-17 as of December 2015, and applied the new guidance retrospectively to all prior periods presented in the financial statements. There was no impact from the early adoption of ASU 2015-17 on the Consolidated Statements of Income. On the Consolidated Balance Sheet as of December 31, 2014, TE reclassified $21 million of Accumulated Deferred Income Taxes from Current Assets to Noncurrent Liabilities.

In January 2016, the FASB issued ASU 2016-01, "Financial Instruments-Overall: Recognition and Measurement of Financial Assets and Financial Liabilities". Changes to the current GAAP model primarily affect the accounting for equity investments, financial liabilities under the fair value option, and the presentation and disclosure requirements for financial instruments. In addition, the

FASB clarified guidance related to the valuation allowance assessment when recognizing deferred tax assets resulting from unrealized losses on available-for-sale debt securities. The ASU will be effective in fiscal years beginning after December 15, 2017, including interim periods within those fiscal years. Early adoption can be elected for all financial statements of fiscal years and interim periods that have not yet been issued or that have not yet been made available for issuance. TE is currently evaluating the impact on its financial statements of adopting this standard.

2. ACCUMULATED OTHER COMPREHENSIVE INCOME

The changes in AOCI, net of tax, for the years ended December 31, 2015 and 2014 for TE are shown in the following tables:

	Unrealized gains on AFS Securities	Defined Benefit Pension & OPEB Plans	Total
		(In millions)	
AOCI Balance, January 1, 2014	$ 1	$ 11	$ 12
Other comprehensive income before reclassifications	5	—	5
Amounts reclassified from AOCI	(3)	(5)	(8)
Other comprehensive income (loss)	2	(5)	(3)
Income tax (benefits) on other comprehensive income (loss)	1	(2)	(1)
Other comprehensive income (loss), net of tax	1	(3)	(2)
AOCI Balance, December 31, 2014	2	8	10
Amounts reclassified from AOCI	(1)	(4)	(5)
Other comprehensive loss	(1)	(4)	(5)
Income tax benefits on other comprehensive loss	—	(2)	(2)
Other comprehensive loss, net of tax	(1)	(2)	(3)
AOCI Balance, December 31, 2015	$ 1	$ 6	$ 7

The following amounts were reclassified from AOCI for TE in the years ended December 31, 2015 and 2014:

Reclassifications out of AOCI [2]	Amount Reclassified from AOCI 2015	2014	Affected Line Item in the Statement of Net Income
	(in millions)		
Unrealized gains on AFS securities			
Realized gains on sales of securities	$ (1)	$ (3)	Investment income (loss)
	—	1	Income taxes
	$ (1)	$ (2)	Net of tax
Defined Benefit Pension and OPEB Plans			
Prior-service costs	$ (4)	$ (5)	[1]
	2	2	Income taxes
	$ (2)	$ (3)	Net of tax

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

[2] Parenthesis represent credits to the Consolidated Statements of Income from AOCI.

3. PENSION AND OTHER POSTEMPLOYMENT BENEFITS

FirstEnergy provides noncontributory qualified defined benefit pension plans that cover substantially all of its employees and non-qualified pension plans that cover certain employees, including employees of TE. The plans provide defined benefits based on years of service and compensation levels. In addition, FirstEnergy provides a minimum amount of noncontributory life insurance

to retired employees in addition to optional contributory insurance. Health care benefits, which include certain employee contributions, deductibles and co-payments, are also available upon retirement to certain employees, their dependents and, under certain circumstances, their survivors. TE recognizes its allocated portion of the expected cost of providing pension and OPEB to employees and their beneficiaries and covered dependents from the time employees are hired until they become eligible to receive those benefits. TE also recognized its allocated portion of obligations to former or inactive employees after employment, but before retirement, for disability-related benefits. In 2014, the qualified pension plan was amended authorizing a voluntary cashout window program for certain eligible terminated participants with vested benefits. Payment of benefits for participants that elected an immediate lump sum cash payment or an annuity resulted in a $40 million reduction to the underfunded status of the pension plan. Additionally, during 2015 and 2014, certain unions ratified their labor agreements that ended subsidized retiree health care resulting in a reduction to the OPEB benefit obligation by approximately $10 million and $97 million, respectively. There was no reduction to TE's share of its OPEB net liability resulting from the 2015 or 2014 amendments.

FirstEnergy recognizes as a pension and OPEB mark-to-market adjustment the change in the fair value of plan assets and net actuarial gains and losses annually in the fourth quarter of each fiscal year and whenever a plan is determined to qualify for a remeasurement. The remaining components of pension and OPEB expense, primarily service costs, interest on obligations, assumed return on assets and prior service costs, are recorded on a monthly basis. TE's pension and OPEB mark-to-market adjustment for the years ended December 31, 2015 and 2014 were $4 million ($5 million net of amounts capitalized) and $48 million ($30 million net of amounts capitalized), respectively. In 2015, the pension and OPEB mark-to-market adjustment primarily reflects lower than expected asset returns as well as the impact of other demographic assumptions including revisions to the mortality assumptions partially offset by a 25 basis point increase in the discount rate.

FirstEnergy's pension and OPEB funding policy is based on actuarial computations using the projected unit credit method. During the year ended December 31, 2015, FirstEnergy made contributions of $143 million to its qualified pension plan. In 2016, FirstEnergy has minimum required funding obligations of $381 million to its qualified pension plan with $160 million contributed to date. Pension and OPEB costs are affected by employee demographics (including age, compensation levels and employment periods), the level of contributions made to the plans and earnings on plan assets. Pension and OPEB costs may also be affected by changes in key assumptions, including anticipated rates of return on plan assets, the discount rates and health care trend rates used in determining the projected benefit obligations for pension and OPEB costs. FirstEnergy uses a December 31 measurement date for its pension and OPEB plans. The fair value of the plan assets represents the actual market value as of the measurement date.

FirstEnergy's assumed rate of return on pension plan assets considers historical market returns and economic forecasts for the types of investments held by the pension trusts. In 2015, FirstEnergy's qualified pension and OPEB plan assets experienced losses of $(172) million, or (2.7)% compared to earnings of $387 million, or 6.2% in 2014, and assumed a 7.75% rate of return for each year on plan assets which generated $476 million and $496 million of expected returns on plan assets, respectively. The expected return on pension and OPEB assets is based on the trusts' asset allocation targets and the historical performance of risk-based and fixed income securities. The gains or losses generated as a result of the difference between expected and actual returns on plan assets will increase or decrease future net periodic pension and OPEB cost as the difference is recognized annually in the fourth quarter of each fiscal year or whenever a plan is determined to qualify for remeasurement.

During 2014, the Society of Actuaries published new mortality tables and improvement scales reflecting improved life expectancies and an expectation that the trend will continue. An analysis of FirstEnergy pension and OPEB plan mortality data indicated the use of the RP2014 mortality table with blue collar adjustment for females and projection scale SS2014INT was most appropriate as of December 31, 2015. As such, the RP2014 mortality table with projection scale SS2014INT was utilized to determine the 2015 benefit cost and obligation as of December 31, 2015 for the FirstEnergy pension and OPEB plans.

The following is a summary of the plan status:

	Pension		OPEB	
As of December 31,	**2015**	**2014**	**2015**	**2014**
		(in millions)		
FE benefit obligation	$ 9,079	$ 9,249	$ 724	$ 757
FE fair value of plan assets	5,338	5,824	431	464
FE funded status	(3,741)	(3,425)	(293)	(293)
FE accumulated benefit obligation	8,579	8,744	—	—
FE net periodic costs (credits) [1]	485	1,350	(108)	(154)
TE's share of net liability	33	31	29	32
TE's share of net periodic costs (credits) [1]	2	28	(7)	(5)

[1] Includes annual pension and OPEB mark-to-market adjustment

	Pension		OPEB	
As of December 31,	**2015**	**2014**	**2015**	**2014**
Assumptions Used to Determine Benefit Obligations				
(as of December 31)				
Discount rate	4.50%	4.25%	4.25%	4.00%
Rate of compensation increase	4.20%	4.20%	N/A	N/A
Assumed Health Care Cost Trend Rates				
(as of December 31)				
Health care cost trend rate assumed (pre/ post-Medicare)	N/A	N/A	6.0-5.5%	7.5-7.0%
Rate to which the cost trend rate is assumed to decline (the ultimate trend rate)	N/A	N/A	4.50%	4.50%
Year that the rate reaches the ultimate trend rate (pre/post-Medicare)	N/A	N/A	2026	2026
Assumptions Used to Determine Net Periodic Benefit Cost for Years Ended December 31				
Weighted-average discount rate	4.25%	5.00%	4.00%	4.75%
Expected long-term return on plan assets	7.75%	7.75%	7.75%	7.75%
Rate of compensation increase	4.20%	4.20%	N/A	N/A

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

4. TAXES

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

TE is party to an intercompany income tax allocation agreement with FE and its other subsidiaries that provides for the allocation of consolidated tax liabilities. Net tax benefits attributable to FE are reallocated to the subsidiaries of FE that have taxable income. That allocation is accounted for as a capital contribution to the company receiving the tax benefit.

On December 18, 2015, the President signed into law the Protecting Americans from Tax Hikes Act of 2015 (the Act). The Act, among other things, made permanent the R&D tax credit, and also extended accelerated depreciation of qualified capital investments placed into service. This bonus depreciation provision is 50% for qualifying assets placed into service from 2015 through 2017, 40% for qualifying assets placed into service in 2018 and 30% for qualifying assets placed into service in 2019. TE recorded the effects of the Act that apply to 2015 in the fourth quarter of 2015. The extension of the tax benefits did not have a significant impact to the effective tax rate.

INCOME TAXES:	2015	2014
	(In millions)	
Currently payable (receivable)-		
Federal	$ 13	$ (6)
	13	(6)
Deferred, net-		
Federal	—	12
State	(1)	(1)
	(1)	11
Total income taxes	$ 12	$ 5

TE's tax rates are affected by permanent items as well as discrete items that may occur in any given period, but are not consistent from period to period. The following table provides a reconciliation of federal income tax expense at the federal statutory rate to the total income taxes for the years ended December 31:

(In millions)	2015	2014
Book income before income taxes	$ 38	$ 24
Federal income tax expense at statutory rate (35%)	$ 13	$ 9
Increases (reductions) in taxes resulting from-		
State income taxes, net of federal tax benefit	—	—
Change in accounting method	—	(2)
Other, net	(1)	(2)
Total income taxes	$ 12	$ 5
Effective income tax rate	31.6%	20.8%

In 2015, TE's effective tax rate was 31.6% compared to 20.8% in 2014. The increase in the effective tax rate resulted from the absence of a tax benefit recognized in 2014 associated with an IRS approved change in accounting method for costs associated with the refurbishment of meters and transformers.

Accumulated deferred income taxes as of December 31, 2015 and 2014 are as follows:

(In millions)	2015	2014
Property basis differences	$ 207	$ 218
Net regulatory assets	32	28
Asset retirement obligations	(10)	(9)
Pension and OPEB	(52)	(51)
Lease market valuation liability	(11)	(24)
Nuclear decommissioning activities	16	17
Loss carryforwards and AMT credits	(5)	(6)
Reacquisition of debt amortization	15	19
All other	3	5
Net deferred income tax liability	$ 195	$ 197

TE has recorded as deferred income tax assets the effect of NOLs and tax credits that will more likely than not be realized through future operations and through the reversal of existing temporary differences. As of December 31, 2015, the deferred income tax assets of TE before any valuation allowances, consisted of approximately $3 million, net of tax, of federal NOL carryforwards that begin to expire in 2031 and approximately $2 million, net of tax, of state and local NOL carryforwards that begin to expire in 2016. Based on current judgment, it is anticipated that TE will fully utilize all NOLs. However, ultimate utilization of NOLs may be impacted by many factors, including changes in statutory rates or other state law limitations on the use of NOLs, and changes in business which, among other things, impact both future profitability and the manner in which future taxable income is apportioned to various state tax jurisdictions.

TE accounts for uncertainty in income taxes recognized in its financial statements. Accounting guidance prescribes a recognition threshold and measurement attribute for financial statement recognition and measurement of tax positions taken or expected to be

taken on a company's tax return. For the years ended December 31, 2015 and 2014, TE did not record any unrecognized tax benefits, nor does TE have a reserve for any uncertain tax positions.

TE recognizes interest expense or income and penalties related to uncertain tax positions in income taxes. That amount is computed by applying the applicable statutory interest rate to the difference between the tax position recognized and the amount previously taken or expected to be taken on the tax return. During 2015 and 2014, TE did not record any interest related to uncertain tax positions.

For federal income tax purposes, TE files as a member of the FE consolidated group. In January 2015, the IRS completed its examination of FE's 2013 federal income tax return and issued a Revenue Agent Report, which did not result in a material impact to TE's effective tax rate. Tax year 2014 is currently under review by the IRS.

General Taxes

Details of general taxes for the years ended December 31, 2015 and 2014 are shown below:

(In millions)	**2015**	**2014**
KWH excise	$ 26	$ 26
Gross receipts	1	1
Real and personal property	30	30
Social security and unemployment	2	2
Other	1	1
Total general taxes	$ 60	$ 60

5. LEASES

TE leases certain office space and other property and equipment under cancelable and noncancelable leases.

In 1987, TE sold portions of its ownership interests in Beaver Valley Unit 2 entered into an operating lease for lease terms of approximately 30 years. During the terms of the lease, TE is responsible, to the extent of its leasehold interests, for costs associated with the units including construction expenditures, operation and maintenance expenses, insurance, nuclear fuel, property taxes and decommissioning.

During 2008, NG purchased 158.5 MW of lessor equity interests in sale and leaseback of Beaver Valley Unit 2. TE continues to lease these MW under these respective sale and leaseback arrangements and the related lease debt remains outstanding.

Operating lease expense which includes rent expense for the use of office space and other property and equipment owned by affiliated companies for the years ended December 31, 2015 and 2014 was $27 million for each year. TE's estimated future minimum lease payments for capital and operating leases as of December 31, 2015 with initial or remaining lease terms in excess of one year are as follows:

(In millions)	**2016**	**2017**	**2018**	**2019**	**2020**	**Thereafter**	**Total**	**Less: amount representing interest and fees**	**Present value of net minimum capital lease payments**
Capital leases	$ 2	$ 2	$ 2	$ 1	$ 1	$ 3	$ 11	$ 1	$ 10
Operating leases	64	14	1	—	—	—	79	N/A	N/A

The carrying amounts of assets recorded under capital lease agreements included in "Property, plant and equipment, net" on TE's Consolidated Balance Sheets as of December 31, 2015 and 2014 were $10 million and $14 million, respectively.

6. VARIABLE INTEREST ENTITIES

TE performs qualitative analyses to determine whether a variable interest gives TE a controlling financial interest in a VIE. This analysis identifies the primary beneficiary of a VIE as the enterprise that has both the power to direct the activities of a VIE that most significantly impact the entity's economic performance and the obligation to absorb losses of the entity that could potentially be significant to the VIE or the right to receive benefits from the entity that could potentially be significant to the VIE. TE and its subsidiary consolidate a VIE when it is determined that it is the primary beneficiary.

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

Consolidated VIEs

VIEs in which TE is the primary beneficiary consist of the following (included in TE's consolidated financial statements):

- ***Ohio Securitization*** - In September 2012, TE formed TE Funding LLC as a separate, wholly-owned limited liability SPE. The phase-in recovery bonds issued by the SPE are payable only from, and secured by, phase-in recovery property owned by the SPE (i.e. the right to impose, charge and collect irrevocable non-bypassable usage-based charges payable by retail electric customers in the service territories of TE) and the bondholder has no recourse to the general credit of FirstEnergy or TE. TE, as servicer of the SPE, manages and administers the phase-in recovery property including the billing, collection and remittance of usage-based charges payable by retail electric customers. TE is entitled to annual servicing fees of $43 thousand that are recoverable through the usage-based charges. The SPE is considered a VIE and is consolidated into the financial statements of TE. As of December 31, 2015 and December 31, 2014, $41 million and $42 million of the phase-in recovery bonds were outstanding, respectively.

Unconsolidated VIEs

TE is not the primary beneficiary of the following VIE:

- ***Sale and Leaseback Transactions*** - TE has variable interests in certain sale and leaseback transactions. TE is not the primary beneficiary of these interests as it does not have control over the significant activities affecting the economics of the arrangement.

  TE is exposed to losses under the sale and leaseback agreements upon the occurrence of certain contingent events. The maximum exposure under these provisions represents the net amount of casualty value payments due upon the occurrence of specified casualty events. Net discounted lease payments would not be payable if the casualty loss payments were made. The following table discloses TE's net exposure to loss based upon the casualty value provisions as of December 31, 2015.

Maximum Exposure	Discounted Lease Payments, net	Net Exposure
	(In millions)	
$ 192	$ 75	$ 117

7. FAIR VALUE MEASUREMENTS

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 available-for-sale securities.

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

Generally, unrealized gains and losses on available-for-sale securities are recognized in AOCI. However, unrealized losses held in the NDT trust are recognized in earnings since the trust arrangements, as they are currently defined, do not meet the required ability and intent to hold criteria in consideration of OTTI.

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

Available-For-Sale Securities

TE holds debt and equity securities within its NDT trust. These trust investments are considered available-for-sale securities recognized at fair market value. TE has no securities held for trading purposes.

The following table summarizes the amortized cost basis, unrealized gains (there were no unrealized losses) and fair values of investments held in NDT trust as of December 31, 2015 and December 31, 2014:

	December 31, 2015[1]			December 31, 2014[1]		
	Cost Basis	Unrealized Gains	Fair Value	Cost Basis	Unrealized Gains	Fair Value
			(In millions)			
Debt securities	$ 61	$ 1	$ 62	$ 61	$ 1	$ 62
Equity securities	18	2	20	26	3	29

(1) Excludes short-term cash investments of $1 million for the years ended December 31, 2015 and 2014.

Proceeds from the sale of investments in available-for-sale securities, realized gains and losses on those sales and interest and dividend income for the years ended December 31, 2015 and 2014 were as follows:

	Sale Proceeds	Realized Gains	Realized Losses	OTTI	Interest and Dividend Income
			(In millions)		
2015	$ 87	$ 12	$ (11)	$ (11)	$ 3
2014	94	6	(3)	(4)	3

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 for Level 2 and Level 3 are as follows:

Level 1 - Quoted prices for identical instruments in active markets

Level 2 - Quoted prices for similar instruments in active markets
- 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

TE primarily applies the market approach for recurring fair value measurements using the best information available. Accordingly, TE maximizes the use of observable inputs and minimizes the use of unobservable inputs. There were no changes in valuation methodologies used as of December 31, 2015 from those used as of December 31, 2014. 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, letters of credit and priority interests). The impact of these forms of risk was not significant to the fair value measurements.

Transfers between levels are recognized at the end of the reporting period. There were no transfers between levels during the 2015 and 2014 periods. The following table sets forth the recurring assets that are accounted for at fair value by level within the fair value hierarchy. TE has no Level 3 assets or liabilities that are measured at fair value on the balance sheet.

Recurring Fair Value Measurements	**December 31, 2015**			**December 31, 2014**		
	Level 1	**Level 2**	**Total**	**Level 1**	**Level 2**	**Total**
Assets			***(In millions)***			
Corporate debt securities	$ —	$ 54	$ 54	$ —	$ 56	$ 56
Equity securities(1)	20	—	20	29	—	29
Foreign government debt securities	—	1	1	—	1	1
U.S. government debt securities	—	7	7	—	4	4
Other(2)	—	2	2	—	2	2
Total assets(3)	$ 20	$ 64	$ 84	$ 29	$ 63	$ 92

(1) NDT funds hold equity portfolios whose performance is benchmarked against the Alerian MLP Index.
(2) Primarily consists of short-term cash investments.
(3) Excludes $(1) million as of December 31, 2015 of receivables, payables, taxes and accrued income associated with financial instruments reflected within the fair value table.

LONG-TERM DEBT AND OTHER LONG-TERM OBLIGATIONS

The following table provides the approximate fair value and related carrying amounts of long-term debt, excluding capital lease obligations and net unamortized premiums and discounts as of December 31, 2015 and December 31, 2014.

	December 31, 2015		**December 31, 2014**	
(In millions)	**Carrying Value**	**Fair Value**	**Carrying Value**	**Fair Value**
Long-term debt	$ 392	$ 438	$ 393	$ 482

The fair values of long-term debt 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 TE. TE classified long-term debt as Level 2 in the fair value hierarchy as of December 31, 2015 and December 31, 2014.

8. CAPITALIZATION

COMMON STOCK

In addition to paying dividends from retained earnings, TE has authorization from the FERC to pay cash dividends to FirstEnergy from paid-in capital accounts, as long as its FERC-defined equity to total capitalization ratio (without consideration of retained earnings) remains above 35%.

PREFERRED STOCK

TE is authorized to issue 3,000,000 and 12,000,000 shares preferred stock, $100 and $25 par value, respectfully, as of December 31, 2015. As of December 31, 2015, and 2014, there were no preferred shares outstanding.

LONG-TERM DEBT AND OTHER LONG-TERM OBLIGATIONS

The following table present outstanding long-term debt and capital lease obligations for TE as of December 31, 2015 and 2014:

	As of December 31, 2015		**As of December 31,**	
(Dollar amounts in millions)	**Maturity Date**	**Interest Rate**	**2015**	**2014**
Secured notes - fixed rate	2017 - 2037	0.679% - 7.250%	$ 392	$ 393
Capital lease obligations			10	11
Unamortized debt discounts			(1)	(1)
Currently payable long-term debt			(3)	(3)
Total long-term debt and other long-term obligations			$ 398	$ 400

The following table presents scheduled debt repayments for outstanding long-term debt, excluding capital leases, fair value purchase accounting adjustments and unamortized debt discounts and premiums, for the next five years as of December 31, 2015.

Year	TE
	(In millions)
2016	$ 1
2017	1
2018	1
2019	1
2020	51

Phase-In Recovery Bonds

In June 2013, the SPEs formed by the Ohio Companies issued pass-through trust certificates supported by phase-in recovery bonds to securitize the recovery of certain all electric customer heating discounts, fuel and purchased power regulatory assets (TE - $43 million). As of December 31, 2015 and 2014, $41 million and $42 million of the phase-in recovery bonds were outstanding at TE, respectively.

See Note 6, Variable Interest Entities for additional information on securitized bonds.

Debt Covenant Default Provisions

TE has various debt covenants under certain financing arrangements, including its revolving credit facility. The most restrictive of the debt covenants relate to the nonpayment of interest and/or principal on such debt and the maintenance of certain financial ratios. The failure by TE to comply with the covenants contained in any of its financing arrangements could result in an event of default, which may have an adverse effect on TE's financial condition.

Additionally, there are cross-default provisions in certain financing arrangements of FE and its subsidiaries, including TE. These provisions generally trigger a default in the applicable financing arrangement of an entity if it or any of its significant subsidiaries default under another financing arrangement in excess of a certain principal amount, typically $100 million. Although such defaults by TE would generally cross-default to FE financing arrangements containing these provisions, defaults by FE would generally not cross-default applicable TE financing arrangements.

As of December 31, 2015, TE was in compliance with all debt covenant default provisions.

9. SHORT-TERM BORROWINGS AND BANK LINES OF CREDIT

TE had no short-term borrowings as of December 31, 2015 and $99 million of outstanding short-term borrowings as of December 31, 2014.

Revolving Credit Facility

FE and certain of its subsidiaries, including TE, participate in a five-year syndicated revolving credit facility with aggregate commitments of $3.5 billion (Facility). On March 31, 2014, FE and FE's other borrower subsidiaries, including TE, entered into extensions and amendments to the Facility, which was extended until March 31, 2019. The Facility was also amended to increase the lending banks' commitments under the facility by $1 billion to a total of $3.5 billion and to increase the individual borrower sublimit for FE by $1 billion to a total of $3.5 billion.

Generally, borrowings under the Facility 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. The Facility contains financial covenants requiring each borrower to maintain a consolidated debt to total capitalization ratio of no more than 65%, measured at the end of each fiscal quarter. As of January 31, 2016 FE and the Utilities had available liquidity under the facility of $1.6 billion in the aggregate. Under this Facility, TE may borrow up to its sub-limit of $500 million, all of which was available to TE as of January 31, 2016. TE has regulatory and other short-term debt limitations of $500 million which includes amounts that may be borrowed under the regulated companies' money pool.

Subject to each borrower's sub-limit, $600 million of the Facility is available for the issuance of LOCs expiring up to one year from the date of issuance. The stated amount of outstanding LOCs will count against total commitments available under the Facility and against the applicable borrower's borrowing sub-limit.

The Facility does 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 Facility is related to the credit ratings of the company borrowing the funds. Additionally, borrowings under the Facility 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.

FirstEnergy Money Pool

FE's regulated companies, including TE, also have the ability to borrow from each other and the holding company to meet their short-term working capital requirements. FESC administers this money pool and tracks surplus funds of FE and the respective regulated subsidiaries, as well as proceeds available from bank borrowings. Companies receiving a loan under the money pool agreement 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 the regulated pool and is based on the average cost of funds available through the pool. The average interest rate for borrowings in 2015 was 0.84% per annum.

10. ASSET RETIREMENT OBLIGATIONS

TE has recognized applicable legal obligations for AROs and its associated cost primarily for the decommissioning of Beaver Valley due to its leasehold interest in Beaver Valley Unit 2. TE uses an expected cash flow approach to measure the fair value of its nuclear decommissioning AROs. In addition, TE has recognized conditional retirement obligations, primarily for asbestos remediation.

TE maintains NDTs that are legally restricted for purposes of settling the nuclear decommissioning ARO. The fair values of the decommissioning trust assets as of December 31, 2015 and 2014 were $83 million and $92 million, respectively.

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

The following table summarizes the changes to TE's ARO balances during 2015 and 2014:

ARO Reconciliation	***(In millions)***
Balance, January 1, 2014	$ 34
Accretion	2
Revisions in estimated cash flows	(9)
Balance, December 31, 2014	27
Accretion	2
Settlements	(1)
Balance, December 31, 2015	$ 28

During the fourth quarter of 2014, based on studies completed by a third-party to reassess the estimated costs of decommissioning Beaver Valley Unit 2, TE decreased its ARO $9 million. The decrease in the ARO primarily resulted from an extension in the number of years in which decommissioning activities are estimated to occur.

11. REGULATORY MATTERS

STATE REGULATION

TE's retail rates, conditions of service, issuance of securities and other matters are subject to regulation in Ohio by the PUCO. 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.

OHIO

The Ohio Companies operate under their ESP 3 plan which expires on May 31, 2016. The material terms of ESP 3 include:
- A base distribution rate freeze through May 31, 2016;
- Collection of lost distribution revenues associated with energy efficiency and peak demand reduction programs;
- Economic development and assistance to low-income customers for the two-year plan period at levels established in the prior ESP;
- A 6% generation rate discount to certain low income customers provided by the Ohio Companies through a bilateral wholesale contract with FES (FES is one of the wholesale suppliers to the Ohio Companies);
- A requirement to provide power to non-shopping customers at a market-based price set through an auction process;
- Rider DCR that allows continued investment in the distribution system for the benefit of customers;

- A commitment not to recover from retail customers certain costs related to transmission cost allocations for the longer of the five-year period from June 1, 2011 through May 31, 2016 or when the amount of costs avoided by customers for certain types of products totals $360 million, subject to the outcome of certain FERC proceedings;
- Securing generation supply for a longer period of time by conducting an auction for a three-year period rather than a one-year period, in each of October 2012 and January 2013, to mitigate any potential price spikes for the Ohio Companies' utility customers who do not switch to a competitive generation supplier; and
- Extending the recovery period for costs associated with purchasing RECs mandated by SB221, Ohio's renewable energy and energy efficiency standard, through the end of the new ESP 3 period. This is expected to initially reduce the monthly renewable energy charge for all non-shopping utility customers of the Ohio Companies by spreading out the costs over the entire ESP period.

Notices of appeal of the Ohio Companies' ESP 3 plan to the Supreme Court of Ohio were filed by the Northeast Ohio Public Energy Council and the ELPC. The oral argument in this matter occurred on January 6, 2016.

The Ohio Companies filed an application with the PUCO on August 4, 2014 seeking approval of their ESP IV entitled *Powering Ohio's Progress*. The Ohio Companies filed a Stipulation and Recommendation on December 22, 2014, and supplemental stipulations and recommendations on May 28, 2015, and June 4, 2015. The evidentiary hearing on the ESP IV commenced on August 31, 2015 and concluded on October 29, 2015. On December 1, 2015, the Ohio Companies filed a Third Supplemental Stipulation and Recommendation, which included PUCO Staff as a signatory party in addition to other signatories. The PUCO completed a hearing on the Third Supplemental Stipulation and Recommendation in January 2016. Initial briefs were filed on February 16, 2016 and reply briefs were filed on February 26, 2016. A final PUCO decision is expected in March 2016.

The proposed ESP IV supports FirstEnergy's strategic focus on regulated operations and better positions the Ohio Companies to deliver on their ongoing commitment to upgrade, modernize and maintain reliable electric service for customers while preserving electric security in Ohio. The material terms of the proposed ESP IV, as modified by the stipulations include:

- An eight-year term (June 1, 2016 - May 31, 2024);
- Contemplates continuing a base distribution rate freeze through May 31, 2024;
- An Economic Stability Program that flows through charges or credits through Rider RRS representing the net result of the price paid to FES through a proposed eight-year FERC-jurisdictional PPA for the output of the Sammis and Davis-Besse plants and FES' share of OVEC against the revenues received from selling such output into the PJM markets over the same period, subject to the PUCO's termination of Rider RRS charges/credits associated with any plants or units that may be sold or transferred;
- Continuing to provide power to non-shopping customers at a market-based price set through an auction process;
- Continuing Rider DCR with increased revenue caps of approximately $30 million per year from June 1, 2016 through May 31, 2019; $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 that supports continued investment related to the distribution system for the benefit of customers;
- Collection of lost distribution revenues associated with energy efficiency and peak demand reduction programs;
- A risk-sharing mechanism that would provide guaranteed credits under Rider RRS in years five through eight to customers as follows: $10 million in year five, $20 million in year six, $30 million in year seven and $40 million in year eight;
- A continuing commitment not to recover from retail customers certain costs related to transmission cost allocations for the longer of the five-year period from June 1, 2011 through May 31, 2016 or when the amount of such costs avoided by customers for certain types of products totals $360 million, including such costs from MISO along with such costs from PJM, subject to the outcome of certain FERC proceedings;
- Potential procurement of 100 MW of new Ohio wind or solar resources subject to a demonstrated need to procure new renewable energy resources as part of a strategy to further diversify Ohio's energy portfolio;
- An agreement to file a case with the PUCO by April 3, 2017, seeking to transition to decoupled base rates for residential customers;
- An agreement to file by February 29, 2016, a Grid Modernization Business Plan for PUCO consideration and approval;
- A contribution of $3 million per year ($24 million over the eight year term) to fund energy conservation programs, economic development and job retention in the Ohio Companies service territory;
- Contributions of $2.4 million per year ($19 million over the eight year term) to fund a fuel-fund in each of the Ohio Companies service territories to assist low-income customers; and
- A contribution of $1 million per year ($8 million over the eight year term) to establish a Customary Advisory Council to ensure preservation and growth of the competitive market in Ohio.

On January 27, 2016, certain parties filed a complaint at FERC against FES, OE, CEI, and TE that requests FERC review of the ESP IV PPA under Section 205 of the FPA. FES, OE, CEI and TE responded to the complaint on February 23, 2016. In addition to such proceeding, parties have expressed an intention to challenge in the courts and/or before FERC, the PPA or PUCO approval of the ESP IV, if approved. Management intends to vigorously defend against such challenges.

Under Ohio's energy efficiency standards (SB221 and SB310), and based on the Ohio Companies' amended energy efficiency plans, the Ohio Companies are required to implement energy efficiency programs that achieve a total annual energy savings equivalent of 2,266 GWHs in 2015 and 2,288 GWHs in 2016, and then begin to increase by 1% each year in 2017, subject to legislative amendments to the energy efficiency standards discussed below. The Ohio Companies are also required to retain the

2014 peak demand reduction level for 2015 and 2016 and then increase the benchmark by an additional 0.75% thereafter through 2020, subject to legislative amendments to the peak demand reduction standards discussed below.

On September 30, 2015, the Energy Mandates Study Committee issued its report related to energy efficiency and renewable energy mandates, recommending that the current level of mandates remain in place indefinitely. The report also recommended: (i) an expedited process for review of utility proposed energy efficiency plans; (ii) ensuring maximum credit for all of Ohio's Energy Initiatives; (iii) a switch from energy mandates to energy incentives; and (iv) a declaration be made that the General Assembly may determine energy policy of the state. No legislation has yet been introduced to change the standards described above.

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

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

Ohio law requires electric utilities and electric service companies in Ohio to serve part of their load from renewable energy resources measured by an annually increasing percentage amount through 2026, subject to legislative amendments discussed above, except 2015 and 2016 that remain at the 2014 level. The Ohio Companies conducted RFPs in 2009, 2010 and 2011 to secure RECs to help meet these renewable energy requirements. In September 2011, the PUCO opened a docket to review the Ohio Companies' alternative energy recovery rider through which the Ohio Companies recover the costs of acquiring these RECs. The PUCO issued an Opinion and Order on August 7, 2013, approving the Ohio Companies' acquisition process and their purchases of RECs to meet statutory mandates in all instances except for certain purchases arising from one auction and directed the Ohio Companies to credit non-shopping customers in the amount of $43.4 million, plus interest, on the basis that the Ohio Companies did not prove such purchases were prudent. On December 24, 2013, following the denial of their application for rehearing, the Ohio Companies filed a notice of appeal and a motion for stay of the PUCO's order with the Supreme Court of Ohio, which was granted. On February 18, 2014, the OCC and the ELPC also filed appeals of the PUCO's order. The Ohio Companies timely filed their merit brief with the Supreme Court of Ohio and the briefing process has concluded. The matter is not yet scheduled for oral argument.

On April 9, 2014, the PUCO initiated a generic investigation of marketing practices in the competitive retail electric service market, with a focus on the marketing of fixed-price or guaranteed percent-off SSO rate contracts where there is a provision that permits the pass-through of new or additional charges. On November 18, 2015, the PUCO ruled that on a going-forward basis, pass-through clauses may not be included in fixed-price contracts for all customer classes. On December 18, 2015, FES filed an Application for Rehearing seeking to change the ruling or have it only apply to residential and small commercial customers.

FEDERAL REGULATION

With respect to their wholesale services and rates, the Utilities, including TE, are subject to regulation by FERC. Under the FPA, FERC regulates rates for interstate wholesale sales, accounting and other matters.

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, including TE, each have been authorized by FERC to sell wholesale power in interstate commerce and have a market-based rate tariff on file with FERC; although major wholesale purchases remain subject to regulation by the relevant state commissions. As a condition to selling electricity on a wholesale basis at market-based rates, the Utilities, including TE, like other entities granted market-based rate authority, must file electronic quarterly reports with FERC listing their sales transactions for the prior quarter.

RELIABILITY MATTERS

Federally-enforceable mandatory reliability standards apply to the bulk electric system and impose certain operating, record-keeping and reporting requirements on TE. NERC is the ERO designated by FERC to establish and enforce these reliability standards, although NERC has delegated day-to-day implementation and enforcement of these reliability standards to eight regional entities, including RFC. All of FirstEnergy's facilities, including those of TE, are located within the RFC region. FirstEnergy actively participates

in the NERC and RFC stakeholder processes, and otherwise monitors and manages its companies, including TE, in response to the ongoing development, implementation and enforcement of the reliability standards implemented and enforced by RFC.

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

FERC MATTERS

RTO Realignment

In a May 31, 2011 order, FERC ruled that the costs for certain "legacy RTEP" transmission projects in PJM approved before ATSI joined PJM could be charged to transmission customers in the ATSI zone. The amount to be paid, and the question of derived benefits, is pending before FERC. As a result of the Seventh Circuit's June 25, 2014 order, a divided three-judge panel of the Seventh Circuit ruled that FERC had not quantified the benefits that western PJM utilities would derive from certain new 500 kV or higher lines and thus had not adequately supported its decision to socialize the costs of these lines. The majority found that eastern PJM utilities are the primary beneficiaries of the lines, while western PJM utilities are only incidental beneficiaries, and that, while incidental beneficiaries should pay some share of the costs of the lines, that share should be proportionate to the benefit they derive from the lines, and not on load-ratio share in PJM as a whole. The court remanded the case to FERC, which issued an order setting the issue of cost allocation for hearing and settlement proceedings. Settlement discussions under a FERC-appointed settlement judge are ongoing.

The outcome of this proceeding and its impact, if any, on TE cannot be predicted at this time.

12. COMMITMENTS AND CONTINGENCIES

ENVIRONMENTAL MATTERS

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

Regulation of Waste Disposal

FirstEnergy and certain of its subsidiaries, including TE, have been named as potentially responsible parties at waste disposal sites, which may require cleanup under CERCLA. Allegations of disposal of hazardous substances at historical sites and the liability involved are often unsubstantiated and subject to dispute; however, federal law provides that all potentially responsible parties for a particular site may be liable on a joint and several basis. Environmental liabilities that are considered probable have been recognized on the Consolidated Balance Sheet as of December 31, 2015 based on estimates of the total costs of cleanup, FE's and its subsidiaries' proportionate responsibility for such costs and the financial ability of other unaffiliated entities to pay. Total liabilities of approximately $1 million have been accrued by TE through December 31, 2015. FirstEnergy or its subsidiaries could be found potentially responsible for additional amounts or additional sites, but the losses or range of losses cannot be determined or reasonably estimated at this time.

OTHER LEGAL PROCEEDINGS

Nuclear Plant Matters

Under NRC regulations, TE must ensure that adequate funds will be available to decommission its nuclear facilities. As of December 31, 2015, TE had approximately $83 million invested in external trusts to be used for the decommissioning and environmental remediation of Beaver Valley. The values of TE's NDTs fluctuate based on market conditions. If the value of the trusts decline by a material amount, TE's obligation to fund the trusts may increase. Disruptions in the capital markets and their effects on particular businesses and the economy could also affect the values of the NDTs. FE and FES have also entered into a total of $24.5 million in parental guarantees in support of the decommissioning of the spent fuel storage facilities located at the nuclear facilities. As required by the NRC, FirstEnergy annually recalculates and adjusts the amount of its parental guaranties, as appropriate.

Employee Relations

On November 24, 2015, IBEW Local 245, which represents approximately 416 employees of TE, the Davis-Besse nuclear plant and the Bay Shore generating station, ratified a new agreement that will expire on October 31, 2019.

Other Legal Matters

There are various lawsuits, claims (including claims for asbestos exposure) and proceedings related to TE's normal business operations pending against TE and its subsidiaries. The loss or range of loss in these matters is not expected to be material to TE or its subsidiaries. The other potentially material items not otherwise discussed above are described under Note 11, Regulatory Matters of the Notes to Consolidated Financial Statements.

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

13. TRANSACTIONS WITH AFFILIATED COMPANIES

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

FE's competitive companies at times provide power through affiliated company power sales to meet a portion of the Utilities' POLR and default service requirements. The primary affiliated company transactions for TE during the years ended December 31, 2015 and 2014 are as follows:

	2015	2014
	(In millions)	
Revenues	$ 67	$ 58
Expenses:		
Purchased power from affiliates	51	50
Support services	54	47
Interest Expense	3	2

FirstEnergy does not bill directly or allocate any of its costs to any subsidiary company. Costs are allocated from FESC, a subsidiary of FE. The majority of costs are directly billed or assigned at no more than cost. The remaining costs are for services that are provided on behalf of more than one company, or costs that cannot be precisely identified and are allocated using formulas developed by FESC. The current allocation or assignment formulas used and their bases include multiple factor formulas: each company's proportionate amount of FirstEnergy's aggregate direct payroll, number of employees, asset balances, revenues, number of customers, other factors and specific departmental charge ratios. Management believes that these allocation methods are reasonable. Intercompany transactions with FirstEnergy and its other subsidiaries are generally settled under commercial terms within thirty days.

Enclosure G
L-16-092

Affidavit of Gregory H. Halnon
(Two pages follow)

AFFIDAVIT OF GREGORY H. HALNON

10 CFR 2.390
10 CFR 9.17

I, Gregory H. Halnon, Vice President, Regulatory Affairs and Laboratory Services state that:

1. I am authorized to execute this affidavit on behalf of FirstEnergy Nuclear Operating Company ("FENOC") and its affiliates.

2. FENOC is providing information in support of its Foreign Ownership Control or Influence (FOCI) submittal. The information sought to be withheld is contained in Enclosure H and is identified by being enclosed inside square brackets [ ].

3. This information constitutes proprietary confidential financial information that should be held in confidence by the NRC pursuant to the policy reflected in 10 CFR 2.390(a)(4), and 10 CFR 9.17(a)(4), because:

    a. This information is and has been held in confidence by FENOC and its affiliates.

    b. This information is of a type that is held in confidence by FENOC and its affiliates, and there is a rational basis for doing so because the information contains either sensitive financial competitive information concerning FENOC and its affiliates' anticipated income and operating expenses.

    c. This information is being transmitted to the NRC in confidence.

    d. This information is not available in public sources and could not be gathered readily from other publicly available information.

    e. Public disclosure of this information would create substantial harm to the competitive position of FENOC and its affiliates by disclosing internal financial information to other parties whose commercial interests may be adverse to those of FENOC and its affiliates.

4. Accordingly, FENOC requests that the designated document be withheld from public disclosure pursuant to the policy reflected in 10 CFR 2.390(a)(4), and 10 CFR 9.17(a)(4).

FirstEnergy Nuclear Operating Company

Gregory H. Halnon
Vice President, Regulatory Affairs and Laboratory Services

STATE OF OHIO

CITY OF AKRON-SUMMIT COUNTY

Subscribed and sworn to me, a Notary Public, in and for the County and State above named, this 22nd day of April, 2016.

My Commission Expires: 5/5/16

Terri L. Hunsinger
Notary Public - State of Ohio
My Commission Expires 5/5/16