

FIRSTENERGY CORP  
Form PRE 14A  
March 04, 2016  
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**UNITED STATES**  
**SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

**SCHEDULE 14A INFORMATION**

**Proxy Statement Pursuant to Section 14(a) of the  
Securities Exchange Act of 1934**

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

- Preliminary Proxy Statement
- Confidential, for Use of the Commission Only** (as permitted by Rule 14a-6(e)(2))
- Definitive Proxy Statement
- Definitive Additional Materials
- Soliciting Material Pursuant to §240.14a-12

**FirstEnergy Corp.**  
(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

- No fee required.
- Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

(1) Title of each class of securities to which transaction applies:

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(2) Aggregate number of securities to which transaction applies:

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(1) Amount Previously Paid:

(2) Form, Schedule or Registration Statement No.

(3) Filing Party:

(4) Date Filed:



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*76 South Main Street*

*Akron, Ohio 44308*

***Rhonda S. Ferguson***

*Vice President and Corporate Secretary*

April [1], 2016

**Dear Shareholder:**

You are cordially invited to attend the 2016 FirstEnergy Corp. Annual Meeting of Shareholders on Tuesday, May 17, 2016, at 8:00 a.m., Eastern Time, at the John S. Knight Center, 77 E. Mill Street, Akron, Ohio. If you plan to attend this meeting, you must register in advance. For information on how to register, see Attending the Annual Meeting section of the Questions and Answers about the Annual Meeting in the accompanying proxy statement.

The notice and proxy statement contain important information about proxy voting and the business to be conducted at the meeting. We encourage you to read it carefully before voting. Then, whether or not you plan to attend the meeting in person, please vote by following the voting instructions described in the accompanying materials to ensure that your shares are represented at the meeting. We encourage you to take advantage of our Internet or telephone voting options. **Your Board of Directors recommends that you vote FOR Items 1 through 5 and AGAINST each of the shareholder proposals, which are Items 6 through 9.**

The proxy statement demonstrates our ongoing commitment to provide a clear and detailed discussion of matters that will be addressed at the meeting. It includes a proxy statement summary starting on page 1 which summarizes the matters to be voted on and provides a high level overview of some of the important corporate governance and executive compensation matters discussed in more detail in the proxy statement. We encourage you to read the proxy statement summary with the more detailed information elsewhere in the proxy statement.

We are pleased to again take advantage of the Securities and Exchange Commission's notice and access rules that permit us to deliver proxy materials to some of our shareholders over the Internet. This delivery method provides our shareholders with the information they need and allows us to lower our printing and mailing costs, reduce the impact on the environment by decreasing the amount of paper needed to print the proxy statement and related materials, and reduce the resources required to deliver these materials.

The accompanying notice and proxy statement are being mailed to shareholders on or about April [1], 2016.

**Your vote and support are important to us.** Thank you in advance for voting promptly.

Sincerely,

**Important Note Regarding Voter Participation**

Pursuant to applicable rules, if your shares are held in a broker account, you must provide your broker with voting instructions for all matters to be voted on at the Annual Meeting of Shareholders except for the ratification of PricewaterhouseCoopers LLP as FirstEnergy Corp.'s independent registered public accounting firm. Your broker does not have the discretion to vote your shares on any other matters without the specific instruction from you to do so.

Please take time to **vote your shares!**

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**Notice of Annual Meeting of Shareholders**

April [1], 2016

**To the Holders of Shares of Common Stock:**

The 2016 FirstEnergy Corp. Annual Meeting of Shareholders (later referred to as the Annual Meeting or the Meeting) will be held on Tuesday, May 17, 2016 at 8:00 a.m., Eastern Time, at the John S. Knight Center, 77 E. Mill Street, Akron, Ohio. The purpose of the Meeting will be to:

Elect the 14 nominees to the Board of Directors named in the attached proxy statement to hold office until the 2017 annual meeting of shareholders and until their successors shall have been elected;

Ratify the appointment of PricewaterhouseCoopers LLP as our independent registered public accounting firm for 2016;

Hold an advisory vote to approve named executive officer compensation;

Approve a management proposal to amend the Company's Amended Articles of Incorporation and Amended Code of Regulations to replace existing supermajority voting requirements with a majority voting power threshold under certain circumstances;

Approve a management proposal to amend the Company's Amended Code of Regulations to implement proxy access;

Vote on four shareholder proposals, if properly presented at the Meeting; and

Take action on other business that may come properly before the Meeting and any adjournment or postponement thereof.

Please carefully review this notice and the accompanying proxy statement and vote your shares by following the instructions on your proxy card/voting instruction form or Notice of Internet Availability of Proxy Materials to ensure your representation at the Meeting. Only shareholders of record as of the close of business on March 18, 2016, or their proxy holders, may vote at the Meeting.

If you plan to attend the Annual Meeting, you must register in advance. See the questions and answers "Attending the Annual Meeting" section of the accompanying proxy statement for instructions on how to register.

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On behalf of the Board of Directors,

Rhonda S. Ferguson

*Vice President and Corporate Secretary*

Akron, Ohio

**Important Notice Regarding the Availability of Proxy Materials for the Annual Meeting of Shareholders to be held on May 17, 2016. This proxy statement and the annual report are available at [www.ReadMaterial.com/FE](http://www.ReadMaterial.com/FE).**



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**Table of Contents****Proxy Summary****2015 Annual Meeting of Shareholders**

**Time and Date:** 8:00 a.m., Eastern Time, on Tuesday, May 17, 2016

**Location:** John S. Knight Center, 77 E. Mill Street, Akron, Ohio

**Record Date:** March 18, 2016

**Voting:** Shareholders of record of FirstEnergy Corp. common stock as of the Record Date are entitled to receive the Notice of Annual Meeting of Shareholders and they or their proxy holders may vote their shares at the Annual Meeting.

**Admission:** If you plan to attend the Annual Meeting, you must register in advance. For instructions on how to register, see the [Attending the Annual Meeting](#) section of the Questions and Answers about the Annual Meeting below.

**Voting Matters**

		Board Vote		Page Reference (for more detail)
		Recommendation FOR	AGAINST	
<b>Item 1</b>	Election of 14 Director Nominees named in this proxy statement	ü		24
<b>Item 2</b>	Ratify the appointment of PricewaterhouseCoopers LLP as our independent registered public accounting firm for 2016	ü		24
<b>Item 3</b>	Advisory vote to approve named executive officer compensation	ü		25
<b>Item 4</b>	Approve a management proposal to amend the Company's Amended Articles of Incorporation and Amended Code of Regulations to replace existing	ü		26

supermajority voting requirements with a majority voting power threshold under certain circumstances

<b>Item 5</b>	Approve a management proposal to amend the Company's Amended Code of Regulations to implement proxy access	ii 27
<b>Items 6 to 9</b>	Shareholder Proposals	ii 30

**How to Cast Your Vote**

**Your vote is important! Even if you plan to attend our Annual Meeting in person, please cast your vote as soon as possible by:**

**Internet** (or by scanning

**Telephone**

**Mail** by returning

the QR Code if provided on

your proxy card/voting

your proxy card/voting

instruction form

instruction form)

Please follow the instructions provided on your proxy card/voting instruction form (later referred to as the proxy card), Notice of Internet Availability of Proxy Materials, or electronic or other communications included with your proxy materials. Also refer to the **How You Can Vote** section of the Questions and Answers about the Annual Meeting below for more details.

**Table of Contents***Proxy Summary (Continued)***Board Nominees**

Your Board of Directors (later referred to as your Board) has 14 members that will stand for re-election. Each member stands for re-election annually. The following table provides summary information about each director nominee standing for re-election to your Board.

Director					# of Other Public Company Boards <sup>1</sup>
Name	Age	Since	Independent	Committee Memberships	
Paul T. Addison	69	2003	Yes	Audit, Finance (Chair)	0
Michael J. Anderson	64	2007	Yes	Corporate Governance (Chair), Finance	1
William T. Cottle	70	2003	Yes	Corporate Governance, Nuclear (Chair)	0
Robert B. Heisler, Jr.	67	2006	Yes	Audit, Compensation	3
Julia L. Johnson	53	2011	Yes	Corporate Governance, Nuclear	3
Charles E. Jones	60	2015	No	N/A	0
Ted J. Kleisner	71	2011	Yes	Compensation (Chair), Nuclear	0
Donald T. Misheff	59	2012	Yes	Audit, Compensation	2
Thomas N. Mitchell <sup>2</sup>	60	2016	Yes	Nuclear	0
Ernest J. Novak, Jr.	71	2004	Yes	Audit (Chair), Finance	2
Christopher D. Pappas	60	2011	Yes	Compensation, Finance	2
Luis A. Reyes	64	2013	Yes	Corporate Governance, Nuclear	0
George M. Smart	70	1997	Yes	Audit, Corporate Governance	1
Dr. Jerry Sue Thornton	69	2015	Yes	Compensation, Finance	3

<sup>1</sup> As defined under New York Stock Exchange Listed Company Manual Section 303A Corporate Governance Standards Frequently Asked Questions.

<sup>2</sup> Mr. Thomas N. Mitchell was elected to your Board effective January 19, 2016 and is a nominee for election by shareholders at the Annual Meeting.

Ms. Catherine A. Rein and Mr. Wes M. Taylor retired from your Board, effective May 19, 2015. Additionally, Mr. Anthony J. Alexander concluded his services to your Board, effective April 30, 2015 and will not be standing for re-election.

**Corporate Governance Highlights**

Your Company is committed to good corporate governance, which we believe is important to the success of our business and in advancing shareholder interests. Highlights include:

- ü The positions of Chairman of the Board and Chief Executive Officer (later referred to as our CEO) are separated.
- ü Annual election of all directors
- ü All directors are independent, other than the CEO
- ü Board committees comprised entirely of independent directors
- ü Director Resignation Policy requiring any director nominee in an uncontested director election who receives a majority withheld votes to tender his or her resignation
- ü Diversity reflected in Board composition
- ü Independent directors meet without management present at every regular Board and committee meetings
- ü Corporate Governance Committee and Board engage in rigorous director succession planning
- ü Mandatory retirement age of 72 for our directors per our Corporate Governance Policies
- ü Directors attended at least 87 percent or more of Board and applicable committee meetings in 2015
- ü Our Corporate Governance Policies provide that your Board considers diversity, age, business or administrative experience and skills and other attributes when evaluating nominees for your Board
- ü Risk oversight by full Board and Committees
- ü Required annual Board and Committee assessments per our Corporate Governance Policies
- ü Active shareholder engagement and outreach
- ü Shareholders of 25 percent or more of our shares outstanding and entitled to be vote have the right to call a special meeting
- ü Robust stock ownership guidelines
- ü Policy prohibiting short sales, hedging, margin accounts and pledging by our directors and executive officers
- ü Robust director orientation and continuing education

Our corporate governance practices are described in greater detail in the Corporate Governance and Board of Directors Information section.

**Table of Contents***Proxy Summary (Continued)***Executive Compensation Highlights**

What we do	What we DON'T do
ü Pay-for-performance	ü Do not allow repricing of stock options
ü Consider peer groups in establishing compensation	ü Do not allow hedging or pledging of Company stock by our directors and executive officers
ü Review tally sheets	
	ü Do not have excise tax gross-ups
ü Robust stock ownership guidelines	ü Do not pay tax gross-ups on our limited perquisites
ü Clawback policy	ü Do not provide excessive perquisites
ü Retain an independent compensation consultant	
ü Annual advisory vote to approve named executive officer compensation	
ü Compensation Committee that is comprised entirely of independent directors	

Our executive compensation practices are described in greater detail in the [Executive Compensation](#) section.

**Note About Forward-Looking Statements:** Certain of the matters discussed in this proxy statement are forward-looking statements, within the meaning of the Private Securities Litigation Reform Act of 1995, that are subject to risks and uncertainties. These statements include declarations regarding management's intents, beliefs and current expectations, including regarding future financial and operational performance (whether associated with compensation arrangements or otherwise), and typically contain, but are not limited to, the terms anticipate, potential, expect, forecast, goal, 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. These forward-looking statements are qualified by, and should be read together with, the risk factors included in (a) Item 1A Risk Factors and Item 7 Management's Discussion and Analysis of Financial Condition and Results of Operations in our most recent Annual Report on Form 10-K and (b) other factors discussed in our other filings with the Securities and Exchange Commission. We 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.





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**Questions and Answers about the Annual Meeting**

**Proxy Materials**

**1 Q: Why did I receive these proxy materials?**

**A:** You received these proxy materials because you were a holder or beneficial owner (as defined below) of shares of common stock of FirstEnergy Corp. (later referred to as FirstEnergy, the Company, we, us or our) as of the close of business on March 18, 2016, the record date (later referred to as the Record Date). Your Company's Annual Meeting of Shareholders (later referred to as the Meeting) will be held on Tuesday, May 17, 2016. We began distributing these proxy materials to shareholders on or about April [1], 2016.

**2 Q: Can I view future FirstEnergy proxy materials and annual reports on the Internet instead of receiving paper copies?**

**A:** Yes. If you received paper copies of this proxy statement and the annual report and you are a shareholder of record, you can elect to view future proxy statements and annual reports on the Internet by marking the designated box on your proxy card or by following the instructions when voting by Internet or by telephone. If you choose this option, prior to the next annual meeting, you will be mailed a paper copy of the proxy card along with instructions on how to access the proxy statement and annual report using the Internet unless applicable regulations require delivery of printed proxy materials. Your choice will remain in effect until you notify us that you wish to resume mail delivery of these documents.

If you previously elected to access your proxy materials over the Internet, you will not receive a Notice of Internet Availability of Proxy Materials (later referred to as a Notice of Internet Availability) or paper copies of proxy materials in the mail unless applicable regulations require delivery of printed proxy materials. Instead, you will receive a paper copy of the proxy card along with instructions on how to access the proxy statement and annual report using the Internet.

If you received a Notice of Internet Availability, you may not receive printed copies of proxy statements and annual reports in the future unless applicable regulations require delivery of printed

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proxy materials. However, you may elect to be mailed a paper proxy card with instructions on how to access proxy statements and annual reports using the Internet for future meetings by following the instructions when voting by Internet. The Notice of Internet Availability also contains instructions on how you may request delivery of proxy materials in printed form for this Meeting or on an ongoing basis, if desired.

If you are a beneficial owner, refer to the information provided by your broker, bank or other nominee for instructions on how to elect to view future FirstEnergy proxy statements and annual reports on the Internet instead of receiving paper copies.

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**3 Q: Why did I receive a one-page notice in the mail regarding the Internet availability of proxy materials instead of receiving a full set of printed proxy materials?**

**A:** To reduce the environmental impact and related costs of the Meeting, we are pleased to again furnish the proxy materials over the Internet. As a result, we are sending a number of our shareholders a Notice of Internet Availability instead of a printed copy of the proxy materials. All shareholders receiving the Notice of Internet Availability will have the ability to access the proxy materials and vote via the Internet and to request a printed copy of the proxy materials by mail, if desired. Instructions on how to access the proxy materials over the Internet, to vote online, and to request a printed copy may be found in the Notice of Internet Availability. In addition, the Notice of Internet Availability contains instructions on how you may request delivery of proxy materials in printed form for this Meeting or on an ongoing basis, if desired.

**4 Q: Can I vote my shares by filling out and returning the Notice of Internet Availability, if I received such notice?**

**A:** No. The Notice of Internet Availability identifies the items to be voted on at the Meeting, but you cannot vote by marking the Notice of Internet Availability and returning it. The Notice of Internet Availability provides instructions on how to vote via the Internet, how to request proxy materials in printed form so that you can vote by telephone or by returning a paper proxy card by mail, and how to submit a ballot in person at the Meeting.

**5 Q: Why did we receive just one copy of the proxy statement and annual report when we have more than one stock account in our household?**

**A:** Where applicable, we follow the Securities and Exchange Commission (later referred to as the SEC) rule that permits us to send one copy each of this proxy statement and the annual report to a household if shareholders provide written or implied consent. We previously mailed a notice to eligible registered shareholders stating our intent to use this rule unless a shareholder provided an objection. Using this rule reduces unnecessary publication and mailing costs. Shareholders continue to receive a separate proxy card or opportunity to vote via the Internet, as applicable, for each stock account. If you are a registered shareholder and received only one copy each of the proxy statement and the annual report in your household, you can request multiple copies of the proxy statement and the annual report for some or all accounts for this year or in the future, either by calling Shareholder Services at 1-800-736-3402 or by writing to FirstEnergy Corp., c/o American Stock Transfer & Trust Company, LLC, P.O. Box 2016, New York, NY 10272-2016, and we will promptly deliver the requested copies. You also may contact us in the same manner if you are receiving multiple copies of this proxy statement and/or the annual report in your household and desire to receive one copy. If you are not a registered shareholder and your shares are held by a bank, broker, or other nominee you will need to contact such bank, broker, or other nominee to revoke your election and receive multiple

copies of these documents.

**6 Q: What is the difference between holding shares as a shareholder of record and holding shares in street name or as a beneficial owner ?**

**A:** *Shareholder of Record:* If your shares are registered directly in your name with our transfer agent, American Stock Transfer & Trust Company, LLC (later referred to as AST), you are a shareholder of record of the shares. As the shareholder of record, you have the right to vote your shares directly or to grant a proxy to vote your shares to a representative of your Company or to another person. As a record holder you have received either a proxy card to use in voting your shares or a Notice of Internet Availability which instructs you how to vote.

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*Beneficial Owner:* If your shares are held through a bank, broker, or other nominee, it is likely that they are registered in the name of such bank, broker, or other nominee and you are the beneficial owner of shares, meaning that you hold shares in street name. You are also a beneficial owner if you own shares through the FirstEnergy Corp. Savings Plan.

As a beneficial owner of shares, you have the right to direct the registered holder to vote your shares, and you may attend the Meeting (please see the *Attending the Annual Meeting* section of the Questions and Answers about the Annual Meeting below for instructions on how to register in advance). Your bank, broker or other nominee has provided a voting instruction form for you to use in directing how your shares are to be voted. However, since a beneficial owner is not the shareholder of record, you may not vote your shares in person at the Meeting unless you obtain a legal proxy from the registered holder of the shares giving you the right to do so. If you are a FirstEnergy Corp. Savings Plan participant, because the Savings Plan's Trustee is the only one who can vote your Savings Plan shares, you cannot vote your Savings Plan shares in person at the Meeting (although you may attend the Meeting by following the instructions on how to register in advance in the *Attending the Annual Meeting* section of the Questions and Answers about the Annual Meeting below).

**7 Q: Who is soliciting my vote, how are proxy cards being solicited, and what is the cost?**

**A:** Your Board is soliciting your vote. We have arranged for the services of Morrow & Co., LLC to solicit votes personally or by telephone, mail, or other electronic means for a fee not expected to exceed \$19,250, plus reimbursement of expenses. Votes also may be solicited in a similar manner by officers and employees of your Company on an uncompensated basis. Your Company will pay all solicitation costs and will reimburse banks, brokers, or other nominees for postage and expenses incurred by them for sending proxy materials to beneficial owners.

**Voting Matters**

**8 Q: What items of business will be voted on at the Meeting?**

**A:** The items of business scheduled to be voted on at the Meeting are:

Item 1 Election of 14 Director Nominees named in this proxy statement

Item 2 Ratify the appointment of PricewaterhouseCoopers LLP as our independent registered public accounting firm for 2016

Item 3 Advisory vote to approve named executive officer compensation

Item 4 Approve a management proposal to amend the Company's Amended Articles of Incorporation and Amended Code of Regulations to replace existing supermajority voting requirements with a majority voting power threshold under certain circumstances

Item 5 Approve a management proposal to amend the Company's Amended Code of Regulations to implement proxy access

Items 6 - 9 Shareholder proposals

**9 Q: What is a quorum and what other voting information should I be aware of?**

**A:** As of the Record Date, [XXX] shares of our common stock were outstanding. A majority of these shares represented at the Meeting either in person or by proxy constitutes a quorum. A quorum is required to conduct business at the Meeting. All shares represented at the Meeting are counted for the purpose of determining a quorum, without regard to abstentions or broker non-votes. A broker non-vote occurs when an entity holding shares in street name, such as a bank or broker submits a proxy for your shares but does not indicate a vote for a particular non-routine proposal (such as Items 1 and 3 - 9) because your broker does not have the authority to vote on that proposal and has not received specific voting instructions. You are entitled to one vote for each share of common stock you owned on the Record Date.

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If you are a beneficial owner, we encourage you to provide instructions to your bank, broker, or other nominee by executing the voting form supplied to you by that entity. A broker will be permitted to vote your shares on Item 2 without your instructions because Item 2 is considered a routine matter under applicable New York Stock Exchange (later referred to as NYSE) rules; however, your broker cannot vote your shares on any other items unless you provide instructions because these are deemed to be non-routine matters under NYSE rules. Therefore, your failure to give voting instructions means that your shares will not be voted on these non-routine items and, as applicable, your unvoted shares will be broker non-votes. An item to be voted on may require a percentage of votes cast, rather than a percentage of shares outstanding, to determine passage or failure. Votes cast is defined to include both For and Against votes and excludes abstentions and broker non-votes. If your proxy card is not completed properly, such as marking more than one box for an item, your vote for that particular item will be treated as an abstention.

**10 Q: What is the vote required for each item to be voted on?**

**A:** For the election of directors named under Item 1, the 14 nominees receiving the most For votes (among votes properly cast in person or by proxy) will be elected. As further described in Item 1 below, any nominee for director who receives a greater number of votes Withheld from his or her election than votes For his or her election will promptly tender his or her resignation to the Corporate Governance Committee following certification of the shareholder vote. Abstentions and broker non-votes will have no effect.

With respect to Item 2, ratification of the appointment of PricewaterhouseCoopers LLP as your Company's independent registered public accounting firm for 2016 requires the affirmative vote of a majority of votes cast. Abstentions and broker non-votes will have no effect.

For Item 3, the affirmative vote of a majority of the votes cast is required to approve, by non-binding vote, named executive officer compensation. Abstentions and broker non-votes will have no effect.

With respect to Item 4, the management proposal requesting approval to amend the Company's Amended Articles of Incorporation and Amended Code of Regulations relating to the replacement of existing supermajority voting requirements with a majority voting power threshold under certain circumstances, and Item 5, the management proposal requesting approval to amend the Company's Amended Code of Regulations to implement proxy access, each require the affirmative vote of 80 percent of the voting power of the Company (i.e., outstanding shares). Accordingly, abstentions and broker non-votes will be counted and have the same effect as a no vote on these items.

The non-binding shareholder proposals in Items 6 through 9, must receive the affirmative vote of a majority of votes cast. Abstentions and broker non-votes will have no effect. Notwithstanding the results of the shareholder vote, the ultimate adoption of any measures called for by these- shareholder proposals is at the discretion of your Board.

**11 Q: Will any other matters be voted on other than those described in this proxy statement?**

**A:** We do not know of any business that will be considered at the Meeting other than the matters described in this proxy statement. However, if other matters are presented properly, your executed appointment of a proxy will give authority to the appointed proxies to vote on those matters at their discretion, unless you indicate otherwise in writing.

**12 Q: Where can I find the voting results of the Meeting?**

**A:** We will announce preliminary voting results at the Meeting. Final voting results will be set forth in a Current Report on Form 8-K, which is required to be filed with the SEC within four business days after the date of the Meeting and will be posted on our website at [www.firstenergycorp.com](http://www.firstenergycorp.com) under the tab Investors, then by selecting SEC Filings & Reports. You may also automatically receive your Company's SEC Alerts (which include alerts for the filing of Form 8-Ks by your Company with the SEC) via e-mail by visiting that same website and clicking on Investors, SEC Filings & Reports and then the E-mail Alert icon.



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**How You Can Vote**

**13 Q: Who is entitled to vote at the Meeting?**

**A:** Shareholders of record of FirstEnergy common stock as of the Record Date are entitled to receive notice of the Meeting and vote their shares. If you plan to attend the Meeting, please see the **Attending the Annual Meeting** section below of these Questions and Answers about the Annual Meeting for instructions on how to register in advance.

**14 Q: How does the Board recommend that I vote?**

**A:** Your Board recommends that you vote as follows:

**For** the 14 Nominees to your Board who are listed in this proxy statement (Item 1);

**For** the ratification of the appointment of PricewaterhouseCoopers LLP as our independent registered public accounting firm for 2016 (Item 2);

**For** the advisory vote to approve named executive officer compensation (Item 3);

**For** the management proposal to amend the Company's Amended Articles of Incorporation and Amended Code of Regulations to replace existing supermajority voting requirements with a majority voting power threshold under certain circumstances (Item 4);

**For** the management proposal to amend the Company's Amended Code of Regulations to implement proxy access (Item 5); and

**Against** each of the shareholder proposals (Items 6 through 9).

**15 Q: How do I vote?**

**A:** As further described below, if you are voting by Internet, telephone or mail, your vote must be received by 7:00 a.m., Eastern time, on Tuesday, May 17, 2016, to be counted in the final tabulation except for shares held by participants in the FirstEnergy Corp. Savings Plan. If you are a participant in the FirstEnergy Corp. Savings Plan, your vote on shares held through the FirstEnergy Corp. Savings Plan must be received by 6:00 a.m., Eastern time, on Monday, May 16, 2016, to be counted in the final

tabulation.

*If you are a shareholder of record or an employee who holds unvested restricted stock*, you can vote your shares using one of the following methods. Whether you plan to attend the Meeting or not, we encourage you to vote as soon as possible.

**By Internet** - Go to the website indicated on your proxy card or Notice of Internet Availability and follow the instructions.

**By telephone** - Call the toll-free number indicated on your proxy card using a touch-tone telephone and follow the instructions.

#### **By mail**

Complete, date and sign the proxy card that you received in the mail. If you properly sign your proxy card but do not mark your choices, your shares will be voted as recommended by your Board.

Mail your proxy card in the enclosed postage-paid envelope. If your envelope is misplaced, send your proxy card to Corporate Election Services, your Company's independent proxy tabulator and Inspector of Election. The address is FirstEnergy Corp., c/o Corporate Election Services, P.O. Box 3230, Pittsburgh, PA 15230.

**At the Meeting** - You may vote in person at the Meeting, even if you previously appointed a proxy by Internet, telephone, or mail.

If you received a Notice of Internet Availability and would like to vote by telephone or mail, please follow the instructions on your notice to request a paper copy of the proxy materials and proxy card.

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*If you are a participant in the FirstEnergy Corp. Savings Plan*, your proxy card will include the shares of common stock held for your account in the FirstEnergy Corp. Savings Plan and any other shares registered with our transfer agent, AST, as of the Record Date. You can vote shares allocated to your Savings Plan account by submitting your voting instructions by telephone or through the Internet as instructed on your proxy card or by completing, signing, and dating the proxy card and returning the form in the enclosed postage-prepaid envelope. Subject to the Employee Retirement Income Security Act of 1974, as amended, and pursuant to the Savings Plan provisions, the Savings Plan's Trustee will vote all shares as instructed by Savings Plan participants and shares for which the Savings Plan's Trustee does not receive timely voting instructions will be voted in the same proportion as the shares held under the Savings Plan for which the Savings Plan's Trustee receives timely voting instructions. Because the Savings Plan Trustee is the only one who can vote your FirstEnergy Corp. Savings Plan shares, you may not vote such shares at the Meeting.

*Beneficial owners* (other than participants in the FirstEnergy Corp. Savings Plan) will receive instructions from the holder of record (the bank, broker or other nominee that holds your shares) that you must follow in order for your shares to be voted. Also, please note that if you wish to vote in person at the Meeting, you must request a legal proxy from your bank, broker, or other nominee that holds your shares and present that legal proxy identifying you as the beneficial owner of your shares of FirstEnergy common stock and authorizing you to vote those shares at the Meeting.

**16 Q: How may I revoke my proxy?**

**A:** You may revoke your appointment of a proxy or change your related voting instructions one or more times by:

Mailing a proxy card that revises your previous appointment and voting instructions;

Voting by Internet or telephone after the date of your previous appointment and voting instructions;

Voting in person at the Meeting (other than participants in the FirstEnergy Corp. Savings Plan); or

Notifying the Corporate Secretary of your Company in writing prior to the commencement of the Meeting.

The proxy tabulator will treat the last instructions it receives from you as final. For example, if a proxy card is received by the proxy tabulator after the date that a telephone or Internet appointment is made, the tabulator will treat the proxy card as your final instruction. For that reason, it is important to allow sufficient time for your voting instructions on a mailed proxy card to reach the proxy tabulator before changing them by telephone or Internet. Please note that unless you are voting in person at the Meeting, in order to be counted, the revocation or change must be received by the date and time discussed above in Question 15. Also refer to *How do I vote?* in Question 15 above for additional instructions.

If you are a beneficial owner of shares, you must follow the directions you receive from your bank, broker, or other nominee in order to change your vote.

### **Attending the Annual Meeting**

#### **17 Q: Do I need to register in advance to attend the Meeting?**

**A:** Yes. In accordance with our security procedures, if you plan to attend the Meeting, you will need to register in advance by following the advance registration instructions below.

Attendance at the Meeting will be limited to your Company's invited guests and to persons owning FirstEnergy Corp. shares as of the Record Date of March 18, 2016, who register in advance of the Meeting as described below and present:

- (i) an admission card (refer to further instructions below) and
- (ii) a valid form of government-issued photo identification.

The admission card admits only the named shareholder(s) and is not transferable. If you are a beneficial owner of shares (other than being a participant in the FirstEnergy Corp. Savings Plan), to attend the meeting you will also need an original copy of a letter or legal proxy from your bank, broker, or other nominee or your account statement showing proof that you own FirstEnergy shares as of the Record Date.

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### *Advance Registration*

If you are a shareholder of record, participant in the FirstEnergy Corp. Savings Plan or an employee who holds unvested restricted stock and you are voting by Internet or telephone, or by mail: To register to attend the Meeting, please indicate that you will attend the Meeting when voting by Internet or telephone, or check the appropriate registration box on your proxy card if voting by mail.

All other shareholders: To register to attend the Meeting and, as applicable, have an admission card mailed to you, please send a request containing all of the following information by mail to: FirstEnergy Corp. Annual Meeting Registration A-GO-16, 76 South Main Street, Akron, OH 44308-1890; by email to: Registration@FirstEnergyCorp.com or by fax: 330-777-6519:

1. Your name, mailing address and telephone number; and
2. If you are a beneficial owner (other than participants in the FirstEnergy Corp. Savings Plan), proof that you own FirstEnergy shares (such as a photocopy of a letter or legal proxy from your bank, broker, or other nominee or a photocopy of your account statement redacting certain information) as of the Record Date of March 18, 2016.

### *Admission Card*

If you plan to attend the Meeting, please follow the advance registration instructions above and bring the admission card with you to the Meeting. If you are a shareholder of record, participant in the FirstEnergy Corp. Savings Plan or an employee who holds unvested restricted stock, the admission card portion of your proxy card or one-page Notice of Internet Availability that was included with your proxy material mailing will serve as your admission card. All other shareholders must follow the instructions above to receive an admission card.

### *Other Related Matters*

If you desire to have one representative attend the Meeting on your behalf or one representative designated to present a shareholder proposal properly brought before the Meeting, please follow the process under All other shareholders above and include the name, mailing address and telephone number of that

representative.

Cameras, recording equipment, computers, large bags and items such as briefcases, backpacks and packages will not be permitted in the Meeting room. No individual may use communication devices, take photographs, or use audio or video recording equipment in the Meeting facilities without the express written permission of your Company. No firearms or weapons will be allowed in the Meeting facilities. Signage and other inappropriate items are likewise prohibited.

**18 Q: What are the directions to the Meeting location?**

**A:** John S. Knight Center, 77 E. Mill Street, Akron, Ohio

From Ohio Turnpike Via Route 8: Take I-80 East to Exit 180 (Route 8 South). Follow Route 8 South to the Perkins Street exit. Exit right onto Perkins Street. Proceed on Perkins Street until reaching High Street. Turn left onto High Street. Proceed on High Street, passing over East Market Street. The John S. Knight Center is located on the left at the corner of High & Mill Streets.

From North Via I-77 & West Via I-76: Take I-77/I-76 (they run concurrently briefly) to Exit 22A. Merge with a one-way side street (South Street). Follow South Street to the 2nd light. At that point all traffic must turn left onto Broadway. Follow Broadway to Mill Street. The John S. Knight Center is located at the corner of Broadway & Mill Streets.

From North and South via I-71: Take I-71 to I-76 East to Exit 22A (Main/Broadway/Downtown) then follow directions above.

From South: Take I-77 to Exit 22A. Take Broadway and follow Broadway to Mill Street. The John S. Knight Center is located on the left at the corner of Broadway & Mill Streets.

Parking is available next to and near the John S. Knight Center.

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**Shareholder Proposals For 2017**

**19 Q: When are shareholder proposals due for the 2017 Annual Meeting?**

**A:** Under the rules of the SEC, a shareholder who wishes to offer a proposal for inclusion in your Company's proxy statement and proxy card for the 2017 annual meeting of shareholders must submit the proposal and any supporting statement by December 2, 2016, to the Corporate Secretary, FirstEnergy Corp., 76 South Main Street, Akron, OH 44308-1890. Any proposal received after that date will not be eligible for inclusion in the 2017 proxy statement and proxy card.

Under our Amended Code of Regulations, a shareholder who wishes to properly introduce an item of business before an annual meeting of shareholders must follow the applicable rules and procedures. The procedures provide that we must receive the notice of intention to introduce an item of business, including nominations of candidates for election to your Board, at an annual meeting not less than 30 nor more than 60 calendar days prior to the annual meeting. In the event public announcement of the date of the annual meeting is not made at least 70 calendar days prior to the date of the meeting, notice must be received not later than the close of business on the 10th calendar day following the day on which the public announcement is first made. Accordingly, if a public announcement of the date of the 2017 annual meeting of shareholders is made at least 70 calendar days prior to the date of the meeting and assuming that our 2017 annual meeting of shareholders is held on the third Tuesday of May, we must receive any notice of intention to introduce an item of business at that meeting no earlier than March 17, 2017 and no later than April 16, 2017; otherwise, we must receive any notice of intention to introduce an item of business at that meeting no later than the close of business on the 10th calendar day following the day on which the public announcement is first made. If we do not receive notice as set forth above or if certain other requirements of applicable law are met, the persons named as proxies in the proxy materials relating to that meeting will use their discretion in voting the proxies when these matters are raised at the meeting. Our Amended Code of Regulations are available on the SEC website and upon written request to the Corporate Secretary, FirstEnergy Corp., 76 South Main Street, Akron, OH 44308-1890.

**Obtaining Additional Information**

**20 Q: How can I learn more about FirstEnergy's operations?**

- A:** If you received a paper copy of this proxy statement, you can learn more about our operations by reviewing the annual report to shareholders for the year ended December 31, 2015, that is included with the mailing of this proxy statement. If you did not receive a paper copy of this proxy statement, you can view the annual report and other information by visiting our website at [www.firstenergycorp.com/financialreports](http://www.firstenergycorp.com/financialreports) or [www.ReadMaterial.com/FE](http://www.ReadMaterial.com/FE).

**A copy of our latest Annual Report on Form 10-K for the year ended December 31, 2015 filed with the SEC, including the financial statements and the financial statement schedules, will be sent to you, without charge, upon written request to Rhonda S. Ferguson, Corporate Secretary, FirstEnergy Corp., 76 South Main Street, Akron, Ohio 44308-1890. You also can view the Form 10-K by visiting your Company's website at [www.firstenergycorp.com/financialreports](http://www.firstenergycorp.com/financialreports). Information contained on any of the Company or third-party websites referenced above or later in this proxy statement is not deemed to be part of this proxy statement.**



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### **Corporate Governance and Board of Directors Information**

#### **Board Leadership Structure**

Your Board separated the positions of CEO and Chairman of the Board in 2004 and such separation has continued except for a brief transition period from January 1, 2015 to April 30, 2015 in which our former CEO, Mr. Anthony J. Alexander, served as Executive Chairman. During this brief transition period, Mr. George M. Smart served as your Lead Independent Director. Effective May 1, 2015, Mr. Smart returned to his prior role as your independent Chairman when our former CEO concluded his service as Executive Chairman. Mr. Smart, whether in his role as Chairman or in his role as Lead Independent Director during the transition period, presided at all executive sessions of the independent directors.

Our Amended Code of Regulations and Corporate Governance Policies do not require that our Chairman of the Board of Directors and CEO positions be separate, and your Board has not adopted a specific policy or philosophy on whether the role of the CEO and Chairman of the Board of Directors should be separate. However, having a separate Chairman of the Board and CEO has typically allowed our CEO to focus more time on our day-to-day operations and is appropriate at this time.

As required by the NYSE listing standards, FirstEnergy schedules regular executive sessions for our independent directors to meet without management participation. Because an independent director is required to preside over each such executive session of independent directors, we believe it is more efficient to have our Lead Independent Director or independent Chairman preside over all such meetings as opposed to rotating that function among all of your Company's independent directors.

#### **Director Independence**

Your Board annually reviews the independence of each of its members to make the affirmative determination of independence that is called for by our Corporate Governance Policies and required by the SEC and the listing standards of the NYSE, including certain independence requirements of Board members serving on the Audit Committee, the Compensation Committee and the Corporate Governance Committee.

Your Board adheres to the definition of an independent director as established by the NYSE and the SEC. The definition used by your Board to determine independence is included in our Corporate Governance Policies and can be viewed by visiting our website at [www.firstenergycorp.com/charters](http://www.firstenergycorp.com/charters).

Compliance with the definition of independence is reviewed annually by the Corporate Governance Committee. During this review, your Board recognizes that in the ordinary course of business, relationships and transactions may occur between your Company and its subsidiaries and entities with which some of our directors are or have been affiliated. Accordingly, our Corporate Governance Guidelines provide categorical standards to assist your Board in determining what constitutes a material relationship for purposes of determining a director's independence. The following commercial and charitable relationships are not considered to be a material relationship that would impair a director's independence: (i) if the director, an immediate family member or a person or organization with which the director has an affiliation purchases electricity or related products or services from the Company or its subsidiaries in

the ordinary course of business and where the rates or charges involved in the transaction are fixed in conformity with law or governmental authority or otherwise meet the requirements of Instruction 7 to Item 404(a) of Regulation S-K; (ii) the aggregate charitable contributions made by the Company to an organization with which a director has an affiliation were less than \$100,000 in each of the last three fiscal years; or (iii) the aggregate of other payments made by the Company to another entity with which a director has an affiliation, or received by the Company from that other entity, were less than \$1 million in each of the last three fiscal years. Notwithstanding the foregoing, your Board will not treat a director's relationship with the Company as categorically immaterial if the relationship otherwise conflicts with the NYSE corporate governance listing standards or is required to be disclosed by the Company pursuant to Item 404 of Regulation S-K.

Based on the February 2016 independence review, your Board affirmatively determined, with the exception of our CEO, Mr. Charles E. Jones, that all nominees (Paul T. Addison, Michael J. Anderson, William T. Cottle, Robert B. Heisler, Jr., Julia L. Johnson, Ted J. Kleisner, Donald T. Misheff, Thomas N. Mitchell, Ernest J. Novak, Jr., Christopher D. Pappas, Luis A. Reyes, George M. Smart and Dr. Jerry Sue Thornton) are independent, in each case under these independence standards. Mr. Jones is not considered an independent director because of his employment with your Company. Additionally, Ms. Catherine A. Rein and Mr. Wes M. Taylor who retired from your Board effective May 19, 2015, were considered independent directors and Mr. Anthony J. Alexander, who concluded his services to your Board effective April 30, 2015, was not considered an independent director because of his employment with your Company.

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In making such determinations, your Board considered the fact that certain directors are executive officers of companies with which we conducted business. In addition, many of our directors are or were directors, trustees, or similar advisors of entities with which we conducted business or of non-profit organizations with which we conducted business and/or made contributions.

Specifically, your Board considered the following relationships and transactions, which occurred in the ordinary course of business, between your Company and its subsidiaries and certain entities some of our directors have been affiliated with that existed or occurred during the preceding three years. Outside of their service as a Company director, none of your Company's independent directors currently provide professional or other services to your Company, its affiliates or any officer of your Company and none of your Company's directors are related to any executive officer of your Company.

Non-regulated electric services and related non-electric products and services purchased from your Company (related to company boards in which Ms. Johnson, Dr. Thornton and Messrs. Anderson, Heisler, Misheff, Novak and Pappas serve as directors, a company's safety review board in which Mr. Reyes serves as a director, and an organization in which Dr. Thornton and Messrs. Novak and Heisler serve as directors);

Purchases by your Company of electric power generation related products (related to a board in which Mr. Anderson serves as a director);

Purchases by your Company of public utility water services (related to a board in which Ms. Johnson serves as a director);

Purchases by your Company of temporary labor and mutual emergency assistance (related to a board in which Ms. Johnson serves as a director);

Purchases by your Company of paint and related coatings (related to a board in which Dr. Thornton serves as a director);

Payments by your Company relating to workers compensation (related to an organization in which Dr. Thornton and Messrs. Heisler and Novak serve as directors);

Purchases by your Company of non-audit related services (related to one of the big four accounting firms that is not our independent accountant in which a family member of Mr. Cottle is employed);

Payments by your Company relating to charitable contributions, membership fees/dues and related expenses (related to an organization in which Dr. Thornton and Messrs. Heisler and Novak serve as directors, and an organization's training and accreditation board in which Mr. Reyes serves as a director).

In all cases, your Board determined that the nature of the business conducted and any interest of the applicable director in that business were immaterial both to your Company and to the director. Pursuant to your Company's Corporate Governance Policies, your Board also determined that the amounts paid to or received from the other entity affiliated with the applicable director in connection with the applicable transactions in each of the last three years did not exceed the greater of \$1 million or two percent of the consolidated gross revenue of that entity, which is the threshold set forth in the NYSE listing standards and our Corporate Governance Policies. The Corporate Governance Committee determined that none of the relationships described above constituted a related person transaction requiring disclosure under the heading "Certain Relationships and Related Person Transactions" in this proxy statement. Also, in each case where the director is an executive officer of another company, any transactions constituted less than one percent of your Company's and the other company's consolidated gross revenues in each of the last three completed fiscal years.

## **Board's Function**

Although your Board has the responsibility for establishing broad corporate policies and our overall performance, your Board is not involved in day-to-day operations of your Company. Management keeps the directors informed of our business and operations with various reports and documents that are sent to them each month. Management also makes operating and financial presentations at Board and committee meetings. Your Board established the committees described below to assist in performing its responsibilities.

## **Board Refreshment**

Your Board is comprised of individuals who are highly-qualified, diverse, and independent (other than Mr. Jones, who is not considered independent because of his role as our CEO). Your Board's succession planning takes into account the importance of Board refreshment and having an appropriate balance of experience and perspectives on your Board. We have regularly added directors to infuse new ideas and fresh perspectives into the boardroom and to maintain appropriate diversity. Since the beginning of 2011, your Board has added eight new Board members, including two former Allegheny Energy, Inc. (later referred to as AYE) directors that joined your Board at the completion of the merger with AYE in 2011 and an additional former AYE director that joined your Board later in 2011. The result is over 40 percent of your Board has less than 5 years tenure and nearly 60 percent of your Board has less than 6 years tenure. Also, in connection with our mandatory retirement age of 72 for outside directors described below, five of our current directors (including four of our longest tenured directors) are expected to retire within the next three years.

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### **Board's Role in Risk Oversight**

Your Company faces a variety of risks and recognizes that the effective management of those risks contributes to the overall success of your Company. Your Company has implemented a process to identify, prioritize, report, monitor, manage, and mitigate its significant risks. A Risk Policy Committee, consisting of the Chief Risk Officer and senior executive officers, provides oversight and monitoring to ensure that appropriate risk policies are established and carried out and processes are executed in accordance with selected limits and approval levels. Other Company committees exist to address topical risk issues. Timely reports on significant risk issues are provided as appropriate to employees, management, senior executive officers, respective Board committees, and the full Board. The Chief Risk Officer also prepares enterprise-wide risk management reports that are presented to the Audit Committee, the Finance Committee and your Board.

Your Board administers its risk oversight function through the full Board as well as through the various Board committees. Specifically, the full Board considers applicable risks of your Company at each meeting in connection with its consideration of significant business and financial developments of your Company. Also, the Audit Committee Charter requires the Audit Committee to oversee, assess, discuss, and generally review your Company's policies with respect to the assessment and management of risks, including risks related to the financial statements and financial reporting process of the Company, credit risk, liquidity and commodity market risks, and risks related to cybersecurity. The Audit Committee also reviews and discusses with management the steps taken to monitor, control, and mitigate such exposures. Through this oversight process, your Board obtains an understanding of significant risk issues on a timely basis, including the risks inherent in your Company's strategy. In addition, while your Company's Chief Risk Officer administratively reports to the Chief Financial Officer (later referred to as your CFO), he also has full access to the Audit and Finance Committees and is scheduled to attend each of their Committee meetings.

In addition to the Audit Committee's role in risk oversight, our other Board committees also play a role in risk oversight within each of their areas of responsibility. Specifically, the Compensation Committee reviews, discusses, and assesses risk related to compensation programs, including incentive compensation and equity-based plans, as well as the relationship between our risk management policies and practices and compensation. See also, "Risk Assessment of Compensation Programs" found in the Compensation Discussion and Analysis (later referred to as the CD&A) section in this proxy statement. The Corporate Governance Committee considers risk related to corporate governance, including Board and committee membership, Board effectiveness, and related party transactions. The Finance Committee evaluates risk relating to financial resources and strategies, including capital structure policies, financial forecasts, budgets and financial transactions, commitments, expenditures, long and short-term debt levels, dividend policy, issuance of securities, exposure to fluctuation in interest rates, share repurchase programs and other financial matters deemed appropriate by your Board. The Nuclear Committee considers the risks associated with the safety, reliability, and quality of our nuclear operations. Further, day-to-day risk oversight is conducted by our Corporate Risk department and our senior management and is shared with your Board or Board committees, as appropriate. We believe that your Board's role in risk oversight is consistent with and complemented by your Board's leadership structure. In addition, the section above in this proxy statement entitled "Board Leadership Structure" provides information relating to our historical separation of the Chairman of the Board and CEO positions.

### **Director Orientation and Continuing Education**

Your Board recognizes the importance of its members keeping current on Company and industry issues and their responsibilities as directors. All new directors participate in orientation soon after being elected to your Board. Also,

your Board makes available and encourages continuing education programs for Board members, which may include internal strategy meetings, third-party presentations, and externally offered programs.

### **Attendance at the Annual Meeting of Shareholders and Board and Committee Meetings**

Our Corporate Governance Policies provide that directors are expected to attend all scheduled Board and committee meetings and your Company's annual meetings of shareholders. All Board members who were nominees at that time attended your Company's 2015 annual meeting of shareholders.

Your Board held 10 meetings during 2015. All directors attended at least 87 percent or more of the meetings of your Board and of the committees on which they served in 2015. Non-management directors, who are all independent directors, are required to meet as a group in executive sessions without the CEO or any other non-independent director, or management at least six times in each calendar year. George M. Smart, our independent Chairman of the Board, presides over all executive sessions. During 2015, the non-management directors met 10 times in executive sessions.

Members of the Nuclear Committee and other Board members also participate in regular site visits to your Company's operating locations, including visits to all three nuclear sites annually.

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**Shareholder Outreach & Engagement**

We believe that it is important for us to communicate regularly with shareholders regarding areas of interest or concern so we maintain an active shareholder engagement program. As part of our commitment and in an effort to continue to understand our investors' perspective, during the recent year we conducted outreach to a cross-section of shareholders owning approximately [XX] percent of our outstanding shares.

Our outreach meetings gave us the chance to highlight our good corporate governance and to make clear our commitment to the alignment of pay and performance. Shareholder feedback and suggestions that we received were reported to the Compensation Committee, Corporate Governance Committee and your entire Board for its consideration. For further insight on our executive compensation related outreach, see the Shareholder Outreach and Consideration of Say-on-Pay Vote Results section below in the CD&A.

In furtherance of the above, with the support from your Board, your Company's CEO and management team also focused significant effort on introducing our new CEO to our major shareholders and the investment community. Feedback and suggestions that we received were reported to your Board for its consideration.

**Corporate Governance Documents**

Your Board believes that your Company's policies and practices should enhance your Board's ability to represent your interests as shareholders. Your Board established Corporate Governance Policies which, together with Board committee charters, serve as a framework for meeting your Board's duties and responsibilities with respect to the governance of your Company. Our Corporate Governance Policies and Board committee charters can be viewed by visiting our website at [www.firstenergycorp.com/charters](http://www.firstenergycorp.com/charters). Any amendments to these documents will promptly be made available on our website.

Table of Contents**Committees of your Board of Directors**

Your Board established the standing committees listed below. All committees are comprised solely of independent directors as determined by your Board in accordance with our Corporate Governance Policies, which incorporate the NYSE listing standards and applicable SEC rules. All members of the Audit Committee, Compensation Committee and the Corporate Governance Committee are independent based on the definition applicable to such committee in the NYSE listing standards and SEC rules. Mr. Jones, your only director who is not considered independent because of his employment with your Company, does not serve on any board committee.

<b>Current Independent Committee Composition / Number of Committee Meetings Held Corporate</b>					
<b>Director</b>	<b>Audit</b>	<b>Compensation</b>	<b>Governance</b>	<b>Finance</b>	<b>Nuclear</b>
Paul T. Addison	M			C	
Michael J. Anderson			C	M	
William T. Cottle			M		C
Robert B. Heisler, Jr.	M	M			
Julia L. Johnson			M		M
Ted J. Kleisner		C			M
Donald T. Misheff	M	M			
Thomas N. Mitchell					M
Ernest J. Novak, Jr.	C / E			M	
Christopher D. Pappas		M		M	
Luis A. Reyes			M		M
George M. Smart	M		M		
Dr. Jerry Sue Thornton		M		M	
<b>Number of meetings</b>	<b>8</b>	<b>5</b>	<b>5</b>	<b>4</b>	<b>6</b>



**in fiscal  
year 2015**

C = Chair M = Member E = Audit Committee Financial Expert

### *Audit Committee*

The purpose of the Audit Committee is to assist your Board with oversight of: the integrity of your Company's financial statements; your Company's compliance with legal, risk management and oversight, and regulatory requirements; the independent auditor's qualifications and independence; the performance of your Company's internal audit function and independent auditor; and your Company's systems of internal control with respect to the accuracy of financial records, adherence to Company policies, and compliance with legal and regulatory requirements. The Audit Committee prepares the report that SEC rules require be included in this proxy statement and performs such other duties and responsibilities enumerated in the Audit Committee Charter. The Audit Committee's function is one of oversight, recognizing that your Company's management is responsible for preparing your Company's financial statements, and the independent auditor is responsible for auditing those statements. In adopting the Audit Committee Charter, your Board acknowledges that the Audit Committee members are not employees of your Company and are not providing any expert or special assurance as to your Company's financial statements or any professional certification as to the independent auditor's work or auditing standards. Each member of the Audit Committee shall be entitled to rely on the integrity of those persons and organizations within and outside your Company who provide information to the Audit Committee and the accuracy and completeness of the financial and other information provided to the Audit Committee by such persons or organizations absent actual knowledge to the contrary. For a complete list of responsibilities and other information, refer to the Audit Committee Charter available on our website at [www.firstenergycorp.com/charters](http://www.firstenergycorp.com/charters).

All members of the Audit Committee are financially literate. Your Board appoints at least one member of the Audit Committee who, in your Board's business judgment, is an Audit Committee Financial Expert, as such term is defined by the SEC. Your Board determined that independent Audit Committee and Board member Ernest J. Novak, Jr. meets this definition. If it would occur and as required by the applicable NYSE listing standards, your Company will disclose on its website ([www.firstenergycorp.com](http://www.firstenergycorp.com) under the tab Investors, Corporate Governance, Board of Directors) any Board determination that the service by a member of your Company's Audit Committee on the audit committees of more than three public companies does or does not impair the ability of that individual to serve effectively on your Company's Audit Committee. See the Audit Committee Report in this proxy statement for additional information regarding the Audit Committee.

Mr. Misheff joined the Audit Committee in May 2015. Ms. Catherine A. Rein served on the Audit Committee until she retired from your Board in May 2015 in accordance with the mandatory retirement age provisions of our Corporate Governance Policies. Also, our Corporate Governance Policies require that to facilitate transition, your Board shall not designate any director to serve as a Chair of a committee as of the date of the annual meeting that immediately precedes his or her 72<sup>nd</sup> birthday nor will your Board nominate for re-election at any annual meeting of shareholders a non-employee director following his or her 72<sup>nd</sup> birthday. Accordingly, Mr. Novak is to transition off as Chair of the Audit Committee in May 2016 and it is expected that the Board will appoint his replacement at its May 2016 meeting.

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**Table of Contents***Compensation Committee*

The purpose of the Compensation Committee is to discharge the responsibilities of your Board as specified in the Compensation Committee Charter relating to the compensation of certain senior-level officers of your Company, including your CEO, your Company's other non-CEO executive officers, the Chairman of the Board, if the Chairman of the Board is not an employee, and other individuals named in your Company's annual proxy statement; to review, discuss, and endorse a compensation philosophy and objectives that support competitive pay-for-performance and are consistent with the corporate strategy; to assist your Board in establishing the appropriate incentive compensation and equity-based plans for your Company's executive officers and other senior-level officers; to administer such plans in order to attract, retain, and motivate skilled and talented executives and to align such plans with Company and business unit performance, business strategies, and growth in shareholder value; to review and discuss with your Company's management the disclosures in the CD&A required by applicable rules and regulations and, based upon such review and discussions, to recommend to your Board whether the CD&A should be included in your Company's Annual Report on Form 10-K and proxy statement; to produce the Compensation Committee Report to be included in your Company's Annual Report on Form 10-K and proxy statement, in accordance with applicable rules and regulations; and to perform such other duties and responsibilities enumerated in and consistent with the Compensation Committee Charter. The Compensation Committee, in accordance with applicable law, has delegated authority to your CEO to establish the compensation of senior-level officers other than our executive (i.e., Section 16) officers. Also, to the extent permitted under NYSE Listing Standards and applicable law, the Compensation Committee is authorized to delegate to one or more subcommittees. For a complete list of responsibilities and other information, refer to the Compensation Committee Charter available on our website at [www.firstenergycorp.com/charters](http://www.firstenergycorp.com/charters). In addition, refer to the CD&A that can be found later in this proxy statement.

Mr. Misheff and Dr. Thornton joined the Compensation Committee in May 2015. Ms. Rein and Mr. Wes M. Taylor served on the Compensation Committee until they retired from your Board in May 2015 in accordance with the mandatory retirement age provisions of our Corporate Governance Policies. Also, our Corporate Governance Policies require that to facilitate transition, your Board shall not designate any director to serve as a Chair of a committee as of the date of the annual meeting that immediately precedes his or her 72<sup>nd</sup> birthday. Accordingly, Mr. Kleisner is to transition off as Chair of the Compensation Committee in May 2016 and it is expected that the Board will appoint his replacement at its May 2016 meeting.

*Corporate Governance Committee*

The purpose of the Corporate Governance Committee is to develop, recommend to your Board, and periodically review the corporate governance principles applicable to your Company; to recommend Board candidates for all directorships by identifying individuals qualified to become Board members in a manner that is consistent with criteria approved by your Board; to recommend that your Board select the director nominees for the next annual meeting of shareholders and recommend to your Board nominees to fill any vacancies and/or newly created directorships on your Board; and to oversee the evaluation of your Board, each committee thereof, and management.

In consultation with the CEO, the Chairman of the Board and the full Board, the Corporate Governance Committee has primary responsibility to search for, recruit, screen, interview, and recommend prospective directors, as required, who will provide an appropriate balance of knowledge, experience, and capability on your Board. The process for board succession planning and identifying potential candidates for nomination by your Board is an ongoing one. The Corporate Governance Committee has actively engaged in director succession planning and regularly evaluates the

addition of a director or directors with particular attributes described below along with an appropriate mix of long-, medium-, and short-term tenured directors in its succession planning. Your Board did not use a third party to assist with the identification and evaluation of potential nominees.

The Corporate Governance Committee is guided by its charter, the Corporate Governance Policies, and other applicable laws and regulations in recruiting and selecting director candidates. Any assessment of a prospective Board or committee candidate includes, at a minimum, issues of diversity, age, background and training; business or administrative experience and skills; dedication and commitment; business judgment; analytical skills; problem-solving abilities; and familiarity with the regulatory environment, in addition to such other attributes deemed appropriate by your Board or Corporate Governance Committee, all in the context of an assessment of the perceived needs of your Board at that point in time. The Corporate Governance Policies provide that your Board will not nominate for re-election at any annual meeting of shareholders a non-employee director following his or her 72<sup>nd</sup> birthday. In addition, the Corporate Governance Committee may consider such other attributes as it deems appropriate, all in the context of the perceived needs of your Board or applicable committee at that point in time. Such directors shall possess experience in one or more of the following: management or senior leadership position which demonstrates significant business or administrative experience and skills; accounting or finance; the electric utilities or nuclear power industry; or other significant and relevant areas deemed by the Corporate Governance Committee to be valuable to your Company.

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The Corporate Governance Committee investigates and considers suggestions for candidates for membership on your Board, including shareholder nominations for your Board. Provided that shareholders nominating director candidates have complied with the procedural requirements set forth in the Corporate Governance Committee Charter and Amended Code of Regulations, the Corporate Governance Committee applies the same criteria and employs substantially similar procedures for evaluating nominees suggested by shareholders for your Board as it would for evaluating any other Board nominee. The Corporate Governance Committee will give due consideration to all written shareholder nominations that are submitted in writing to the Corporate Governance Committee, in care of the Corporate Secretary, FirstEnergy Corp., 76 South Main Street, Akron, Ohio 44308-1890, received at least 120 days before the publication of your Company's annual proxy statement from a shareholder or group of shareholders owning one half of one percent (0.5 percent) or more of your Company's voting stock for at least one year, and accompanied by a description of the proposed nominee's qualifications and other relevant biographical information, together with the written consent of the proposed nominee to be named in the proxy statement and to serve on your Board. For a complete list of responsibilities and other information, refer to the Corporate Governance Committee Charter available on our website at [www.firstenergycorp.com/charters](http://www.firstenergycorp.com/charters).

### *Finance Committee*

The purpose of the Finance Committee is to monitor and oversee your Company's financial resources and strategies, with emphasis on those issues that are long-term in nature. For a complete list of responsibilities and other information, refer to the Finance Committee Charter available on our website at [www.firstenergycorp.com/charters](http://www.firstenergycorp.com/charters).

Dr. Thornton joined the Finance Committee in May 2015, and Ms. Johnson and Mr. Misheff were members of the Finance Committee until May 2015.

### *Nuclear Committee*

The purpose of the Nuclear Committee is to monitor and oversee your Company's nuclear program and the operation of all nuclear units in which your Company or any of its subsidiaries has an ownership or leasehold interest. For a complete list of responsibilities and other information, refer to the Nuclear Committee Charter available on our website at [www.firstenergycorp.com/charters](http://www.firstenergycorp.com/charters).

Mr. Thomas N. Mitchell joined the Nuclear Committee in January 2016. Donald T. Misheff was a member of the Nuclear Committee until May 2015. Mr. Taylor served on the Nuclear Committee until he retired from your Board in May 2015 in accordance with the mandatory retirement age provisions of our Corporate Governance Policies.

### **Non-Affiliated Board Membership**

Our Corporate Governance Policies provide that the expectation is that directors will not, without your Board's approval, serve on the board of directors of more than three other non-affiliated companies having securities registered under the Securities Exchange Act of 1934, as amended (later referred to as the Exchange Act). All of our directors are in compliance with this provision of our Corporate Governance Policies.

### **Communications with your Board of Directors**

Your Board provides a process for shareholders and interested parties to send communications to your Board and non-management directors, including our Chairman of the Board. As set forth in your Company's Corporate Governance Policies, shareholders and interested parties may send written communications to your Board or a specified individual director by mailing any such communications to the FirstEnergy Board of Directors at your Company's principal executive office, c/o Corporate Secretary, FirstEnergy Corp., 76 South Main Street, Akron, OH 44308-1890. Our Corporate Governance Policies can be viewed by visiting our website at [www.firstenergycorp.com/charters](http://www.firstenergycorp.com/charters).

The Corporate Secretary or a member of her staff reviews all such communications promptly and relays them directly to a Board member or a specified individual director, provided that such communications: (i) bear relevance to your Company and the interests of the shareholder, (ii) are capable of being implemented by your Board, (iii) do not contain any obscene or offensive remarks, (iv) are of a reasonable length, and (v) are not from a shareholder who already has sent two such communications to your Board in the last year. Your Board may modify procedures for sorting shareholders and interested parties' communications or adopt any additional procedures, provided they are approved by a majority of the independent directors.

## **Codes of Business Conduct**

Your Company's Code of Business Conduct applies to all employees, including the CEO, CFO, and Chief Accounting Officer. In addition, your Board has a separate Director Code of Ethics and Business Conduct. Both codes can be viewed on our website at [www.firstenergycorp.com/charters](http://www.firstenergycorp.com/charters). Any substantive amendments to, or waivers of, the provisions of these documents will be disclosed and made available on our website. Both codes are available, without charge, upon written request to the Corporate Secretary, FirstEnergy Corp., 76 South Main Street, Akron, Ohio 44308-1890 or may be viewed on our website at [www.firstenergycorp.com/charters](http://www.firstenergycorp.com/charters).

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**Audit Committee Report**

The Audit Committee (later referred to in this section as the Committee) of your Board is charged with assisting the full Board in fulfilling their oversight responsibility with respect to the quality and integrity of the accounting, auditing, and financial reporting practices of your Company. The Committee acts under a written charter that is reviewed annually, revised as necessary, and is approved by your Board. In fulfilling its oversight responsibilities, the Committee reviewed and discussed with management the audited financial statements to be included in your Company's Annual Report on Form 10-K for the year ended December 31, 2015. In performing its review, the Committee discussed the propriety of the application of accounting principles by your Company, the reasonableness of significant judgments and estimates used in the preparation of the financial statements, and the clarity of disclosures in the financial statements.

The Committee reviewed and discussed with your Company's independent registered public accounting firm, PricewaterhouseCoopers LLP, their opinion on the conformity of the audited financial statements with accounting principles generally accepted in the United States. This discussion covered the matters required by Auditing Standard No. 16, Communications with Audit Committees, as adopted by the Public Company Accounting Oversight Board, including its judgments as to the propriety of the application of accounting principles by your Company.

The Committee received the written disclosures and the letter from the independent registered public accounting firm regarding their independence from your Company as required by applicable requirements of the Public Company Accounting Oversight Board regarding the independent accountant's communications with the audit committee concerning independence and discussed with the independent registered public accounting firm such firm's independence.

The Committee discussed with your Company's internal auditors and independent registered public accounting firm the overall scope, plans, and results of their respective audits. The Committee met with the internal auditors and independent registered public accounting firm, with and without management present, to discuss the results of their examinations, their evaluations of your Company's internal controls, and the overall quality of your Company's financial reporting process.

Based on the above reviews and discussions conducted, the Committee recommended to your Board that the audited financial statements be included in your Company's Annual Report on Form 10-K for the year ended December 31, 2015, for filing with the SEC.

Audit Committee Members: Ernest J. Novak, Jr. (Chair), Paul T. Addison, Robert B. Heisler, Jr., Donald T. Misheff and George M. Smart.

**Table of Contents****Matters Relating to the Independent Registered Public Accounting Firm***Audit Fees*

The following is a summary of the fees paid by your Company to its independent registered public accounting firm, PricewaterhouseCoopers LLP, for services provided to your Company and its reporting subsidiaries during the years 2015 and 2014:

PricewaterhouseCoopers LLP billed your Company an aggregate of \$7,787,000 in 2015 and \$7,823,000 in 2014 in fees for professional services rendered for the audit of your Company's financial statements and the review of the financial statements included in each of your Company's Quarterly Reports on Form 10-Q, services that are normally provided in connection with statutory and regulatory filings or engagements, audit-related services and non-audit-related services as noted below.

	<b>Fees for Audit Year Fees for Audit Year</b>	
	<b>2015</b>	<b>2014</b>
<i>Audit Fees</i> <sup>(1)</sup>	\$7,622,000	\$7,701,000
<i>Audit Related Fees</i> <sup>(2)</sup>	150,000	117,000
<i>Tax Fees</i>	- 0 -	- 0 -
<i>All Other Fees</i> <sup>(3)</sup>	<u>15,000</u>	<u>5,000</u>
	<b>\$7,787,000</b>	<b>\$7,823,000</b>

(1) Professional services rendered for the audits of your Company's and certain of its subsidiaries' annual financial statements and reviews of unaudited financial statements included in your Company's and its SEC reporting subsidiary's 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.

(3) Non-audit-related software subscription fees to PricewaterhouseCoopers LLP.

The Committee has considered whether any non-audit services rendered by the independent registered public accounting firm are compatible with maintaining its independence. The Committee, in accordance with its charter and in compliance with all applicable legal and regulatory requirements promulgated from time to time by the NYSE and SEC, has a policy under which the independent registered public accounting firm cannot be engaged to perform non-audit services that are prohibited by these requirements. The policy further states that any engagement of the



independent registered public accounting firm to perform other audit-related or any non-audit services must have approval in advance by the Chair of the Committee upon the recommendation of the Vice President, Controller and Chief Accounting Officer. Such approved engagement is then presented to the Committee at its next regularly scheduled meeting. All services provided by PricewaterhouseCoopers LLP in 2015 and 2014 were pre-approved.

**Table of Contents****Director Compensation in Fiscal Year 2015**

<b>Name (1)</b>	<b>Fees Earned or Paid in Cash (\$)(2)</b>	<b>Stock Awards (\$)(3)</b>	<b>Change in Pension and Nonqualified Deferred Compensation (\$)(4)</b>	<b>All Other Compensation (\$)(5)</b>	<b>Total (\$)</b>
Paul T. Addison	\$110,000	\$135,096	\$4,367	\$0	\$249,463
Michael J. Anderson	\$110,000	\$135,096	\$2,818	\$5,500	\$253,414
William T. Cottle	\$116,000	\$135,096	\$11,883	\$0	\$262,979
Robert B. Heisler, Jr.	\$96,500	\$135,096	\$1,390	\$4,000	\$236,986
Julia L. Johnson	\$101,000	\$135,096	\$0	\$0	\$236,096
Ted J. Kleisner	\$113,000	\$135,096	\$0	\$2,200	\$250,296
Donald T. Misheff	\$95,000	\$135,096	\$0	\$0	\$230,096
Thomas N. Mitchell <sup>(6)</sup>	\$0	\$0	\$0	\$0	\$0
Ernest J. Novak, Jr.	\$121,000	\$135,096	\$3,415	\$5,000	\$264,511
Christopher D. Pappas	\$95,000	\$135,096	\$0	\$3,000	\$233,096
Catherine A. Rein <sup>(7)</sup>	\$36,538	\$51,979	\$38,248	\$23,606	\$150,371
Luis A. Reyes	\$101,000	\$135,096	\$0	\$0	\$236,096
George M. Smart	\$246,500	\$135,096	\$18,468	\$12,146	\$412,210
Wes M. Taylor <sup>(7)</sup>	\$36,538	\$51,979	\$0	\$0	\$88,517
Dr. Jerry Sue Thornton	\$75,208	\$106,974	\$0	\$5,000	\$187,182

(1) Anthony J. Alexander, Executive Chairman, and Charles E. Jones, President and CEO, are not included in this table because during 2015 they were employees of your Company and therefore received no compensation for their service as directors. The compensation received by Messrs. Alexander and Jones are shown in the 2015 Summary Compensation Table (later referred to as SCT) below.

- (2) The amounts set forth in the Fees Earned or Paid in Cash column include fees earned in cash whether paid in cash or deferred into the FirstEnergy Corp. Deferred Compensation Plan for Outside Directors (later referred to as the Director's Plan).
- (3) The amounts set forth in the Stock Awards column include the equity retainer received under the FirstEnergy Corp. 2007 Incentive Plan (later referred to as the 2007 Incentive Plan) and the FirstEnergy Corp. 2015 Incentive Compensation Plan (later referred to as the 2015 Incentive Plan) in the form of shares of common stock. Each amount constitutes the aggregate grant date fair value of stock awards for fiscal 2015 calculated in accordance with Financial Accounting Standards Board (FASB) ASC Topic 718. The equity retainer is typically paid in quarterly installments.
- (4) The amounts set forth in the Change in Pension Value and Nonqualified Deferred Compensation column reflect the aggregate increase in actuarial value to the director of all defined benefit and actuarial plans accrued during the year and above-market earnings on nonqualified deferred compensation. There was no change in present value of accumulated retirement benefits for Ms. Rein. The formula used to determine the above market earnings equals (2015 total interest multiplied by the difference between 120 percent of the Applicable Federal Rate for long-term rates (AFR) and the plan rate and divided by the plan rate).
- (5) The amounts set forth in the All Other Compensation column include compensation not required to be included in any other column. Charitable matching contributions made on behalf of our directors represent the entire amount in the column, other than for Ms. Rein and Mr. Smart. For Ms. Rein, \$18,043 is included for pension benefits paid in 2015 (earned as a former GPU director), \$5,000 for charitable matching contributions and \$563 is included for Personal Excess Liability Insurance. For Mr. Smart, \$5,000 is included for a charitable matching contribution, \$7,105 for personal use of the aircraft, and \$41 for gifts. The FirstEnergy Foundation supports the charitable matching contributions under the Matching Gifts Program.
- (6) Mr. Mitchell was elected to your Board effective January 19, 2016.
- (7) Ms. Rein and Mr. Taylor retired from your Board effective May 19, 2015.

#### *Compensation of Directors*

We use a combination of cash and equity-based incentive compensation in order to attract and retain qualified candidates to serve on your Board. Equity compensation is provided to promote our success by providing incentives to directors that will link their personal interests to our long-term financial success and to increase shareholder value. In setting director compensation, we take into consideration the significant amount of time that directors spend in fulfilling their duties to us as well as the skill level required of members of your Board. Effective January 1, 2015, Mr. Jones was elected to your Board. Only non-employee directors receive the compensation described below for their service on your Board. Since Mr. Alexander and Mr. Jones were employees, they were not eligible to receive any additional compensation for their service on your Board in 2015. Effective May 1, 2015, Mr. Smart returned to his role as our Non-Executive Chairman from his prior role as Lead Independent Director.

#### *Fee Structure*

In 2015, each non-employee director received a cash retainer of \$95,000 and an equity retainer valued at \$135,000 paid in the form of our common stock. The Corporate Governance, Compensation, Finance, and Nuclear Committee Chairs each received an additional \$15,000 in 2015 for serving as a committee chairperson. The chair of the Audit Committee received an additional \$20,000 in 2015. Directors are also paid meeting fees of \$1,500 only for in-person committee meetings and/or site visits held off-cycle. Mr. Smart, the non-executive Chairman of the Board, received an additional \$150,000 cash retainer in 2015 for serving in the capacities of Lead Independent Director from January 1, 2015 through April 30, 2015 and non-executive Chairman of the Board for the remainder of 2015, and continues to receive such compensation in 2016.

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Equity and cash retainers, and chairperson retainers were paid in quarterly installments. Any equity compensation and any compensation deferred into equity was granted from the 2007 Incentive Plan until July 2015 and thereafter, all equity was granted from the 2015 Incentive Plan. Directors are responsible for paying all taxes associated with cash and equity retainers and perquisites. We do not gross up equity grants to directors to cover tax obligations.

We believe it is critical that the interests of directors and shareholders be clearly aligned. As such, similar to the Named Executive Officers (later referred to as the NEOs), directors are also subject to share ownership guidelines. Within 90 days of their election to your Board, a director must own a minimum of 100 shares of our common stock. Within five years of joining your Board, each director is required to own shares of our common stock with an aggregate value of at least six times the annual cash retainer. Each director has either attained the required share ownership guideline or it is anticipated that the director will attain the required share ownership guideline within the allotted amount of time. The share ownership guidelines are reviewed by the Committee for competitiveness on an annual basis and were last reviewed at the Compensation Committee's February 2016 meeting.

For 2015 and 2016, the following directly and indirectly held shares were and will be included in determining whether a non-employee director met his/her ownership guidelines:

Shares directly or jointly owned in certificate form or in a stock investment plan,  
Shares held in brokerage accounts, and  
Units held in the Director's Plan, the Allegheny Energy, Inc. Non-Employee Director Stock Plan (later referred to as AYE Director's Plan) or the Allegheny Energy Inc. Amended and Restated Plan for Deferral of Compensation of Directors (later referred to as the AYE DCD) which are payable in shares.

*Director's Plan*

The Director's Plan is a nonqualified deferred compensation plan that provides directors the opportunity to defer compensation. Directors may defer up to 100 percent of their cash retainer into either the cash or stock accounts or any combination thereof. Deferrals into the cash account can be invested in one of nine funds, similar to the investment funds available to all of our employees through the FirstEnergy Corp. Savings Plan, or in a Company-paid annually adjusted fixed income account. The Company paid interest at an annual rate of 7.54 percent on funds deferred into cash accounts prior to 2013 and 5.54 percent on funds deferred into cash accounts beginning in 2013. The interest rate received by the directors is the same rate received by the NEOs under the FirstEnergy Corp. Amended and Restated Executive Deferred Compensation Plan (later referred to as the EDCP).

For stock accounts, dividend equivalent units are accrued quarterly and applied to the directors' accounts on each dividend payment date using the closing price of our common stock on that date. Payments made with respect to any dividend equivalent units that accrue after January 21, 2014, will be paid in cash.

*Other Payments or Benefits Received by Directors*

The corporate aircraft is available, when appropriate, for transportation to and from Board and committee meetings and training seminars. Mr. Smart had the use of an office and administrative support with respect to carrying out his duties as Lead Independent Director and non-executive Chairman of the Board in 2015, as applicable, and continues to receive such support in 2016. We pay all fees associated with director and officer insurance and business travel

insurance for our directors. In 2015, our directors were eligible to receive perquisites including retirement gifts, annual meeting gifts, limited spa services for spouse, and limited personal use of the corporate aircraft, the value of which was less than \$10,000 for most directors.

Based on programs in effect at GPU, Inc. at the time of our merger on November 7, 2001, directors who served on the GPU Board of Directors were eligible to receive benefits in the form of personal excess liability insurance, of which the Company paid a premium of \$563 for Ms. Rein in 2015. As of November 7, 2001, no new participants could receive these benefits. In addition, in 1997 GPU discontinued a Board of Director's pension program. Directors who served prior to the discontinuation are entitled to receive benefits under the program. Ms. Rein elected to defer receiving her pension until retirement from your Board and began receiving payments in 2015.

Directors are able to defer all or a portion of their fees through the Director's Plan and can elect when to begin receiving their deferred compensation. Payments are made annually.

It is critically important to us and our shareholders, especially in these times of economic volatility and uncertainty, that we be able to attract and retain the most capable persons reasonably available to serve as our directors. As such, all directors have entered into written indemnification agreements, which are intended to secure the protection for our directors contemplated by our Amended Code of Regulations and Ohio law.

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Each indemnification agreement provides, among other things, that we will, subject to the agreement terms, indemnify a director if by reason of their corporate status as a director, the person incurs losses, liabilities, judgments, fines, penalties, or amounts paid in settlement in connection with any threatened, pending, or completed proceeding, whether of a civil, criminal, administrative, or investigative nature. In addition, each indemnification agreement provides for the advancement of expenses incurred by a director, subject to certain exceptions, in connection with proceedings covered by the indemnification agreement. As directors and officers, the agreements for Mr. Alexander and Mr. Jones address indemnity in both roles.

This description of the director indemnification agreements is qualified in its entirety by reference to the full text of the Form of Director Indemnification Agreement between us and each non-management director, filed as Exhibit 10.1 to our Form 10-Q filed on May 7, 2009 and the Form of Management Director Indemnification Agreement between us and each management director, filed as Exhibit 10.2 to our Form 10-Q filed on May 7, 2009.

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**Items to Be Voted On**

**Item 1 Election of Directors**

You are being asked to vote for the following 14 nominees to serve on your Board for a term expiring at the annual meeting of shareholders in 2017 and until their successors shall have been elected: **Paul T. Addison, Michael J. Anderson, William T. Cottle, Robert B. Heisler, Jr., Julia L. Johnson, Charles E. Jones, Ted J. Kleisner, Donald T. Misheff, Thomas N. Mitchell, Ernest J. Novak, Jr., Christopher D. Pappas, Luis A. Reyes, George M. Smart and Dr. Jerry Sue Thornton.** Mr. Mitchell was elected to your Board effective January 19, 2016 and is a nominee for election by shareholders at the Annual Meeting. Mr. Mitchell was recommended as a director by the members of our Corporate Governance Committee.

The Biographical Information and Qualifications of Nominees for Election as Directors section of this proxy statement provides information for all nominees for election at the Meeting. Your Board has no reason to believe that the persons nominated will not be available to serve after being elected. If any of these nominees would not be available to serve for any reason, shares represented by the appointed proxies will be voted either for a lesser number of directors or for another person selected by your Board. However, if the inability to serve is believed to be temporary in nature, the shares represented by the appointed proxies will be voted for that person who, if elected, will serve when able to do so.

Pursuant to your Company's Amended Code of Regulations, at any election of directors, the persons receiving the greatest number of votes are elected to the vacancies to be filled. Our Corporate Governance Policies also provide that in an uncontested election of directors (i.e., an election where the only nominees are those recommended by your Board), any nominee for director who receives a greater number of votes withheld from his or her election than votes for his or her election will promptly tender his or her resignation to the Corporate Governance Committee following certification of the shareholder vote. The Corporate Governance Committee will promptly consider the tendered resignation and will recommend to your Board whether to accept or reject the tendered resignation no later than 60 days following the date of the shareholders' meeting at which the election occurred. In considering whether to recommend acceptance or rejection of the tendered resignation, the Corporate Governance Committee will consider factors deemed relevant by the committee members, including the director's length of service, the director's particular qualifications and contributions to your Company, the reasons underlying the majority withheld vote, if known, and whether these reasons can be cured, and compliance with stock exchange listing standards and the Corporate Governance Policies. In considering the Corporate Governance Committee's recommendation, your Board will consider the factors considered by the Corporate Governance Committee and any such additional information and factors your Board believes to be relevant. Your Board will act on the Corporate Governance Committee's recommendation no later than at its next regularly scheduled board meeting.

This Item 1 asks that you vote FOR the 14 nominees named in this proxy statement to serve on your Board.



Your Board Recommends That You Vote **For Item 1.**

**Item 2 Ratification of the Appointment of the Independent Registered Public Accounting Firm**

You are being asked to ratify the Audit Committee's appointment of PricewaterhouseCoopers LLP as your Company's independent registered public accounting firm to examine the books and accounts of your Company for the fiscal year ending December 31, 2016. While our Amended Code of Regulations do not require shareholders to ratify the appointment of PricewaterhouseCoopers LLP as our independent registered public accounting firm, we are submitting the proposal for ratification as a matter of good corporate governance. However, if shareholders do not ratify the appointment, the Audit Committee will reconsider retaining PricewaterhouseCoopers LLP. Even if the appointment is ratified, the Audit Committee, at its discretion, may change the appointment at any time during the year if it determines that such a change would be in the best interests of your Company and its shareholders. A representative of PricewaterhouseCoopers LLP is expected to attend the Meeting and will be available to respond to appropriate questions, and have an opportunity to make a statement if he or she wishes to do so. We refer you to the Matters Relating to the Independent Registered Public Accounting Firm section of this proxy statement for information regarding services performed by, and fees paid to, PricewaterhouseCoopers LLP during the years 2014 and 2015.

This Item 2 asks that you vote **FOR** the ratification of the Audit Committee's appointment of PricewaterhouseCoopers LLP as your Company's independent registered public accounting firm for the 2016 fiscal year.

Your Board Recommends That You Vote **For Item 2.**

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**Item 3 Advisory Vote to Approve Named Executive Officer Compensation**

The following proposal provides shareholders the opportunity to cast an advisory, non-binding vote on compensation for the NEOs, as further described in the CD&A, by voting for or against the following resolution. This resolution is required pursuant to Section 14A of the Exchange Act. The next advisory vote on NEO compensation is scheduled to occur at your Company's 2017 annual meeting of shareholders, at which time we will also have our next vote to determine the frequency of these advisory votes going forward. Currently, the advisory vote is held every year. The Board strongly supports your Company's executive pay practices and its executive compensation program through the following resolution:

RESOLVED, that the shareholders approve, on an advisory basis, the compensation of the FirstEnergy Corp. NEOs, as such compensation is disclosed pursuant to the compensation disclosure rules of the SEC, including the CD&A, the compensation tables, and the other related narrative executive compensation disclosure contained in this proxy statement.

The primary objectives of your Company's executive compensation program are to attract, motivate, retain, and reward the talented executives who we believe can provide the performance and leadership we need to achieve success in the highly complex energy industry. Our executive compensation program is centered on a pay-for-performance philosophy and is aligned with the long-term interests of our shareholders. In 2015, compensation adjustments were provided to some of our NEOs, positioning the total annual compensation opportunities provided to our NEOs, in the aggregate, at 3.9 percent above the revenue-regressed 50<sup>th</sup> percentile of our peer group.

The following are highlights of changes made to our compensation plans and programs in 2015:

Redesigned the Long-Term Incentive Plan (later referred to as LTIP) so that an executive's LTIP opportunity is comprised of performance-adjusted RSU awards with 2/3 payable in stock and 1/3 payable in cash, and

Extended the benefits provided under the FirstEnergy Corp. Change in Control Severance Plan, dated February 25, 2011, as amended until December 31, 2016 (later referred to as the Existing CIC Plan) and adopted the FirstEnergy Corp. 2017 Change in Control Severance Plan (later referred to as the New CIC Plan) to align with leading market practices. In addition, Mr. Jones waived his right to receive any current and future change in control (later referred to as CIC) severance payments under the Existing CIC Plan or any future plans.

In deciding how to vote on this proposal, we encourage you to read the CD&A for a more detailed discussion of these changes.

Your Board strongly believes that these changes, in conjunction with continued shareholder outreach, are in the best interests of shareholders and address the financial and operational concerns raised in previous shareholders' advisory vote results and ongoing shareholder outreach. Annual review of all compensation plans and programs will continue to ensure that your Company's compensation programs are in alignment with market practice and in the best interest of our shareholders.

Your Board recommends that shareholders vote **FOR** approval of Item 3. Because your vote is advisory, it will not be binding upon your Board. However, your Board carefully considers shareholders' opinions, and the Compensation Committee will take into account the outcome of the vote when considering future executive compensation practices.

Your Board Recommends That You Vote **For Item 3.**

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**Item 4 Approval to Amend the Company's Amended Articles of Incorporation and Amended Code of Regulations to Replace Existing Supermajority Voting Requirements with a Majority Voting Power Threshold Under Certain Circumstances**

We are asking shareholders to consider amendments to your Company's Amended Articles and Amended Code of Regulations to implement a majority voting power threshold for shareholder voting. If the proposal is approved, all shareholder voting requirements in the Company's Amended Articles and Amended Code of Regulations that are described below would allow for a majority voting power threshold.

*Background and Governance Considerations*

The proposal is a result of an ongoing review of corporate governance matters by your Board and its Corporate Governance Committee. In connection with these reviews, your Company initiated shareholder outreach discussions with shareholders owning a significant aggregate ownership interest in your Company to solicit input about possible amendments to its governing documents, including a majority voting power threshold for shareholder voting. In addition, your Board and its Corporate Governance Committee considered the response to a majority voting power shareholder proposal presented at our 2015 annual meeting of shareholders, which received a majority of votes cast. Your Board and the Corporate Governance Committee have also considered the advantages and disadvantages of a majority voting power threshold with respect to certain corporate governance issues and have consistently concluded that extraordinary transactions and fundamental changes to corporate governance should have the support of a broad consensus of your Company's shareholders rather than just a simple majority. Additionally, supermajority vote requirements protect shareholders against the potentially self-interested actions of short-term investors or a small group of investors who have large combined holdings.

Your Board and the Corporate Governance Committee are also aware that a number of public companies have amended their governing documents to provide that simple majority voting power standards govern all actions that require shareholder approval. Accordingly, consistent with its strong commitment to monitoring evolutions in governance practices and in light of the benefits of broad shareholder consensus and input from our shareholder engagement efforts, your Board has elected to submit the proposal described below to a shareholder vote. Your Board cannot unilaterally adopt the following proposed amendments because a shareholder vote is necessary under our governing documents.

*Proposed Amendments*

Your Board is proposing that voting requirements in your Company's Amended Articles and Amended Code of Regulations that require a supermajority vote to take certain actions be changed to a majority of the voting power of the Company, subject to your Board's authority, in its discretion, to raise the voting requirement on these matters to two-thirds of the voting power of the Company.

A summary of the proposed amendments to your Company's Amended Articles of Incorporation and Amended Code of Regulations are set forth below. The proposed amendments to the Amended Articles and Amended Code of Regulations are set forth in Appendix B, with deletions indicated by strike-outs and additions indicated by underlining. The summary below is qualified in its entirety by reference to the text of the proposed amendments in

Appendix B.

Ohio corporate law establishes a two-thirds voting power requirement relating to the following provisions: amending the articles of incorporation; reducing or eliminating stated capital; applying capital surplus to dividend payments; authorizing share repurchases; authorizing sales of all or substantially all the Company's assets; adopting a merger agreement or other merger-related actions; authorizing a combination or majority share acquisition; dissolving the Company; releasing pre-emptive rights; or authorizing a dividend to be paid in shares of another class. Article IX of the Amended Articles of Incorporation currently authorizes your Board to reduce this voting requirement to a majority of the voting power of the Company in its discretion. Your Board proposes to amend Article IX of the Amended Articles of Incorporation to provide for a majority of the voting power of the Company on these matters, subject to your Board's authority, in its discretion, to raise the voting requirement on these matters to two-thirds of the voting power of the Company.

Article X of the Amended Articles of Incorporation establishes an 80 percent supermajority voting requirement to amend or repeal the following provisions of the Amended Articles of Incorporation: Article V the fixing or changing of the terms of unissued or treasury shares; Article VI the absence of cumulative voting rights in the election of directors; Article VII the absence of preemptive rights to acquire unissued shares; and, Article VIII the ability of the company to repurchase its shares. Given the proposed change to Article IX, which already governs amending the Amended Articles of Incorporation, Article X would be eliminated.

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Similarly, Regulation 36 of the Amended Code of Regulations establishes an 80 percent supermajority voting requirement to amend or repeal certain regulations: Regulation 1 the time and place of shareholder meetings; Regulation 3(a) the calling of special shareholder meetings; Regulation 9 the order of business at shareholder meetings; Regulation 11 the number, election and term of directors; Regulation 12 the manner of filling vacancies on the board of directors; Regulation 13 the removal of directors; Regulation 14 the nomination of directors and elections; Regulation 31 the indemnification of directors and officers; and Regulation 36 amendments to the code of regulations. Regulation 36 would be amended to lower the vote requirement to a majority of the voting power of the Company, subject to your Board's authority, in its discretion, to raise the voting requirement on these matters to two-thirds of the voting power of the Company.

In addition, your Board proposes to change the 80 percent supermajority voting requirement in Regulations 11 and 13 of the Amended Code of Regulations. Currently, Regulation 11 of the Amended Code of Regulations enables a change in the number of directors of the Company, and Regulation 13 provides that any director or the entire Board of Directors may be removed, in each case only by the affirmative vote of the holders of at least 80 percent of the voting power of the Company, voting together as a single class. Your Board proposes to reduce this 80 percent supermajority voting requirement in both cases to a majority of the voting power, subject to your Board's authority, in its discretion, to raise the voting requirement on these matters to two-thirds of the voting power.

*Effectiveness and Vote Required*

If approved by shareholders at the Annual Meeting, your Board will adopt a resolution approving the amendments to the Amended Articles of Incorporation and Amended Code of Regulations reflected in Appendix B and authorizing the preparation and filing of any document necessary or advisable to implement such amendments which, if approved, would be expected to become effective prior to the next annual shareholder meeting. Approval of this proposal requires the affirmative vote of 80 percent of the voting power of the Company.

*Board Recommendation*

Your Board believes that retaining discretion to require a two-thirds vote for certain extraordinary matters enumerated in the authorizing requirements of Ohio corporate law as discussed above provides shareholders with meaningful protections against actions that may not be in their best interests. However, your Board recognizes that many constituencies favor governance practices in which a majority voting power threshold is required for any corporate action requiring shareholder approval and after careful consideration, your Board is recommending a vote to approve the proposed amendments.

**Your Board Recommends That You Vote For Item 4.**

**Item 5 Approval to Amend the Company's Amended Code of Regulations to Implement Proxy Access**

We are asking shareholders to consider an amendment to your Company's Amended Code of Regulations to implement proxy access. Proxy access, as further described below, allows eligible shareholders to include their own nominee or nominees for election to the Board in our proxy materials, along with your Board-nominated candidates.

*Background and Governance Considerations*

The proposal is a result of an ongoing review of corporate governance matters by your Board and its Corporate Governance Committee and input from our shareholders, including the response to a proxy access shareholder proposal presented at our 2015 annual meeting of shareholders, which received a majority of the votes cast on the proposal.

Your Board and the Corporate Governance Committee have considered the advantages and disadvantages of providing proxy access rights to shareholders, including the view expressed by a number of our shareholders during our outreach that proxy access rights would increase the accountability of directors to shareholders and would allow shareholders to express preferences in director nominations more easily. Our outreach efforts included discussions with the proponent of the shareholder proposal presented at our 2015 annual meeting. In the course of this outreach, the proponent agreed to withdraw a similar proposal to be presented at the Annual Meeting this year after reviewing the terms of the following proposed amendment.



Your Board and the Corporate Governance Committee also considered the potential harm that unrestricted proxy access rights could have on your Board's effectiveness and ability to fulfill its oversight responsibility to you as shareholders, including its potential to lead to an inexperienced, fragmented and less effective Board with directors who may pursue narrow or special interests. Accordingly, consistent with its strong commitment to responsiveness to shareholders and in light of the dangers of unqualified proxy access, your Board has decided to submit the proposal described below to a shareholder vote. Your Board cannot unilaterally adopt the following proposed amendment because a shareholder vote is necessary under our governing documents.

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### *Proposed Amendment*

Your Board is proposing an amendment to your Company's Amended Code of Regulations that permits certain shareholders to include a specified number of director nominees in our proxy materials for our annual meeting of shareholders.

A summary of the proposed amendment to your Company's Amended Code of Regulations is set forth below. The proposed amendment to the Amended Code of Regulations is set forth in Appendix C, with deletions indicated by strike-outs and additions indicated by underlining. The summary below is qualified in its entirety by reference to the text of the proposed amendment in Appendix C.

The proposed amendment would permit a single shareholder, or group of up to 20 shareholders, that has maintained continuous ownership of at least 3 percent or more of the Company's outstanding common stock for at least the previous three years to include a specified number of director nominees for election to the Board in the proxy statement for the Company's annual meeting of shareholders. Shareholders who meet the share ownership criteria would be permitted to nominate up to 20 percent of the Board, rounding down to the nearest whole number of Board seats and in any event, not less than two shareholder-nominated candidates.

### *Number of Shareholder-Nominated Candidates*

The maximum number of shareholder-nominated candidates would be equal to 20 percent of the directors in office as of the last day a shareholder nomination may be delivered or received or, if the 20 percent calculation does not result in a whole number, the closest whole number below 20 percent and in any event, not less than two shareholder-nominated candidates. If your Board decides to reduce the size of the Board after the nomination deadline due to director retirement, resignation or otherwise, the 20 percent calculation will be applied to the reduced size of the Board, with the potential result that a shareholder-nominated candidate may be disqualified. Shareholder-nominated candidates that your Board determines to include in the proxy materials as Board-nominated candidates will be counted against the maximum.

### *Procedure for Selecting Candidates in the Event the Number of Nominees Exceeds the Maximum*

Nominating shareholders are required to provide a list of their proposed nominees in rank order. If the number of shareholder-nominated candidates exceeds the maximum number of permitted shareholder candidates, the highest ranked nominee from the nominating shareholder or group of nominating shareholders, as the case may be, with the largest qualifying ownership will be selected for inclusion in the proxy materials first followed by the highest ranked nominee from the nominating shareholder or group of shareholders, as the case may be, with the next largest qualifying ownership, and continuing on in that manner, until the maximum number of nominees is reached.

### *Nominating Procedure*

Requests to include shareholder-nominated candidates in your Company's proxy materials must be received no earlier than 150 days and no later than 120 days before the anniversary of the date that your Company issued its proxy statement for the previous year's annual meeting of shareholders. Each shareholder or shareholder group seeking to include a shareholder nominee in your Company's proxy materials is required to provide certain information, including, but not limited to, the verification of share ownership, biographical information about the nominee and

certain representations, as set forth in the proposed amendment attached hereto as Appendix C.

*Independence and Other Qualifications of Shareholder Nominees*

A shareholder nominee would not be eligible for inclusion if your Board determines that he or she is not independent under the listing standards of the principal U.S. exchange upon which the common stock of your Company is listed, any applicable rules of the SEC, or any publicly disclosed standards used by your Board in determining and disclosing the independence of your Company's directors.

Furthermore, a shareholder nominee would not be qualified to be a director of your Company if: (i) his or her election would cause your Company to be in violation of its governing documents, the listing standards of the principal U.S. exchange upon which the common stock of your Company is listed, any applicable federal law, rule or regulation or your Company's publicly disclosed policies and procedures; (ii) he or she has been an officer or director of a competitor, as defined in Section 8 of the Clayton Antitrust Act of 1914, within the past three years; (iii) he or she is a named subject of a pending criminal proceeding or has been convicted in a

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criminal proceeding within the past 10 years (excluding traffic violations and other minor offenses); (iv) he or she is subject to certain enforcement orders related to the regulation of securities; or (v) he or she has provided, or his or her nominating shareholder or group of nominating shareholders has provided, information to us that is not accurate, truthful and complete in all material respects, or that otherwise contravenes certain specified agreements, representations or undertakings.

*Effectiveness and Vote Required*

If approved by shareholders at the Annual Meeting, your Board will adopt a resolution approving the amendment to the Amended Code of Regulations reflected in Appendix C and authorizing the preparation and filing of any documents necessary or advisable to implement such amendment, which, if approved, would be expected to become effective prior to the next annual shareholder meeting.

Approval of this proposal requires the affirmative vote of 80 percent of the voting power of the Company.

*Board Recommendation*

Your Board believes that implementing proxy access, subject to the reasonable requirements described above for the amount and time of ownership and limitations on the number of nominees any one shareholder or group of shareholders may propose, allows shareholders to express preferences with respect to director nominations more easily while also guarding against the risks of unfettered proxy access. These risks include the potential for individuals or groups to use your Company's proxy statement, to seek self-serving goals by nominating directors focused on goals other than promoting the best long-term interests of your Company. After careful consideration, your Board is recommending shareholders vote to approve the proposed amendment.

**Your Board Recommends That You Vote For Item 5.**

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**Shareholder Proposals**

Four shareholder proposals have been submitted for consideration and action by the shareholders. The proponents names, addresses, and numbers of shares held will promptly be furnished by us to any shareholder upon written or oral request to your Company.

The shareholder resolutions and proposals, for which your Company and your Board accept no responsibility, are set forth below and are reproduced verbatim in accordance with the applicable rules and regulations\*. These shareholder resolutions and proposals may contain assertions that we believe are factually incorrect. We have not attempted to refute all of the inaccuracies. **However, after careful consideration, your Board recommends that you vote AGAINST these shareholder proposals in Items 6 through 9 for the reasons noted in your Company's response following each shareholder proposal.**

*\* The inclusion of a hyperlink to any third-party Internet site is not and does not imply any endorsement, approval, investigation, verification or monitoring by FirstEnergy of any information contained in such a third-party site (other than information prepared by FirstEnergy). In no event shall FirstEnergy be responsible for the information (other than information prepared by FirstEnergy) contained on any such third-party site or your use of such third-party site.*

**Item 6 Report - Lobbying Related**

**Whereas**, we believe full disclosure of FirstEnergy's direct and indirect lobbying activities and expenditures is required to assess whether FirstEnergy's lobbying is consistent with its expressed goals and in the best interests of shareholders.

**Resolved**, the shareholders of FirstEnergy request the preparation of a report, updated annually, disclosing:

1. Company policy and procedures governing lobbying, both direct and indirect, and grassroots lobbying communications.
2. Payments by FirstEnergy used for (a) direct or indirect lobbying or (b) grassroots lobbying communications, in each case including the amount of the payment and the recipient.
3. FirstEnergy's membership in and payments to any tax-exempt organization that writes and endorses model legislation.
4. A description of the decision making process and oversight by management and the Board for making payments described in section 2 and 3 above.

For purposes of this proposal, a grassroots lobbying communication is a communication directed to the general public that (a) refers to specific legislation or regulation, (b) reflects a view on the legislation or regulation and (c) encourages the recipient of the communication to take action with respect to the legislation or regulation. Indirect lobbying is lobbying engaged in by a trade association or other organization of which FirstEnergy is a member.

Both direct and indirect lobbying and grassroots lobbying communications include efforts at the local, state and federal levels.

The report shall be presented to the Audit Committee or other relevant oversight committee and posted on FirstEnergy's website.

### **Supporting Statement**

As shareholders, we encourage transparency and accountability in the use of staff time and corporate funds to influence legislation and regulation, both directly and indirectly. According to OpenSecrets.org, FirstEnergy spent approximately \$4.2 million in 2013 and 2014 on direct federal lobbying activities. These figures do not include lobbying expenditures to influence legislation in states, where FirstEnergy also lobbies but disclosure is uneven or absent. For example, according to an article in *NJ Spotlight*, FirstEnergy spent \$525,051 on lobbying in New Jersey for 2014, making it the seventh biggest spender ( *The List: AARP, New Jersey's Top Lobbyist, Spent over \$1.5 Million in 2014*, *NJ Spotlight*, April 13, 2015).

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FirstEnergy is listed as a member of the Edison Electric Institute, which spent over \$18.4 million lobbying in 2013 and 2014. However, FirstEnergy does not disclose its memberships in, or payments to, trade associations, or the portions of such amounts used for lobbying, despite a 2007 agreement with shareholders to annually disclose non-deductible trade association payments ( More Firms to Make Political Disclosures, CFO, April 4, 2007). Nor does FirstEnergy disclose membership in or contributions to tax-exempt organizations that write and endorse model legislation, such as the American Legislative Exchange Council.

Full and complete disclosure is important. Absent a system of accountability, company assets could be used for objectives contrary to FirstEnergy's long-term interests.

**Your Company's Response Report - Lobbying Related**

Your Company believes that it has a responsibility to participate in the legislative, regulatory and political process. Sharing its views and educating officeholders, regulators, community and business leaders, and the public on key issues helps your Company promote effective government and the interests of key stakeholder groups including our shareholders, employees and the communities we serve. By engaging with elected officials, regulators, community and business leaders, and other decision makers, your Company strives to conduct its business as transparently as possible to serve customers effectively and help build public trust.

In addition to the existing extensive framework of laws and public disclosure, your Company adopted a Political Activity Policy, which was most recently updated and expanded in February 2015. The Political Activity Policy disclosure regarding your Company's participation in the political process and political contributions and lobbying expenses. Such policy can be found at: [https://www.firstenergycorp.com/investor/corporate\\_governance/policies\\_charters/corporate\\_political\\_activity\\_policy.html](https://www.firstenergycorp.com/investor/corporate_governance/policies_charters/corporate_political_activity_policy.html). The Political Activity Policy provides for links to access your Company's federal lobbying reports. Your Company complies with all federal and state lobbying registration and disclosure requirements, which include filing all required reports with the U.S. Congress and applicable state agencies.

These reports detail information such as the particular bills and issues on which individual lobbyists had activity on behalf of your Company, as well as the total lobbying expenses for specific time periods. As set forth in the Political Activity Policy, your Company maintains and files Lobbying Disclosure Act Reports (Form LD-2) with the U.S. Congress. These reports detail the particular bills and issues on which individual lobbyists had activity on behalf of your Company, as well as the total lobbying expenses, including payments made to trade associations. These reports may be found at: [http://www.senate.gov/legislative/Public\\_Disclosure/LDA\\_reports.htm](http://www.senate.gov/legislative/Public_Disclosure/LDA_reports.htm). Additionally, as described in the Political Activity Policy, your Company and its registered federal lobbyists must also file semi-annual reports detailing, among other things, disbursements and personal and/or direct contributions to federal candidates and national party committees. These forms (LD-203) may be found at: [http://www.senate.gov/legislative/Public\\_Disclosure/LDA\\_reports.htm](http://www.senate.gov/legislative/Public_Disclosure/LDA_reports.htm). State reports disclosing activity at the state and local levels, if required, are also made publicly available for review on the applicable state agency Internet website.

Your Company is committed to providing appropriate information and disclosures to its investors concerning its lobbying activities. Additionally, your Company believes that its current procedures and policies promote

transparency and compliance with law and addresses the concerns identified in the proposal. Preparation of reports beyond what is already produced would be a duplicative and onerous task that would divert important resources from alternate uses that your Company's Board and management deem to be in the best interests of your Company and its shareholders.

Your Board recommends that you **vote AGAINST this proposal (Item 6)**.



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**Table of Contents****Item 7 Report - Climate Change Related****WHEREAS:**

Global governments agree that to avoid the worst effects of climate change, global temperatures must not increase beyond 2 degrees Celsius. According to a recent study, meeting this 2 degree carbon limit would require 80% of coal reserves to remain unburned. (McGlade, Elkins; Nature 2015)

FirstEnergy is a coal intensive utility. In 2013, FirstEnergy was the 6<sup>th</sup> largest consumer of coal among all U.S. power producers; it created on its own -- approximately 1.2% of total U.S. energy-related carbon dioxide emissions. (Ceres 2015, EIA 2015). While many utilities are reducing coal use, FirstEnergy's coal use increased 22% between 2008 and 2013. In the same period, the nation as a whole reduced coal consumption by 18%. (Ceres, 2015 & 2010; EIA, 2015 & 2010).

Because coal is the source of 77% of energy-related carbon emissions in the U.S., laws designed to slow or mitigate climate change are likely to target coal. (EPA, Electricity Sector Emissions) Indeed, the U.S. first major climate regulation, the Clean Power Plan, is designed to reduce carbon emissions from coal-intensive utilities. HSBC noted that the Clean Power Plan's clean air requirements could increase the stranding risk for U.S. coal producers and coal heavy utilities. In comments to the EPA opposing the Clean Power Plan, a group of utilities claimed that coal pollution regulation will result in billions of dollars in stranded assets. (Coalition for Innovative Climate Solutions).

FirstEnergy's coal generation assets are already at risk of stranding. FirstEnergy has aggressively pursued a bail-out of its costly, aged, polluting coal plants in Ohio. Pending approval, the deal would permit FirstEnergy to pass unknown costs, estimated at nearly \$4 billion by the Ohio Consumers' Counsel, for its uneconomic coal plants on to customers at above-market power rates. FirstEnergy, whose stock (as of November 2015) is down over 60% from its 2008 high, informed the press that the Company needs the bail-out because its coal plants just aren't making money in the open market. (Bloomberg, 2015) Despite this temporary fix, FirstEnergy's investors remain exposed to significant risk from stranded assets. Rather than proposing long term solutions for reducing the Company's climate risk, in recent years FirstEnergy has fought energy efficiency and renewable energy policies that could help displace coal power in states where it operates.

**THEREFORE BE IT RESOLVED:**

Shareholders request that FirstEnergy prepare a report by September 2016, omitting proprietary information and at reasonable cost, quantifying the potential financial losses to the company associated with stranding of its coal generation facilities under a range of climate change driven regulation scenarios that mandate greenhouse gas reductions beyond those required by the Clean Power Plan.

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**Your Company's Response Report - Climate Change Related**

This shareholder proposal requests that your Company prepare a report quantifying the potential financial losses to the Company associated with stranding of its coal generation facilities under a range of climate change driven regulation scenarios that mandate greenhouse gas reductions beyond those required by the Clean Power Plan.

The Board believes that preparing the report required by the proposal would largely duplicate your Company's existing reporting efforts and therefore would not provide valuable information for shareholders. Based on our interpretation of the currently applicable laws and regulations, at this time we do not see a significant potential that such laws and regulations would result in any material stranded costs. In addition, the statement in the proposal that FirstEnergy's coal use increased 22% between 2008 and 2013 is misleading because this increase is a result of the Allegheny Energy merger in 2011. After carefully considering the proposal, your Board believes that your Company's current environmental policies and thorough efforts to communicate those policies to regulators, shareholders and the public as generally described below accomplish the essential objectives of the proposal. Additionally, your Company publically discloses historical financial statements and other information on a quarterly and annual basis in compliance with SEC requirements that includes numerical and narrative disclosure and that typically provides certain forward-looking information.

Your Company has been forthcoming in our disclosures about environmental matters and has expanded our disclosure on how we are managing regulatory and environmental issues relating to electrical power generation operations, climate change, energy efficiency and renewable energy. Your Company is making significant changes in the switch to a cleaner energy future changes that best fit the challenges and demands of our customers today. Through its AllGreen Energy offer, FirstEnergy Solutions Corp., a subsidiary of your Company, is giving its residential customers in Pennsylvania and Ohio the option to reduce their environmental impact by supporting clean, renewable energy resources. The AllGreen Energy offer is Green-e Certified by Green-e Energy, the nation's leading independent certification and verification program for renewable energy and greenhouse gas emission reductions in the retail energy market. Your Company tirelessly pursues new sources of clean, renewable energy and other opportunities to meet customers' needs in an environmentally sound way. And one of our top priorities is to minimize the environmental impact of our generating plants and other facilities. As a result, your Company has made significant progress in reducing pollutants and greenhouse gas emissions over the past two decades. Your Company also includes disclosure regarding distributed energy resources such as solar and wind systems and energy storage technologies in our Annual Report on Form 10-K.

In addition, your Company has made available on our Internet website the Sustainability Report (publicly available at [www.firstenergycorp.com/environmental/sustainability](http://www.firstenergycorp.com/environmental/sustainability)) that describes the steps that have been taken by your Company to address the challenge of climate change. The Sustainability Report discloses how we are working to minimize the environmental impact of our operations while meeting our customers' needs for safe, reliable electricity. The report, most recently updated in May 2015, states that your Company expects to achieve a 25% reduction below 2005 levels in CO2 emissions this year. The Sustainability Report further provides an update to shareholders regarding your Company's efforts related to new sources of clean, renewable energy. As stated in the Sustainability Report, your Company is one of its region's largest providers of renewable energy, currently with approximately 1,900 MW of pumped-storage hydro, and contracted wind and solar resources. In fact, FirstEnergy is one of the largest providers of wind energy in the region, with a portfolio of nearly 500 MW located in Illinois, Pennsylvania and Ohio, and sales of more than 1 million MWH per year of wind generation from capacity under contract. In this regard, the diversity of your Company's renewable energy portfolio has grown significantly since

2003. To better inform shareholders of your Company's efforts in connection with energy efficiency and renewable energy, the Sustainability Report provides updates on matters related to resources such as wind, solar and hydroelectric, as well as energy storage.

Further, in our Sustainability Report, your Company describes the energy efficiency and smart grid technology mandates in the states where our generating companies operate and provides a discussion regarding research and development within the electric industry. Such research and development discussions address the actions that your Company expects to take to reduce risk in the future. For example, your Company reports on the long history of supporting research and demonstration projects through the Electric Power Research Institute and other industry organizations in the areas of fuel cells, solar and wind generation and energy storage technologies.

Your Company believes it has already taken appropriate steps to report on actions it is taking relating to environmental matters and regularly discloses financial statements and related narrative disclosure. Due to the nature of your Company's business, preparation of reports beyond what is already produced would be a duplicative and onerous task and would divert important resources from alternate uses that your Company's Board and management deem to be in the best interests of your Company and its shareholders.

The Board and management will continue to share information on your Company's environmental efforts and financial performance and results, accomplishing the fundamental objectives of the proposal without undertaking duplicative efforts and needlessly increasing expenses.

Your Board recommends that you **vote AGAINST this proposal (Item 7)**.

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**Item 8 Director Election Majority Vote Standard**

**Director Election Majority Vote Standard Proposal**

**Resolved:** That the shareholders of FirstEnergy Corporation ( Company ) hereby request that the Board of Directors initiate the appropriate process to amend the Company s articles of incorporation to provide that director nominees shall be elected by the affirmative vote of the majority of votes cast at an annual meeting of shareholders, with a plurality vote standard retained for contested director elections, that is, when the number of director nominees exceeds the number of board seats.

**Supporting Statement:** FirstEnergy s Board of Directors should establish a majority vote standard in director elections in order to provide shareholders a meaningful role in these important elections. The proposed majority vote standard requires that a director nominee receive a majority of the votes cast in an election in order to be formally elected. The Company s current plurality standard is not well-suited for the typical director election that involves only a management slate of nominees running unopposed. Under these election circumstances, a board nominee is elected with as little as a single affirmative vote, even if a substantial majority of the withhold votes are cast against the nominee. So-called withhold votes simply have no legal consequence in uncontested director elections. We believe that a majority vote standard in board elections establishes a challenging vote standard for board nominees, enhances board accountability, and improves the performance of boards and individual directors.

Over the past ten years, nearly 90% of the companies in the S&P 500 Index, including numerous companies incorporated in Ohio, have adopted a majority vote standard in company bylaws, articles of incorporation, or charters. Further, these companies have also adopted a director resignation policy that establishes a board-centered post-election process to determine the status of any director nominee that is not elected. This dramatic move to a majority vote standard is in direct response to strong shareholder demand for a meaningful role in director elections. FirstEnergy s Board of Directors continues to oppose the adoption of a majority vote standard.

FirstEnergy has not established a majority vote standard, retaining its plurality vote standard, despite the fact that most of its self-identified peer companies including Exelon Corporation, NiSource, Inc., Ameren Corporation, American Electric Power Company, CenterPoint Energy, Consolidated Edison, Dominion Resources, and DTE Energy have adopted majority voting. A majority vote standard combined with the Company s current post-election director resignation policy would establish a meaningful right for shareholders to elect directors at FirstEnergy, while reserving for the Board an important post-election role. It is well past time for the FirstEnergy Board to join the mainstream of major U.S. companies and establish a majority vote standard for uncontested director elections.

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**Table of Contents****Your Company's Response Director Election Majority Vote Standard**

As discussed below, your Board adopted a Director Resignation Policy in 2011, which provides that any director nominee in an uncontested director election who receives a greater number of withheld votes than votes for is required to tender his or her resignation to the Corporate Governance Committee. In 2011, 2013 and 2014, shareholder support for substantially similar shareholder proposals decreased significantly year-over-year and none of the three shareholder proposals received a majority of the votes cast. Moreover, in 2015, your Company did not even receive a proposal on this subject.

This shareholder proposal requests that your Board take measures necessary to amend your Company's Amended Articles of Incorporation to provide that director nominees be elected by the affirmative vote of the majority of the votes cast at an annual meeting of shareholders. Your Board has carefully considered several factors with respect to majority voting over the past years, including the merits of the majority vote standard, the responsibilities of your Board's Corporate Governance Committee and the best interests of our shareholders. After completing its review of the proposal, your Board believes that the existing Director Resignation Policy, which is described in greater detail above under Corporate Governance Highlights, Questions and Answers About the Annual Meeting and Item 1 Election of Directors, already accomplishes the primary objective of the proposal and the proposal does not serve the best interests of your Company and its shareholders.

Your Board adopted the Director Resignation Policy in 2011 in response to a substantially similar shareholder proposal, shareholder outreach, our ongoing review of our corporate governance policies and to reflect developments in market practice with respect to majority voting in contested director elections. Under the Director Resignation Policy, any nominee for director who receives a greater number of votes withheld from his or her election than votes for his or her election is required to promptly tender his or her resignation to the Corporate Governance Committee following certification of the shareholder vote. The Corporate Governance Committee will then consider a director resignation submitted pursuant to the Director Resignation Policy and recommend to your Board whether it should be accepted. The directors on your Board (excluding any director who tendered his or her resignation) will then make a decision regarding the resignation. Your Board believes that the Director Resignation Policy promotes a good balance between providing shareholders a meaningful and significant role in the process of electing directors and allowing your Board flexibility to exercise its independent judgment on a case-by-case basis. By acknowledging shareholders positions regarding director nominees, the Director Resignation Policy accomplishes the primary objective of the proposal at issue without the potential negative consequences of the proposal described below, and as a result, your Board believes that the adoption of a majority vote standard is unnecessary.

The plurality voting standard is the default standard under Ohio law, and our Amended Code of Regulations expressly provides for a plurality vote in the election of directors. A majority voting threshold for the election of directors could cause a number of difficulties, including the practical problems relating to a failed election, or one in which one or more directors standing for election is not seated on your Board. For example, the failure to elect Board candidates could affect adversely our ability to comply with the NYSE Listing Standards or SEC requirements for independent or non-employee directors or directors who have particular qualifications that are essential for a member of your Board, such as a financial expert to serve on your Board's Audit Committee.

Additionally, with a majority vote standard, where a failed election occurs, because one or more directors standing for election is not seated on your Board, it will be up to your Board to fill the vacancy without any further shareholder vote. Shareholders would have no greater assurance that the person selected to fill the Board seat would be any more

satisfactory than the nominee who failed to receive the majority vote. Also, taking into account the important role of directors in setting strategic direction and making important business decisions, it could be expected that your Board would still view the election of its original nominee as in the best interests of your Company and our shareholders notwithstanding the number of votes withheld. Nevertheless, addressing failed elections undoubtedly would be distracting to your Board and may require your Board and/or the Corporate Governance Committee to divert its attention from other important matters and repeat much of the process it went through prior to the shareholder meeting in order to select nominees.

Lastly, your Board does not believe that adoption of this proposal is likely to create any meaningfully greater enfranchisement of our shareholders, in light of the adoption of the Director Resignation Policy, which already provides shareholders with the primary benefit of majority voting while allowing your Board the flexibility to make decisions that it determines to be in the best interests of your Company. For the reasons stated above and in light of the lack of majority shareholder support at our 2011, 2013 and 2014 Annual Meetings for substantially similar proposals, your Board recommends a vote against this majority vote proposal.

Your Board recommends that you **vote AGAINST this proposal (Item 8).**

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**Item 9 Simple Majority Vote**

**Simple Majority Vote**

RESOLVED, Shareholders request that our board take the steps necessary so that each voting requirement in our charter and bylaws that calls for a greater than simple majority vote be eliminated, and replaced by a requirement for a majority of the votes cast for and against applicable proposals, or a simple majority in compliance with applicable laws. If necessary this means the closest standard to a majority of the votes cast for and against such proposals consistent with applicable laws. This proposal includes that our board fully support this proposal topic and commit to spend up to \$10,000 or more on means, such as special solicitations, as needed to obtain the super-high vote required for passage as a binding company proposal.

This proposal topic won our impressive shareholder support, based on yes and no votes, at our previous annual meetings:

2005 - 71%

2006 - 73%

2007 - 76%

2008 - 78%

2015 -69%

Our board failed to address shareholder votes by not fully supporting this proposal topic as a binding company proposal after such consistently strong shareholder support over a decade. Michael Anderson was the chairman of our corporate governance committee.

This proposal topic also won from 74% to 88% support at Weyerhaeuser, Alcoa, Waste Management, Goldman Sachs, FirstEnergy, McGraw-Hill and Macy's. The proponents of these proposals included Ray T. Chevedden and William Steiner. Currently a 1%-minority can frustrate the will of our 79%-shareholder majority.

Shareowners are willing to pay a premium for shares of corporations that have excellent corporate governance. Supermajority voting requirements have been found to be one of six entrenching mechanisms that are negatively related to company performance according to *What Matters in Corporate Governance* by Lucien Bebchuk, Alma Cohen and Allen Ferrell of the Harvard Law School. Supermajority requirements are arguably most often used to block initiatives supported by most shareowners but opposed by a status quo management.

Please vote to protect shareholder value:

**Simple Majority Vote-Proposal 9**





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**Your Company's Response Simple Majority Vote**

This non-binding shareholder proposal requests that your Board take the steps necessary so that each shareholder voting requirement in your Company's Amended Articles and Amended Code of Regulations that calls for a greater than simple majority vote be eliminated, and replaced by a requirement for a majority of the votes cast for and against applicable proposals, or a simple majority in compliance with applicable laws.

We encourage you to refer to your Company's proposal (Item 4 above), which is a binding proposal to implement a majority voting power threshold for shareholder voting under certain circumstances. Your board believes that the amendment proposed by the Company under Item 4 above provides for better protections against actions that may not be in our shareholders' best interests while taking into account the input from your Company's engagement efforts with shareholders, as well as broad shareholder support regarding this topic. Furthermore, the amendment proposed by the Company in Item 4 accounts for certain applicable provisions of Ohio law that this shareholder proposal does not. As described in Item 4 above, Ohio law provides that certain voting requirements can be changed to a majority of the voting power of your Company, not a majority of votes cast as stated in the shareholder proposal. Because the Company's proposal (Item 4 above) is binding, if approved by shareholders, the Company would be required to implement the proposal. However, if this non-binding proposal is approved by shareholders, there is no obligation for the Company to implement it. In sum, your Board believes the proposal put forth by your Company in Item 4 above more appropriately and effectively serves the best interests of our shareholders.

**Your Board recommends that you vote AGAINST this proposal (Item 9).**

D)

2,167.4 2,164.5 2,323.5 2,107.4 2,117.1 2,281.7

**Total Equity**

9,952.2 10,242.2 14,542.8 9,433.6 9,730.8 14,154.2

**Total Liabilities & Equity**

30,356.2 29,809.5 35,441.6 30,116.4 29,550.4 35,157.0

Note:

- (1) Statement of Financial Accounting Standards No. 160, Noncontrolling Interests in Consolidated Financial Statements an amendment of ARB No. 51, the provisions of which, among others, requires that minority interests be renamed noncontrolling interests and that a company present such noncontrolling interests as equity for all periods presented.