

FIRSTENERGY CORP  
Form PRE 14A  
March 03, 2017  
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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:

## Edgar Filing: FIRSTENERGY CORP - Form PRE 14A

- (2) Aggregate number of securities to which transaction applies:
  
  
  
  
  
  
  
  
  
  
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Fee paid previously with preliminary materials:

Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

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- (4) Date Filed:



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*76 South Main Street*

*Akron, Ohio 44308*

***Ketan K. Patel***

*Vice President, Corporate Secretary & Chief Ethics Officer*

March [31], 2017

**Dear Shareholder:**

You are cordially invited to attend the 2017 FirstEnergy Corp. Annual Meeting of Shareholders on Tuesday, May 16, 2017, 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 the 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 the election of the nominees in Item 1, FOR Items 2, 3 and 5 through 8, for EVERY YEAR in Item 4 and AGAINST each of the shareholder proposals, which are Items 9 through 11.**

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 (ii) 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.

**Online proxy delivery and voting:** 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 materials, and reduce the resources required to deliver these materials.

The accompanying notice and proxy statement are being mailed to shareholders on or about March [31], 2017.

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

Sincerely,

**Important Note Regarding Voter Participation. Please take time to [vote your shares!](#)**

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 and the proposal to amend the Company's Amended Articles of Incorporation to increase the number of shares of authorized common stock. Your broker does not have the discretion to vote your shares on any other matters without the specific instruction from you to do so.

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**Notice of Annual Meeting of Shareholders**

<p><b>Date and Time</b>                  Tuesday, May 16, 2017                   8:00 a.m. ET</p>	<p><b>Location</b>                  John S. Knight Center                   77 E. Mill Street                   Akron, OH 44308</p>	<p><b>Record Date</b>                  March 20, 2017</p>
---------------------------------------------------------------------------------------------------------------	---------------------------------------------------------------------------------------------------------------------------------------------------------	---------------------------------------------------------------

**Annual Meeting of Shareholders Agenda**

- Elect the 13 nominees to the Board of Directors named in the accompanying proxy statement to hold office until the 2018 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 2017;
- Approve, on an advisory basis, named executive officer compensation;
- Approve, on an advisory basis, the frequency of future advisory votes to approve named executive officer compensation;
- Approve a management proposal to amend the Company’s Amended Articles of Incorporation to increase the number of shares of authorized common stock from 490,000,000 to 700,000,000;
- 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;
- Approve a management proposal to amend the Company’s Amended Articles of Incorporation and Amended Code of Regulations to implement majority voting for uncontested director elections;
- Approve a management proposal to amend the Company’s Amended Code of Regulations to implement proxy access;
- Vote on three shareholder proposals, if properly presented at the Annual Meeting; and
- Take action on other business that may come properly before the Annual Meeting and any adjournment or postponement thereof.

Please carefully review this notice, the annual report 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 Annual Meeting. Only shareholders of record as of the close of business on March 20, 2017, or their proxy holders, may vote at the Annual Meeting. If you plan to attend the Annual Meeting, you must register in advance. See the “Attending the Annual Meeting” section of the “Questions and Answers about the Annual Meeting” in the accompanying proxy statement for instructions on how to register.

On behalf of the Board of Directors,



Ketan K. Patel

*Vice President, Corporate Secretary & Chief Ethics Officer*

Akron, Ohio

The notice and accompanying proxy statement are being mailed to shareholders on or about March [31], 2017.

**Important Note** Regarding Availability of Proxy Materials

**Important Notice Regarding the Availability of Proxy Materials for the Annual Meeting of Shareholders to be held on May 16, 2017. This proxy statement and the annual report are available at [www.ReadMaterial.com/FE](http://www.ReadMaterial.com/FE).**

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**Proxy Summary**

**2017 Annual Meeting of Shareholders**

**Time and Date:** 8:00 a.m., Eastern time, on Tuesday, May 16, 2017

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

**Record Date:** March 20, 2017

**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
		Recommendation		(for more detail)
		FOR	AGAINST	
<b>Item 1</b>	Election of 13 Director Nominees named in this proxy statement			27
<b>Item 2</b>	Ratify the appointment of PricewaterhouseCoopers LLP as our independent registered public accounting			28

	firm for 2017	
<b>Item 3</b>	Approve, on an advisory basis, named executive officer compensation	28
<b>Item 4</b>	Approve, on an advisory basis, the frequency of future advisory votes to approve named executive officer compensation	EVERY YEAR 29
<b>Item 5</b>	Approve a management proposal to amend the Company's Amended Articles of Incorporation to increase the number of shares of authorized common stock from 490,000,000 to 700,000,000	30
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**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 the

**Telephone**

**Mail** by returning your proxy

QR Code if provided on your proxy

card/voting instruction form

card/voting 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.

**Board Nominees**

Thirteen members of your Board of Directors (later referred to as your Board) are standing for election. Each member stands for election annually. The following table provides summary information about each director nominee standing for election to your Board.

Name	Age	Director Since	Independent	Audit Compensation	Committee Memberships			# of Other Boards <sup>1</sup>
					Corporate Governance	Finance	Nuclear	
Paul T. Addison	70	2003	Yes			Chair	0	
Michael J. Anderson	65	2007	Yes		Chair		1	
William T. Cottle	71	2003	Yes			Chair	0	
Steven J. Demetriou <sup>2</sup>	58	2017	Yes				2 <sup>3</sup>	
Julia L. Johnson <sup>4</sup>	54	2011	Yes				3	
Charles E. Jones	61	2015	No				0	
Donald T. Misheff	60	2012	Yes	Chair			2	
Thomas N. Mitchell	61	2016	Yes				0	

James F. O Neil III	58	2017	Yes		0
Christopher D. Pappas <sup>4</sup>	61	2011	Yes	Chair	2
Luis A. Reyes	65	2013	Yes		0
George M. Smart <sup>5</sup>	71	1997	Yes		1
Dr. Jerry Sue Thornton	70	2015	Yes		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> Messrs. Demetriou and O Neil were elected to your Board effective January 17, 2017 and are nominees for election by shareholders at the Annual Meeting.

<sup>3</sup> Mr. Demetriou has notified Kraton Corporation's (Kraton) board of directors that he is resigning as a director of Kraton effective immediately following Kraton's 2017 annual general meeting of stockholders, currently scheduled for May 25, 2017. Accordingly, at that time Mr. Demetriou will be a member of one other public company board.

<sup>4</sup> Ms. Johnson and Mr. Pappas were previously directors of Allegheny Energy Inc., which merged with your Company in 2011.

<sup>5</sup> Mr. Smart was previously a director of Ohio Edison Company, which merged with Centerior Energy Corporation to form your Company in 1997.

As previously disclosed, Messrs. Ted J. Kleisner and Ernest J. Novak, Jr. will retire from your Board as of the date of the Annual Meeting in accordance with the mandatory retirement age provisions of our Corporate Governance Policies and were not nominated by your Board for election at this Annual Meeting. Mr. Robert B. Heisler, Jr. was not nominated for election to the Board at the Annual Meeting for health reasons. Accordingly, Messrs. Heisler, Kleisner and Novak were not nominated by your Board for election at this Annual Meeting. The size of your Board, which is currently set at 16, will be reduced to 13 as of the Annual Meeting.

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**Key Facts About Your Board**

We seek to maintain a well-rounded and diverse Board representing a wide breadth of experience and perspectives that balances the institutional knowledge of longer-tenured directors with the fresh perspectives brought by newer directors. Below are highlights regarding Board meetings and the composition of our 13 director nominees standing for election to your Board.

<sup>1</sup> Includes years that Ms. Johnson and Mr. Pappas served on the board of directors of Allegheny Energy, Inc. and Mr. Smart served on the board of directors of Ohio Edison Company.

**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:

The positions of Chairman of the Board and Chief Executive Officer (later referred to as our CEO) are separated

Annual election of all directors

All directors are independent, other than the CEO

Board committees are comprised entirely of independent directors

Director Resignation Policy requiring any director nominee in an uncontested director election who receives a majority withheld votes to tender his or her resignation

Diversity reflected in Board composition

Independent directors regularly meet without management present at Board and committee meetings

Corporate Governance Committee and Board engage in rigorous director succession planning

Mandatory retirement age of 72 for our directors per our Corporate Governance Policies

Consideration of your Board's diversity, age, business or administrative experience and skills and other attributes when evaluating nominees for your Board

Risk oversight by full Board and its committees

The Board conducts a three-part annual evaluation process: full Board evaluation; committee evaluations; and evaluation of each director

Ongoing active shareholder engagement and outreach

Shareholders of 25 percent or more of our shares outstanding and entitled to be vote have the right to call a special meeting

Robust stock ownership guidelines

Policy prohibiting short sales, hedging, margin accounts and pledging by our directors and executive officers

Robust director orientation and continuing education





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

**Executive Compensation Highlights**

What we do	What we DON'T do
Pay-for-performance	× Reprice stock options
Consider peer groups in establishing compensation	× Allow hedging or pledging of Company stock by our directors and executive officers
Review tally sheets	× Provide excise tax gross-ups
Robust stock ownership guidelines	× Pay tax gross-ups on our limited perquisites
Clawback policy	× Provide excessive perquisites
Retain an independent compensation consultant	
Annual advisory vote to approve named executive officer compensation and recommending to maintain annual advisory votes going forward	

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, 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. Except as otherwise noted, the information herein is as of March [22], 2017, the date we commenced printing in order to commence mailing on or about March [31], 2017.



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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 shareholder of record 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 20, 2017, the record date (later referred to as the Record Date). Your Company's Annual Meeting of Shareholders (later referred to as the Annual Meeting or the Meeting) will be held on Tuesday, May 16, 2017. We began distributing these proxy materials to shareholders on or about March [31], 2017.

**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 the 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 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. The Notice of Internet Availability also contains instructions on how you may request delivery of proxy materials in printed form for the 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 additional 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,

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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.

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**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.

*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.

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- 8 Q: What items of business will be voted on at the Meeting and how does the Board recommend that I vote?**

		<b>Board Vote</b>	
<b>A:</b>		<b>Recommendation FOR</b>	<b>AGAINST</b>
<b>Item 1</b>	Election of 13 Director Nominees named in this proxy statement		
<b>Item 2</b>	Ratify the appointment of PricewaterhouseCoopers LLP as our independent registered public accounting firm for 2017		
<b>Item 3</b>	Approve, on an advisory basis, named executive officer compensation		
<b>Item 4</b>	Approve, on an advisory basis, the frequency of future advisory votes to approve named executive officer compensation	EVERY	YEAR
<b>Item 5</b>	Approve a management proposal to amend to the Company's Amended Articles of Incorporation to increase the number of shares of authorized common stock from 490,000,000 to 700,000,000		
<b>Item 6</b>	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		
<b>Item 7</b>	Approve a management proposal to amend the Company's Amended Articles of Incorporation and Amended Code of Regulations to implement majority voting for uncontested director elections		
<b>Item 8</b>			

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

**Item 9 to 11** 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. 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, 3, 4 and 6 – 11) 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 Items 2 and 5 without your instructions because Items 2 and 5 are considered routine matters 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:****Item 1**

For the election of directors, the 13 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 must 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.

**Item 2**

With respect to the ratification of the appointment of PricewaterhouseCoopers LLP as your Company's independent registered public accounting firm for 2017 requires the affirmative vote of a majority of votes cast. This proposal is considered a routine matter that brokers may vote on without instruction from beneficial owners. As a result, a broker non-vote cannot occur with respect to this proposal. Abstentions will have no effect.

**Item 3**

The affirmative vote of a majority of the votes cast is required to approve, on an advisory basis, named executive officer compensation. Abstentions and broker non-votes will have no effect.

**Item 4**

The alternative receiving the greatest number of votes will be considered the recommendation, on an advisory basis, by the shareholders of the frequency of future advisory votes to approve named executive officer compensation. Abstentions and broker non-votes will have no effect.

**Item 5**

With respect to the management proposal requesting approval to amend the Company's Amended Articles of Incorporation to increase the number of shares of authorized common stock from 490,000,000 to 700,000,000, require the affirmative vote of a majority of the voting power of the Company (i.e., outstanding shares). Abstentions will have the same effect as votes AGAINST this proposal. This proposal is considered a routine matter that brokers may vote on without instruction from beneficial owners. As a result, a broker non-vote cannot occur with respect to this proposal.



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**Item 6** With respect to 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, the proposal requires the affirmative vote of at least 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 an **AGAINST** vote.

**Item 7** With respect to the management proposal requesting approval to amend the Company's Amended Articles of Incorporation and Amended Code of Regulations to implement majority voting for uncontested director elections, the proposal requires the affirmative vote of at least 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 an **AGAINST** vote.

**Item 8** With respect to the management proposal requesting approval to amend the Company's Amended Code of Regulations to implement proxy access, the proposal requires the affirmative vote of at least 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 an **AGAINST** vote.

**Items 9 to 11** The non-binding shareholder proposals 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 filings (which include alerts for the filing of Form 8-Ks by your Company with the SEC) via e-mail

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by visiting that same website and clicking on Investors, SEC Filings & Reports, the E-mail Alert icon, then selecting Enable Document Alerts.

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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 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 16, 2017, 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 15, 2017, 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, Inc., your Company's independent proxy tabulator and



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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.

**15 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 applicable dates and times, discussed above in Question 14, which also includes instructions on how to vote.

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.

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**Attending the Annual Meeting**

**16 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 20, 2017, 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.

*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 20, 2017.

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*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.

**17 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 2018**

**18 Q: When are shareholder proposals due for the 2018 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 2018 annual meeting of shareholders must submit the proposal and any supporting statement by December 1, 2017, 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 2018 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 2018 annual meeting of shareholders is made at least 70 calendar days prior to the date of the meeting and assuming that our 2018 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 16, 2018 and no later than April 15, 2018; 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 is available on the SEC website and upon written request to the Corporate Secretary, FirstEnergy Corp., 76 South Main Street, Akron, OH 44308-1890. The management proposal to be considered as Item 8 below addresses proxy access for shareholders and, if approved, would impact these procedures.

**Obtaining Additional Information**



**19 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, 2016, 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, 2016 filed with the SEC, including the financial statements and the financial statement schedules, will be sent to you, without charge, upon written request to the 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 your former CEO served as Executive Chairman and Mr. George M. Smart served as your Lead Independent Director. Following the transition period, Mr. Smart returned to his prior role, and continues to serve as your independent Chairman. Mr. Smart presides at all executive sessions of the independent directors.

Our Amended Code of Regulations and Corporate Governance Policies do not require that your 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 your 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 your 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 your 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).

#### **Director Independence Review Process**

Each year, our directors complete a questionnaire that elicits information to assist the Corporate Governance Committee in assessing, on a preliminary basis, whether the director meets the NYSE's independence standards and the Company's Corporate Governance Policies. Each director lists all the companies and charitable organizations that he or she, or an immediate family member, has a relationship with as a partner, trustee, director or officer, and indicates whether that entity made or received payments from the Company. The Company reviews its financial records to determine the amounts paid to or received from those entities. A list of the entities and the amounts the

Company paid to or received from those entities is provided to the Corporate Governance Committee. Utilizing this information, the Corporate Governance Committee evaluates, with regard to each director, whether the director has any material relationship with the Company or any of its subsidiaries. The Corporate Governance Committee determines whether the amount of any payments between those entities and the Company could interfere with a director's ability to exercise independent judgment. The Corporate Governance Committee also reviews any other relevant facts and circumstances regarding the nature of these relationships, to determine whether other factors, regardless of the categorical standards the Board has adopted or under the NYSE's independence standards, might impede a director's independence. Based on a review of information concerning each of its non-employee directors and the recommendation of the Corporate Governance Committee, the Board will affirmatively determine whether a Director may be considered independent.

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Additionally, 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 Policies 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 will not be 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 the rates or charges involved in the transaction are fixed in conformity with law or governmental authority or otherwise meet the requirements of Regulation S-K Item 404(a) Instruction 7 and (ii) the aggregate charitable contributions made by the Company to an organization with which a Director, an immediate family member or a person or organization with which the Director has an affiliation were less than \$100,000 in each of the last three fiscal years. Notwithstanding the foregoing, the 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.

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. 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.

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:

Non-regulated electric services and related non-electric products and services purchased from your Company (by companies where Ms. Johnson, Dr. Thornton and Messrs. Anderson and Pappas serve as directors, by a community college where Dr. Thornton is a president emeritus, and by a company where Mr. Reyes serves as a chairman of a nuclear safety review board.);

Regulated electric services purchased from your Company (by a company where Mr. Anderson serves as a director).

Purchases by your Company of electric power generation related products and services (from companies where Dr. Thornton, Ms. Johnson, and Messrs. Anderson, O'Neil and Pappas serve as directors and from a company where Mr. Reyes serves as a chairman of a nuclear safety review board);

Purchases by your Company of public utility water services (from a company where Ms. Johnson serves as a director);

Purchases by your Company for employee physicals and related services (from a hospital where Mr. Heisler serves as a director);

Purchases by your Company of electrical distribution and transmission services, engineering services, offsite records storage, and mutual emergency assistance (from a company where Ms. Johnson serves as a director and from a company where Mr. O'Neil previously served as chairman, chief executive officer and director);

Purchases by your Company of non-audit related services (from an accounting firm that is not our independent accountant where family members of Messrs. Cottle and Misheff are employed);  
Purchases by your Company for information technology related services (from a company where Dr. Thornton serves as a director and from a company where a family member of Mr. Heisler is employed); and

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Payments by your Company relating to charitable contributions, membership fees/dues, outings and sponsorships, tuition for employee training and related expenses (from organizations where Dr. Thornton and Messrs. Heisler, Misheff and Reyes serve as directors, and from a community college where Dr. Thornton is a president emeritus).

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 a current 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.

Based on the February 2017 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, Steven J. Demetriou, Julia L. Johnson, Donald T. Misheff, Thomas N. Mitchell, James F. O'Neil III, 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, Messrs. Robert B. Heisler, Jr., Ted J. Kleisner and Ernest J. Novak, Jr. who were not nominated for election to the Board at the Meeting, were considered independent directors.

## **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 your 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 which we believe infuses new ideas and fresh perspectives into the boardroom and maintains appropriate diversity. Since the beginning of 2011, your Board has added nine new Board members who are currently standing for election as director nominees, 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 more than half of your Board's director nominees have tenure of five years or less. Also, in connection with our mandatory retirement age of 72 for outside directors

described below, four of our nominees for director (including three of our longest tenured directors) are expected to retire within the next three years.

### **Board Evaluations**

Your Board has a three-part annual evaluation process that is coordinated by the Corporate Governance Committee: a full Board evaluation; committee evaluations; and the evaluation of each director.

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The Board and each committee evaluation includes comprehensive questions designed to provide a wholistic evaluation of the performance of the Board and each committee in light of our current needs. Individual director performance assessments are more specifically tailored to each member by your Board's Chairman, in consultation with the Chair of the Corporate Governance Committee, in order to consider and review the individual director's performance, as well as their continued qualifications. These evaluations, which are shared as needed with the applicable directors, committee members, and the full Board, lead to discussions to determine which areas the Board would like to focus on during the coming year to enhance its effectiveness.

**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 management 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 Committee and Finance Committee 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 general separation of the Chairman of the Board and CEO positions.

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

Your Board recognizes the importance of its members to keep current on Company, industry and governance 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 directors at that time attended your Company's 2016 annual meeting of shareholders, except for Mr. Heisler due to health reasons.

Your Board held 13 meetings during 2016. All directors attended at least 75 percent or more of the meetings of your Board and of the committees on which they served in 2016, except for Mr. Heisler due to health reasons.

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 2016, the non-management directors held 11 meetings 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 our nuclear sites annually.

### **Shareholder Outreach & Engagement**

We believe that it is important for us to communicate regularly with shareholders regarding topics of interest or concern so we maintain an active shareholder engagement program. Shareholder feedback and suggestions that we receive are reported to the Compensation Committee, Corporate Governance Committee and/or your entire Board for its consideration.

#### *Our Approach to Shareholder Engagement*

As part of our commitment and in an effort to continue to understand our investors' perspective, we generally engage in governance and executive compensation related discussions with our shareholders. During the spring of last year, we reached out to our shareholders representing approximately 54% of our outstanding shares and, in

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the fall, we also reached out to our shareholders representing approximately 42% of our outstanding shares to discuss governance-related issues and executive compensation. Our outreach gave us the chance to discuss our continuing goal of implementing corporate governance measures that are in the best interest of our shareholders and to convey our commitment to align pay and performance. For further insight on our outreach related to executive compensation, 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 efforts engaging our major shareholders and the investment community.

## **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.

***Audit Committee****8 meetings in fiscal year 2016***Donald T. Misheff \*****(Chair)**

Paul T. Addison \*

Robert B. Heisler, Jr.

Ernest J. Novak, Jr.\*

George M. Smart

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 Audit Committee Report that SEC rules require be included in this proxy statement and performs such other duties and responsibilities enumerated in the Audit Committee

*\* Financial Experts*

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, please 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 in February 2017 that Messrs. Addison, Misheff and Novak meet this definition. As required by the applicable NYSE listing standards, to the extent any member of your Company's Audit Committee simultaneously serves on the audit committee of more than three public companies, your Company will disclose on its website ([www.firstenergycorp.com](http://www.firstenergycorp.com) under the tab Investors, Corporate Governance and Board of Directors) the Board determination whether such simultaneous service impairs 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.

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 election at any annual meeting of shareholders a non-employee director following his or her 72<sup>nd</sup> birthday. Accordingly, Mr. Novak transitioned off as Chair of the Audit Committee in May 2016 and will retire from your Board in May 2017. Mr. Misheff was appointed as the Chair of the Audit Committee in May 2016. As discussed above, Mr. Heisler was not nominated by your Board for election and his term ends in May 2017.

**Table of Contents****Compensation Committee***6 meetings in fiscal year 2016***Christopher D.****Pappas (Chair)**

Robert B. Heisler, Jr.

Ted J. Kleisner

Donald T. Misheff

Dr. Jerry Sue Thornton

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; review, discuss, and endorse a compensation philosophy and objectives that support competitive pay-for-performance and are consistent with the corporate strategy; assist your Board in establishing the appropriate incentive compensation and equity-based

plans for your Company's executive officers and other senior-level officers; 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; 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, recommend to your Board whether the CD&A should be included in your Company's Annual Report on Form 10-K and proxy statement; 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 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 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.

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 election at any annual meeting of shareholders a non-employee director

following his or her 72<sup>nd</sup> birthday. Accordingly, Mr. Kleisner transitioned off as Chair of the Compensation Committee in May 2016 and will retire from your Board in May 2017. Mr. Pappas was appointed as the Chair of the Compensation Committee in May 2016. As discussed above, Mr. Heisler was not nominated by your Board for election and his term ends in May 2017.

**Table of Contents*****Corporate Governance Committee****5 meetings in fiscal year 2016***Michael J. Anderson****(Chair)**

William T. Cottle

Julia L. Johnson

Luis A. Reyes

George M. Smart

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; 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; 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 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 ongoing. The Corporate Governance Committee has actively engaged in director succession planning and regularly evaluates the addition of a director or directors with particular attributes 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. Refer to the [Review of Director Nominees](#) below for more details.

The Corporate Governance Committee 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 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**

*7 meetings in fiscal year 2016*

**Paul T. Addison**

**(Chair)**

Michael J. Anderson

Ernest J. Novak, Jr.

Christopher D. Papas

Dr. Jerry Sue Thornton

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 website at [www.firstenergycorp.com/charters](http://www.firstenergycorp.com/charters). Our Corporate Governance Policies require that your Board shall not nominate for election at any annual meeting of shareholders a non-employee director following his or her 72<sup>nd</sup> birthday. Accordingly, Mr. Novak will retire from your Board in May 2017.

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***Nuclear Committee***

*6 meetings in fiscal year 2016*

**William T. Cottle**

**(Chair)**

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).

Julia L. Johnson

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

Ted J. Kleisner

Thomas N. Mitchell

Luis A. Reyes

the date of the annual meeting that immediately precedes his or her 72<sup>nd</sup> birthday. Accordingly, Mr. Cottle is expected to transition off as Chair of the Nuclear Committee in May 2017 and it is expected that the Board will appoint a new chair of the Nuclear Committee at its May 2017 meeting.

**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 public companies. Further, without the Board's approval, no director who serves as an executive officer of any public company may serve on a total of more than two public company boards of directors.

**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 his 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 included in your Company's Annual Report on Form 10-K for the year ended December 31, 2016. 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. 1301, 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, 2016, for filing with the SEC.

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

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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 2016 and 2015.

PricewaterhouseCoopers LLP billed your Company an aggregate of \$7,710,800 in 2016 and \$7,787,000 in 2015 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 2016</b>	<b>Fees for Audit Year 2015</b>
<i>Audit Fees</i> <sup>(1)</sup>	\$7,370,000	\$7,622,000
<i>Audit Related Fees</i> <sup>(2)</sup>	335,000	150,000
<i>Tax Fees</i>	- 0 -	- 0 -
<i>All Other Fees</i> <sup>(3)</sup>	<u>5,800</u>	<u>15,000</u>
	<b>\$7,710,800</b>	<b>\$7,787,000</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 2016 and 2015 related to SEC Regulation AB. Also in 2016, professional services rendered related to additional agreed upon procedures for the audit of The Potomac Edison Company's cost allocation manual and the attestation of the Penn Power Company's Net Earnings certificate.

(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 audit and non-audit services provided by PricewaterhouseCoopers LLP in 2016 and 2015 were pre-approved.

**Table of Contents****Director Compensation in Fiscal Year 2016**

<b>Name <sup>(1)</sup></b>	<b>Fees Earned or Paid in Cash <sup>(2)</sup></b>	<b>Stock Awards <sup>(3)</sup></b>	<b>Change in Pension Value and Nonqualified Deferred Compensation Earnings <sup>(4)</sup></b>	<b>All Other Compensation <sup>(5)</sup></b>	<b>Total <sup>(6)</sup></b>
Paul T. Addison	\$110,000	\$134,922	\$3,698	\$0	\$248,620
Michael J. Anderson	\$111,359	\$134,922	\$2,386	\$4,000	\$252,667
William T. Cottle	\$113,000	\$134,922	\$13,684	\$0	\$261,606
Steven J. Demetriou <sup>(6)</sup>	\$0	\$0	\$0	\$0	\$0
Robert B. Heisler, Jr.	\$95,000	\$134,922	\$1,177	\$500	\$231,599
Julia L. Johnson	\$98,000	\$134,922	\$0	\$2,000	\$234,922
Ted J. Kleisner	\$100,646	\$134,922	\$0	\$5,000	\$240,568
Donald T. Misheff	\$107,473	\$134,922	\$0	\$500	\$242,895
Thomas N. Mitchell	\$93,302	\$128,219 <sup>(7)</sup>	\$67	\$0	\$221,588
Ernest J. Novak, Jr.	\$105,399	\$134,922	\$3,553	\$8,500	\$252,374
James F. O Neil III <sup>(6)</sup>	\$0	\$0	\$0	\$0	\$0
Christopher D. Pappas	\$104,354	\$134,922	\$0	\$8,000	\$247,276
Luis A. Reyes	\$97,973	\$134,922	\$0	\$0	\$232,895
George M. Smart	\$246,500	\$134,922	\$17,104	\$14,688	\$413,214
Dr. Jerry Sue Thornton	\$95,000	\$134,922	\$0	\$5,000	\$234,922

(1) Charles E. Jones, President and CEO, is not included in this table because during 2016 he was an employee of your Company and therefore received no compensation for his service as director. The compensation received by Mr. Jones is shown in the 2016 Summary Compensation Table (later referred to as SCT) below.

(2)

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The amounts set forth in the Fees Earned or Paid in Cash column include fees earned in cash whether paid in cash, deferred into the FirstEnergy Corp. Deferred Compensation Plan for Outside Directors (later referred to as the Director's Plan) or elected to be received in stock.

- (3) The amounts set forth in the Stock Awards column include the equity retainer received under 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 2016 calculated in accordance with Financial Accounting Standards Board (FASB) ASC Topic 718. The equity retainer is typically paid in quarterly installments; the fair value on the grant dates were \$33,744 on February 22, 2016; \$33,720 on May 2, 2016; \$33,724 on August 3, 2016; and \$33,734 on November 9, 2016. Share amounts are rounded down. There were no option awards or stock awards outstanding as of December 31, 2016.
- (4) The amounts set forth in the Change in Pension Value and Nonqualified Deferred Compensation Earnings 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. The formula used to determine the above market earnings equals 2016 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 Mr. Smart. For Mr. Smart, \$5,000 is included for a charitable matching contribution, \$9,667 for personal use of the aircraft, and \$21 for gifts. The FirstEnergy Foundation supports the charitable matching contributions under the Matching Gifts Program.
- (6) Mr. Demetriou and Mr. O Neil were elected to your Board effective January 17, 2017.
- (7) The amount paid to Mr. Mitchell for the first quarter installment was prorated based on his election date of January 19, 2016.



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### *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 provides incentives to directors linking their personal interests to our long-term financial success and to increases in 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. Only non-employee directors receive the compensation described below for their service on your Board. Since Mr. Jones was an employee, he was not eligible to receive any additional compensation for his service on your Board in 2016.

### *Fee Structure*

In 2016, each non-employee director received a cash retainer of \$95,000 and an equity retainer valued at \$135,000 and paid in the form of our common stock. The Chairs of the Corporate Governance, Compensation, Finance, and Nuclear Committees each received an additional \$15,000 cash retainer in 2016 for serving as a committee chairperson, and the Chair of the Audit Committee received an additional \$20,000 cash retainer in 2016. The amounts paid to directors for 2016 were prorated accordingly based on the duration of their service. Directors are also paid meeting fees of \$1,500, but 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 2016 for serving in that capacity.

Equity and cash retainers, and chairperson retainers were paid in quarterly installments. Any equity compensation and any compensation deferred into equity was granted under the 2015 Incentive Plan. Directors are responsible for paying all taxes associated with cash and equity retainers. 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 (currently \$570,000 in common stock). 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 Compensation Committee for competitiveness on an annual basis and were last reviewed at the Compensation Committee's February 2017 meeting.

For 2016, the following directly and indirectly held shares were 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 individually or jointly by a broker, or, in certain circumstances, held in trust, or in an individual retirement account ( IRA ), shares held by a spouse, or other beneficially owned shares, to the extent known

by the Company, and

All units held in the Director's Plan, and units held in 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 Revised 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.

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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 7.27 percent on funds deferred into cash accounts prior to 2013 and 5.27 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 non-executive Chairman of the Board in 2016. We pay all fees associated with director and officer insurance and business travel insurance for our directors. In 2016, our directors were eligible to receive perquisites including limited personal use of the corporate aircraft, matching charitable contributions and gifts, the collective value of which was less than \$10,000 for each director other than Mr. Smart. Directors are responsible for paying all taxes associated with perquisites and personal benefits.

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.

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 a director and officer, the agreement for Mr. Jones addresses indemnity in both roles.

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**Items to Be Voted On**

**Item 1 Election of Directors**

You are being asked to vote for the following 13 nominees to serve on your Board for a term expiring at the annual meeting of shareholders in 2018 and until their successors shall have been elected: **Paul T. Addison, Michael J. Anderson, William T. Cottle, Steven J. Demetriou, Julia L. Johnson, Charles E. Jones, Donald T. Misheff, Thomas N. Mitchell, James F. O Neil III, Christopher D. Pappas, Luis A. Reyes, George M. Smart and Dr. Jerry Sue Thornton.** Messrs. Demetriou and O Neil were elected to your Board effective January 17, 2017 and are nominees for election by shareholders at the Annual Meeting. Messrs. Demetriou and O Neil were 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. The Review of Director Nominees section of this proxy statement provides information relating to your Board's and Corporate Governance Committee's review of nominees. 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.

Your Board Recommends That You Vote **For All Nominees in Item 1.**

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**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, 2017. 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 2015 and 2016.

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

**Item 3 Approve, on an Advisory Basis, 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. This resolution is required pursuant to Section 14A of the Securities Exchange Act of 1934. Currently, the advisory vote is held every year and Item 4 outlines the Board's recommendation to maintain an annual advisory vote going forward. The Board strongly supports your Company's executive pay practices and asks shareholders to support its executive compensation program by adopting the following resolution:

RESOLVED, that the shareholders approve, on an advisory basis, the compensation of the FirstEnergy Corp. Named Executive Officers, as such compensation is disclosed pursuant to the compensation disclosure rules of the SEC, including the Compensation Discussion and Analysis, the compensation tables, and the other related narrative executive compensation disclosure contained in the 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 2016, compensation adjustments were provided to some of our NEOs, positioning the total annual compensation opportunities provided to our NEOs, in the aggregate, at 4 percent above the revenue-regressed 50<sup>th</sup> percentile of our peer group.

The Compensation Committee completed a detailed review of your Company's peer group as outlined in detail in the Benchmarking section of the CD&A. After reviewing market competitive practices provided by the Compensation Committee's independent compensation consultant Meridian Compensation Partners, LLC (later referred to as Meridian), the Compensation Committee did not make any substantive adjustments to our executive compensation programs in 2016.

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However, in February 2017, taking into consideration the strategic review for the competitive Generation business, the Compensation Committee and your Board approved a number of key changes effective for 2017.

In deciding how to vote on this proposal, we encourage you to read the CD&A for a more detailed discussion of our executive compensation programs and practices, including page 55.

Your Board strongly believes that our compensation philosophy, in conjunction with continued shareholder outreach, is in the best interests of shareholders and addresses the financial and operational concerns raised in previous shareholders' advisory vote results. 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.

Although this advisory vote is non-binding, your Board and the Compensation Committee value the views of our shareholders and expect to carefully consider the voting results when considering future executive compensation practices.

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

**Item 4 Approve, on an Advisory Basis, the Frequency of Future Advisory Votes to Approve Named Executive Officer Compensation**

In accordance with Section 14A of the Exchange Act and related SEC rules, your Company is providing its shareholders an opportunity to cast an advisory vote on how frequently the Company should hold future votes on NEO compensation ( Say-on-Pay Votes ). By voting on this proposal, shareholders may indicate whether they would prefer to have future Say-on-Pay Votes EVERY YEAR , EVERY 2 YEARS or EVERY 3 YEARS. You may also ABSTAIN from voting. This is a non-binding, advisory vote that is required to be submitted to shareholders at least once every six years.

After careful consideration, the Board and the Compensation Committee believe that conducting a Say-on-Pay vote every year is currently appropriate for your Company so that our shareholders may annually express their views on the Company's executive compensation program. An annual Say-on-Pay vote is consistent with our policy of regularly seeking input from, and engaging in discussions with, our shareholders on corporate governance matters and our executive compensation program.

While the Board and the Compensation Committee believe that their recommendation of annual Say-on-Pay votes is appropriate at this time, shareholders are not voting to approve or disapprove the adoption of annual Say-on-Pay



votes, but are instead being asked to recommend their view as to how frequently the Company should conduct future Say-on-Pay votes.

Although this advisory vote is non-binding, your Board and the Compensation Committee value the views of our shareholders and will consider the alternative receiving the greatest number of votes when establishing the frequency with which Say-on-Pay Votes will be held in the future.

**Your Board Recommends That You **Vote to Hold****

**Future Advisory Votes to Approve Named Executive Officer Compensation Every Year.**

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**Item 5 Approval a Management Proposal to Amend the Company's Amended Articles of Incorporation to Increase the Number of Shares of Authorized Common Stock**

We are asking shareholders to amend your Company's Amended Articles of Incorporation to increase the number of authorized shares of common stock, par value \$0.10 per share, from 490 million to 700 million shares. Your Company's strategy is to be a fully regulated utility focusing on stable and predictable earnings and cash flow from its regulated business units. In order to execute on this strategy, your Company is carrying out a strategic review of its competitive operations. Your Company's business is capital intensive, requiring significant resources to fund operating expenses, construction expenditures, transmission growth, scheduled debt maturities and interest payments, dividend payments, and contributions to its pension plan. In addition to internal sources to fund liquidity and capital requirements for 2017 and beyond, your Company expects to rely on external sources of funds, including, but not limited to, equity financings such as the previously announced expected yearly issuance of \$500 million of equity each year from 2017 through 2019, subject to market and other conditions to meet long-term cash needs, including cash requirements to fund the capital requirements of your Company's Regulated Transmission Segment's capital program and for other general and corporate purposes.

Your Board believes that the proposed increase in authorized common shares is desirable to facilitate the capital flexibility necessary to accomplish, in a timely manner, the types of strategic revisions that are generally contemplated as well as other ordinary-course corporate actions that may not be specifically contemplated at present but are likely in the future. For example, the increase in authorized common shares may enable the Company to issue shares from time to time for advantageous business purposes like equity financings, corporate mergers, acquisitions, stock splits, stock dividends and equity compensation awards. Your Board determines whether, when and on what terms to issue common shares without further shareholder approval, except as may be required by law, regulation or the rules of any national securities exchange on which the common shares are then traded. Except as discussed herein, your Company has no present plans, proposals, or arrangements with respect to the issuance of any additional shares of common stock authorized upon approval of the proposed amendment.

The additional common shares to be authorized will have rights identical to our currently outstanding common shares. As of [March 15], 2017, there were [XX] million common shares outstanding and [XX] million common shares reserved for issuance under equity compensation plans and the Stock Investment Plan. Approximately [xx] shares remain available for issuance as of [March 15], 2017.

The proposed amendment could, under certain circumstances, have an anti-takeover effect or delay or prevent a change in control of your Company by providing the Company the capability to engage in actions that would be dilutive to a potential acquiror, pursue alternative transactions or otherwise increase the potential cost to acquire control of your Company. For example, without further shareholder approval, your Board could sell shares of common stock in a private transaction to purchasers who would oppose a takeover or favor the Board. Thus, while your Company currently has no intent to employ the additional authorized common shares as an anti-takeover device, the proposed amendment may have the effect of discouraging future unsolicited takeover attempts. Your Board is not aware of any such attempt to take control of your Company.

Additionally, your Company's Amended Articles of Incorporation and Amended Code of Regulations presently contain other provisions which could have anti-takeover effects. Some of the supermajority and advance notice provisions of your Company's Amended Articles of Incorporation and Amended Code of Regulations and the rights or the provisions of Ohio law, individually or collectively, may discourage, deter, delay or impede a tender offer or other attempt to acquire control of your Company even if the transaction would result in the shareholders receiving a premium for their shares over current market prices or if the shareholders otherwise believe the transaction would be in their best interests.

Our Amended Articles of Incorporation also give your Board authority to issue preferred stock from time to time in one or more classes or series and to fix the designations, powers, preferences, limitations and relative rights of

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any series of preferred stock that we choose to issue, including, without limitation, dividend rates, conversion rights, voting rights, terms of redemption and liquidation preferences and the number of shares constituting each such series. Such preferred stock could be issued with terms that could delay, defer or prevent a change of control of your Company.

Your Company's Amended Articles of Incorporation provide that shareholders do not have preemptive rights to subscribe to additional securities that we may issue. While the adoption of the amendment would not have any immediate dilutive effect on the proportional voting power of your Company's present shareholders, any future issuances of additional common shares or other securities convertible into common shares in the future, could dilute the voting rights, equity, earnings per share and book value per share attributable to present shareholders and could have a negative effect on the market price of your Company's common stock.

The proposed amendment to the Amended Articles of Incorporation is set forth in Appendix B, marked with underlining to indicate additions and strike-throughs to indicate deletions.

The above discussion is qualified in its entirety by reference to the text of the proposed amendment in Appendix B.

*Effectiveness and Vote Required*

Your Board has adopted resolutions approving and recommending that shareholders approve the amendment to the Amended Articles of Incorporation reflected in Appendix B, which is subject to the approval of the amendment by shareholders at the Annual Meeting, and authorizing the preparation and filing of any document necessary or advisable to implement such amendment. The amendment, if approved, would be expected to become effective prior to the next annual shareholder meeting. Approval of this proposal requires the affirmative vote of a majority of the voting power of the Company.

Abstentions will have the same effect as votes against this proposal. Because this proposal is a routine matter, brokers are permitted to vote shares that they hold in street name and for which they do not receive instructions. Therefore, no broker non-votes are expected with respect to this proposal.

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

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**Item 6 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 as Permitted under Ohio Law**

We are asking shareholders to consider amendments to your Company's Amended Articles of Incorporation 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 of Incorporation and Amended Code of Regulations that are described below would provide for a majority voting power threshold as permitted under Ohio law.

*Background and Governance Considerations*

This 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 continued to conduct 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 simple majority voting power shareholder proposals presented at our 2015 and 2016 annual meetings of shareholders, which received a majority of votes cast.

In 2013 and 2016, your Company presented management proposals to adopt a majority voting power threshold under certain circumstances and it received the support of a majority of votes cast each time. However, these proposals did not receive the requisite percentage of the voting power to amend your Company's Amended Articles of Incorporation and Amended Code of Regulations. 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 again submit to a shareholder vote a proposal on this topic as described below. 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 of Incorporation 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 as permitted by Ohio law. Ohio law permits a corporation to elect to use a vote standard of greater or less than two-thirds, but not less than a majority of the voting power.

Ohio law establishes a default two-thirds voting power requirement for corporations 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.

Ohio law also permits corporations to elect to be subject to not less than at least a majority voting power requirement with respect to such provisions. 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.

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

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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.

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.

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.

The proposed amendments to the Amended Articles of Incorporation and Amended Code of Regulations are set forth in Appendix C, with deletions indicated by strike-throughs and additions indicated by underlining. The summary above is qualified in its entirety by reference to the full text of the proposed amendments in Appendix C.

*Effectiveness and Vote Required*

Your Board has adopted resolutions approving and recommending that shareholders approve the amendments to the Amended Articles of Incorporation and Amended Code of Regulations reflected in Appendix C, which are subject to the approval of the amendments by shareholders at the Annual Meeting, and authorizing the preparation and filing of any document necessary or advisable to implement such amendments. The amendment, 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. Abstentions and broker non-votes will be counted and have the same effect as a vote against this item.

**Your Board Recommends That You Vote For Item 6.**

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**Item 7 Approve a Management Proposal to Amend the Company's Amended Articles of Incorporation and Amended Code of Regulations to Implement a Majority Voting Standard for Uncontested Director Elections**

We are asking shareholders to consider amendments to your Company's Amended Articles of Incorporation and Amended Code of Regulations to implement a majority voting standard in uncontested Director elections. Our Code of Regulations currently provides for the election of Directors by a plurality of votes cast, and our Corporate Governance Policies include a Director resignation policy. The plurality voting standard is also the default voting standard for the election of directors under Ohio law.

*Background and Governance Considerations*

Your Board and its Corporate Governance Committee has concluded that the adoption of the proposed majority voting standard in uncontested elections will give shareholders a greater voice in determining the composition of your Board by requiring support of a majority of shareholder votes cast for a candidate to obtain or retain a seat on our Board, and by giving greater effect to shareholder votes against a Director candidate. These conclusions were the result of an ongoing review of corporate governance matters by your Board and its Corporate Governance Committee, including the merits, risks and uncertainties relating to the use of a majority vote standard in uncontested elections, and input from our shareholders, including the response to a shareholder proposal presented at our 2016 Annual Meeting, which was approved by a majority of the votes cast. Your Board is proposing these amendments in response to stated shareholder preferences and to reinforce our commitment to accountability and strong corporate governance practices.

The transition from plurality voting to majority voting in the election of directors is a current trend in corporate governance, with a significant majority of the companies in the S&P 500 having adopted the majority vote standard. Your Board and the Corporate Governance Committee are also aware of a number of public companies that, although they already had majority voting policies, have subsequently taken the additional actions to amend their governing documents to provide for majority voting in uncontested director elections. Accordingly, consistent with your Board's 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 to change Director election voting requirements in your Company's Amended Articles of Incorporation and Amended Code of Regulations, which currently provide for a plurality voting standard, to provide for a majority voting standard for uncontested Director elections and a plurality voting standard in contested elections.

Under the proposed majority voting standard, for a candidate to be elected to your Board in an uncontested election, the number of votes cast for the candidate's election must exceed the number of votes cast against his or her election and abstentions and broker non-votes would not be considered votes for or against a candidate. An uncontested election means an election in which the number of Director candidates does not exceed the number of Directors to be



elected. In all other Director elections, which we refer to as contested elections, a plurality voting standard would apply. If adopted by shareholders at this Annual Meeting of Shareholders, the majority voting standard would apply to all future uncontested Director elections.

Your Board believes that a plurality voting standard should still apply in contested Director elections. If the plurality voting standard did not apply in contested elections, it is possible that more candidates could be elected than the number of Director seats up for election because the proposed majority voting standard simply compares

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the number of for votes with the number of against votes for each Director candidate without regard to voting for other candidates. Accordingly, the proposed majority voting standard retains plurality voting in contested Director elections to avoid such results.

Under Ohio law and your Company's Amended Code of Regulations, an incumbent Director who is not re-elected remains in office until his or her successor is elected, continuing as a holdover Director. If this proposal is approved, we will make conforming revisions to the existing director resignation policy (discussed on p. 27) in your Company's Corporate Governance Policies to reflect that an incumbent Director who does not receive more votes for than against his or her election in an uncontested election will promptly submit a written offer of resignation to the Corporate Governance Committee, which will make a recommendation to your Board within 60 days following the date of the election as to whether or not it should be accepted. Your Board will consider the recommendation and decide whether to accept the resignation, as described in more detail in our Corporate Governance Policies. Furthermore, if one or more directors standing for election does not receive a majority of the votes cast and his or her resignation is accepted by your Board, your Board may fill the vacancy without any further shareholder vote.

Your Company's Amended Code of Regulations provides for a plurality voting standard in the election of directors. To implement a majority voting standard, Ohio law requires the Amended Articles of Incorporation to be amended. Additionally, your Company's Amended Code of Regulations requires a conforming amendment. The actual text of the proposed amendment to your Company's Amended Articles of Incorporation, included in new Article XII, and amendment to Regulation 11 of your Company's Amended Code of Regulations, marked with underlining to indicate additions and strike-throughs to indicate deletions, are attached to this Proxy Statement as Appendix D. The amendment to the Amended Articles of Incorporation will become effective upon filing the Amendment to the Amended Articles of Incorporation with the Secretary of State of Ohio.

The above disclosure is qualified in its entirety by reference to the full text of the proposed amendments in Appendix D.

*Effectiveness and Vote Required*

Your Board has adopted resolutions approving and recommending that shareholders approve the amendments to the Amended Articles of Incorporation and Amended Code of Regulations reflected in Appendix D, which are subject to the approval of the amendments by shareholders at the Annual Meeting, and authorizing the preparation and filing of any document necessary or advisable to implement such amendments. The amendments, 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. Abstentions and broker non-votes will be counted and have the same effect as a vote against this item.

Your Board Recommends That You Vote **For Item 7.**

**Item 8 Approve a Management Proposal 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.

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### *Background and Governance Considerations*

This 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. 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. This proxy access proposal addresses our outreach findings and is in line with market practices.

In 2016, your Company presented a management proposal to implement proxy access that received the shareholder support of a majority of votes cast; however, the proposal did not receive the requisite percentage of the voting power needed to amend the Amended Code of Regulations. Your Company did not receive a shareholder proposal on this subject for this year; however, based on our outreach and consistent with your Company's strong commitment to good corporate governance, your Board has decided again to submit a proxy access proposal, which is described below, to a shareholder vote. Your Board cannot unilaterally adopt the following proposed amendment to the Amended Code of Regulations because a shareholder vote is necessary under our governing documents.

### *Proposed Amendment*

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

The proposed amendment would permit a single shareholder, or group of up to 20 shareholders, holding full voting and investment rights and the full economic interest, that has maintained continuous ownership of at least 3 percent 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.

### *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.

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### *Nominating Procedure*

Requests to include shareholder-nominated candidates in your Company's proxy materials must be received, under most circumstances, 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 E.

### *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 (which is the NYSE), 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, among other things: (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 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.

The proposed amendment to the Amended Code of Regulations is set forth in Appendix E, with deletions indicated by strike-throughs and additions indicated by underlining.

The above disclosure is qualified in its entirety by reference to the full text of the proposed amendment in Appendix E.

### *Effectiveness and Vote Required*

Your Board has adopted a resolution approving and recommending that shareholders approve the amendment to the Amended Code of Regulations reflected in Appendix E, which are subject to the approval of the amendment by shareholders at the Annual Meeting, and authorizing the preparation and filing of any documents necessary or advisable to implement such amendment. The amendment, 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. Abstentions and broker non-votes will be counted and have the same effect as a vote against this item.

Your Board Recommends That You Vote **For Item 8.**

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**Table of Contents****Shareholder Proposals**

Three shareholder proposals have been submitted for consideration and action by the shareholders.

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. **After careful consideration, your Board recommends that you vote AGAINST these shareholder proposals in Items 9 through 11 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 9 Shareholder Proposal Requesting an Annual Report on Lobbying Policies and Payments**

*The Nathan Cummings Foundation, 475 Tenth Avenue, 14<sup>th</sup> Floor, New York, New York 10018, plans to introduce the following resolution at the Annual Meeting. We have been notified that The Nathan Cummings Foundation is the beneficial owner of no less than 824 shares of your Company's common stock.*

**Whereas**, we believe full disclosure of our company'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.

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**Supporting Statement**

As shareholders, we encourage transparency and accountability in FirstEnergy's use of corporate funds to influence legislation and regulation, both directly and indirectly. FirstEnergy spent approximately \$4.05 million in 2014 and 2015 on direct federal lobbying activities (opensecrets.org). These figures do not include lobbying expenditures to influence legislation in states, where FirstEnergy also lobbies but disclosure is uneven or absent. For example, FirstEnergy spent \$1.07 million on lobbying in New Jersey for 2014 and 2015, and FirstEnergy's lobbying on energy rates in West Virginia has drawn media attention ( FirstEnergy Asking for Surcharge to Fund Improvements, *Charleston Gazette-Mail*, August 25, 2016).

FirstEnergy is listed as a member of the Edison Electric Institute and Nuclear Energy Institute, which together spent \$21.32 million lobbying in 2014 and 2015. However, FirstEnergy does not disclose its memberships in, or payments to, trade associations, or the amounts used for lobbying, despite a 2007 agreement with shareholders to annually disclose trade association payments used for political purposes ( 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.

We are concerned that FirstEnergy's current lack of trade association disclosure presents reputational risk. Absent a system of accountability, company assets could be used for objectives contrary to FirstEnergy's long-term interests.

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**Your Company's Response** Shareholder Proposal Requesting an Annual Report on Lobbying Policies and Payments

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 in October 2016. The Political Activity Policy addresses 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 also provides 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 alternative efforts that your Company's Board and management deem to be in the best interests of your Company and its shareholders. Substantially similar shareholder proposals did not receive a majority of the votes cast in 2015 and 2016.

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Your Board recommends that you

**vote AGAINST this shareholder proposal (Item 9).**

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**Item 10 Shareholder Proposal Requesting a Report on Climate Change Strategy**

*As You Sow, 1611 Telegraph Ave, Suite 1450, Oakland, CA 94612, acting on behalf of Mr. Andrew Behar and Ms. Adelaide Gomer, plans to introduce the following resolution at the Annual Meeting. We have been notified that Mr. Behar is the beneficial owner of no less than 70 shares of your Company's common stock and Ms. Gomer is the beneficial owner of no less than 124 shares of your Company's common stock.*

WHEREAS: The use of coal, the most carbon intensive fossil fuel, is a key driver of climate change; its use must be dramatically reduced to meet carbon reduction goals set forth in the 2015 Paris Agreement to 2 degrees Celsius. In addition to global carbon reduction commitments, coal is becoming uncompetitive due to other climate-related factors:

*Lower carbon technology deployed at scale.* Gas-fired power plants and wind farms have pushed prices down on regional wholesale markets in which [FirstEnergy's] power plants must compete. (FirstEnergy to sell or close power plants if Ohio, Pennsylvania do not return to regulated rates, Cleveland.com, November 2016)

*Large utility customers moving to clean energy.* As of November 2016, 83 companies including Apple, GM, and Walmart made commitments to achieve 100% renewable energy use, creating pressure on utilities to meet demand for clean energy or lose large customers. (RE100)

*Environmental and public health consequences.* Fossil-fuel emissions, especially from coal-based power, create many negative environmental and health impacts. Further, coal waste, known as coal ash, is laced with heavy metals that can leach and spill from disposal sites, contaminating water supplies. These concerns add to coal's cost. Across the U.S., these market forces have caused coal assets to lose value. For example, in 2016 AEP posted a \$2.3 billion write down, and NRG reported a \$6.4 billion dollar loss, both related to unprofitable coal plants.

FirstEnergy itself posted a \$1.1 billion loss on its Ohio coal plants, even after waging a lengthy campaign pushing for billions of dollars in government subsidies to bail out the plants. In November 2016, FirstEnergy's CEO told analysts that its coal plants could not compete in current energy markets and would likely be shuttered or sold. (Cited above, Cleveland.com, November 2016)

FirstEnergy's commitment to coal has destroyed shareholder value for years. By December 2016, FirstEnergy's stock value had dropped over 35% from its 2008 peak, and Moody's downgraded two of its subsidiaries' credit ratings in July 2016. Despite such stark financial red flags, FirstEnergy subsidiaries, MonPower and Potomac Edison, disclosed plans to buy a new coal plant. (First Energy being questioned about future plans, Charleston Gazette-Mail, March 2016).

FirstEnergy had launched an environmental campaign focused on a cleaner energy future called "The Switch Is On", but in July 2016 ended the campaign, took down the website, and removed the only chart showing its annual carbon emissions from its 2016 Sustainability Report. FirstEnergy adopted a commendable carbon target, but has not identified a path to achieving it, and its management remains focused on coal.

THEREFORE BE IT RESOLVED: Shareholders request that FirstEnergy prepare a report, at reasonable cost and omitting proprietary information, disclosing its strategy for aligning business operations with the 2015 Paris Agreement's goal of limiting global warming to a maximum of 2 degrees Celsius, while maintaining the provision of safe, affordable, reliable energy.

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**Your Company's Response**    **Shareholder Proposal Requesting a Report on Climate Change Strategy**

This shareholder proposal requests that your Company prepare a report disclosing its strategy for aligning business operations with the 2015 Paris Agreement's goal of limiting global warming to a maximum of 2 degrees Celsius, while maintaining the provision of safe, affordable, reliable energy.

Your Company complies with the laws and regulations of the areas in which we operate and unilaterally setting emissions targets could subject your Company to a competitive disadvantage. Although your Board shares some of the proponent's concerns about potential climate change risks, we believe this proposal is based upon the flawed premise that a global agreement to limit warming to 2 degrees Celsius requires each individual Company to curtail development of resources proportionately. Your Board believes that taking prudent, practical and cost-effective actions to address climate change risks on the societal level is the right thing to do. Mitigation of greenhouse gas emissions, adaptation to climate change, and continuation of scientific and technological research should all be considered.

Your Board also 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 and that requests to set specific targets and prepare the related report are unnecessary and an inefficient use of Company resources. Additionally, your Company publicly 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 its disclosures about environmental matters. Your Company has expanded its disclosure on how we are managing regulatory and environmental issues relating to electrical power generation operations, climate change and energy efficiency. Your Company actively pursues opportunities to meet customers needs in an environmentally sound way.

Your Company has made available on our internet website its 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, clean and affordable electricity. The report, most recently updated in May 2016, conveys an ambitious goal to reduce carbon dioxide (CO<sub>2</sub>) emissions companywide by at least 90 percent below 2005 levels by 2045. The Sustainability Report further provides an update to shareholders regarding your Company's efforts related to emissions reductions.

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.

Due to the nature of your Company's business, preparation of reports beyond what is already produced would be an onerous task. Such an undertaking would necessarily encompass your Company's financial and capital expenditure plans, production plans and short-and long-term business strategies. In addition, preparing a report in such detail would necessarily divert important resources from alternate endeavors that your Board and management deem to be in the best interests of the Company and its shareholders.



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We believe existing disclosures of our sustainability initiatives are comprehensive, and while your Company places great value on shareholder input, your Board believes that generating a report that discloses strategy for aligning business operations with the goals of the 2015 Paris Agreement is not prudent. Disclosing such a strategy could put the Company at a competitive disadvantage as we strive to meet the ongoing energy needs of our customers. Your Board and management will continue to share information on your Company's environmental efforts, financial performance and results, and accomplish the fundamental objectives of the proposal without undertaking duplicative efforts and needlessly increasing expenses.

Your Board recommends that you

**vote AGAINST this shareholder proposal (Item 10).**

**Item 11 Shareholder Proposal Requesting Steps to Implement Simple Majority Voting**

*John Chevedden, 2215 Nelson Avenue, No. 205, Redondo Beach, California 90278, plans to introduce the following resolution at the Annual Meeting. We have been notified that Mr. Chevedden is the beneficial owner of no less than 90 shares of your Company's common stock.*

**Proposal 11 - Simple Majority Vote**

RESOLVED, Shareholders request that our board take the steps necessary (no less) 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 topic, that our board take the steps necessary for adoption, 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%

2016 -62%

Our management failed to take the steps necessary to adopt this proposal as recently as our 2016 annual meeting. Plus our 2016 annual meeting proxy failed to give any management analysis of any special effort that might be needed to

adopt the management version of this proposal or commit to any special effort that management would take to adopt their own proposal.

In other words our management failed to disclose in our 2016 annual meeting proxy any special necessary steps that it would take to ensure that their proposal on this topic would be adopted - especially since there was a risk (that turned into reality) that our management's half-hearted efforts to adopt this proposal could result in ballot failure. Our management even said they were against their own proposal in the proxy.

Shareowners are willing to pay a premium for shares of companies that have excellent corporate governance. Supermajority voting requirements have been found to be one of 6 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 used to block initiatives supported by most shareowners but opposed by a status quo management.

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This proposal topic 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. In other words a 1%-minority could have the power to prevent shareholders from improving our charter and bylaws.

In the 2-years leading up to the submittal of this 2017 proposal our stock has fallen from \$40 to \$32.

Please vote to enhance shareholder value:

**Simple Majority Vote - Proposal 11**

**[Your Company's Response](#) [Item 11](#) [Shareholder Proposal Requesting Steps to Implement Simple Majority Voting](#)**

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 of Incorporation 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 6 above), which is a binding proposal to implement a majority voting power threshold for shareholder voting. As described in Item 6 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 6 above) is binding, if approved by shareholders, the Company would be required to implement the proposal. However, if this non-binding shareholder proposal is approved by shareholders, there is no obligation for the Company to implement it and the approval of both proposals could lead to confusing results. In sum, your Board believes the proposal put forth by your Company in Item 6 above more appropriately and effectively serves the best interests of our shareholders.

[Your Board recommends that you](#)

**[vote AGAINST this shareholder proposal \(Item 11\).](#)**

**Table of Contents****Review of Director Nominees**

The Corporate Governance Committee, comprised entirely of independent directors, recommends Board candidates by identifying qualified individuals in a manner that is consistent with criteria approved by your Board. In consultation with the CEO, the Chairman of the Board and the full Board, the Corporate Governance Committee searches for, recruits, screens, interviews, and recommends prospective directors to provide an appropriate balance of knowledge, experience, and capability on your Board. At least annually the Corporate Governance Committee assesses the size and composition of your Board in light of the operating requirements of your Company and the current makeup of your Board in the context of the needs of your Board at a particular point in time. Each of the nominees brings a strong and unique background and skill set to your Board, giving your Board as a whole competence and experience in a wide variety of areas necessary to oversee the operations of your Company.

In recruiting and selecting Board candidates, the Corporate Governance Committee takes into account the size of the Board and considers a skills matrix to determine whether those skills and/or other attributes qualify him or her for service on your Board. The table below includes some of the qualifications, experiences, and skills considered in accordance with Corporate Governance Policies and the Corporate Governance Committee charter for each director nominee that led your Board to conclude that he or she is qualified to serve on your Board. This high-level overview is included for illustrative purposes and is not intended to be an exhaustive list of each Director nominee's skills or contributions to the Board.

**Core Considerations and Qualifications**

Assessments of a prospective Board or committee candidate includes, at a minimum consideration of:

- diversity,
- age,
- background and training,
- business or administrative experience and skills,
- dedication and commitment,

**Other Attributes**

While it is not necessary that each Director possess all of the below listed criteria, each Directors shall contribute knowledge, experience, or skill in at least one domain that is important to your Company:

- + 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

business judgment,  
analytical skills,  
problem-solving abilities, and  
familiarity with regulatory environment.

+ other significant and relevant areas deemed by the Corporate Governance Committee to be valuable to your Company.

in addition to such other attributes deemed appropriate by the Corporate Governance Committee, all in the context of the perceived needs of the Board or applicable committee at that point in time.

The Corporate Governance Committee believes that well-assembled Boards consist of a diverse group of individuals who possess a variety of complementary skills and experiences. It considers this variety of complementary skills in the broader context of your Board's overall composition with a view toward constituting a Board that, as a body, possesses the appropriate skills, experience, attributes, and qualities required to successfully oversee your Company's operations. Your Board did not use a third party to assist with the identification and evaluation of nominees.

Neither the Corporate Governance Committee nor your Board has an established policy regarding the consideration of diversity in identifying director nominees. However, the Corporate Governance Committee recognizes that the racial, ethnic and gender diversity of your Board are an important part of its analysis as to whether your Board possesses a variety of complementary skills and experiences. The Corporate Governance Committee also considers differences in point of view, professional experience, education, and other individual skills, qualities, and attributes that contribute to the optimal functioning of your Board as a whole. Also, our Corporate Governance Policies provide that your Board will not nominate for election a non-employee director following his or her 72<sup>nd</sup> birthday.

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**Biographical Information and  
Qualifications of Nominees for Election as Directors**

The following provides information about each director nominee as of the date of this proxy statement. The information presented below includes each nominee’s specific experiences, qualifications, attributes, and skills that led the Corporate Governance Committee and your Board to the conclusion that he/she should serve as a director of your Company.

**Paul T. Addison**

**Position, Principal Occupation and Business Experience:** Retired in 2002 as managing director in the Utilities Department of Salomon Smith Barney (Citigroup), an investment banking and financial services firm. Director of the Company since 2003.

**Key Attributes, Experience and Skills:** Mr. Addison received an M.B.A. in Finance and General Business Administration from the Harvard University Graduate School of Business. His career included positions of increasing responsibility in the investment banking and financial services sector, culminating as a managing director of the Utilities Department at Salomon Smith Barney (Citigroup). This wealth of experience in the utilities department in the financial services sector makes Mr. Addison a strong contributor to your Board, specifically, and your Company generally.

**Michael J. Anderson**

**Position, Principal Occupation and Business Experience:** Chairman of the board of directors since 2017, and executive chairman of the board of directors from 2009 to 2016, of The Andersons, Inc., a diversified public company with interests in the grain, ethanol, and plant nutrient sectors of U.S. agriculture, as well as in railcar leasing and repair, turf products production, and general merchandise retailing. He also served as chief executive officer of The Andersons, Inc. from 1999 to 2015. Director of the

Age 70

**Committees:**  
Audit, Finance  
(Chair)

Age 65

**Committees:**  
Corporate  
Governance

Company since 2007.

(Chair), Finance

**Key Attributes, Experience and Skills:** Mr. Anderson received an M.B.A. in Finance and Accounting from the Northwestern University Kellogg Graduate School of Management and was a Certified Public Accountant. He participated in the Harvard Advanced Management Program. Mr. Anderson was an auditor for Arthur Young & Co. In 1996, he became president and chief operating officer of The Andersons, Inc., and he is currently that company's chairman. The skills and attributes related to Mr. Anderson's experience in the accounting and executive management areas are invaluable assets for your Board.

Table of Contents**William T. Cottle**

**Position, Principal Occupation and Business Experience:** Retired in 2003 as chairman of the board, president and chief executive officer of STP Nuclear Operating Company, a nuclear operating company for the South Texas Project. Director of the Company since 2003.

**Key Attributes, Experience and Skills:** Mr. Cottle has served as a consultant in the nuclear industry. He has extensive experience in the nuclear field and has held leadership positions at Entergy and Houston Lighting and Power, as well as with the U.S. Nuclear Regulatory Commission (later referred to as NRC) and the Tennessee Valley Authority. In addition, he previously served as chairman, president, and chief executive officer of STP Nuclear Operating Company. This nuclear industry experience is essential to your Board.

Age 71

**Committees:**  
Corporate  
Governance,  
Nuclear (Chair)

**Steven J. Demetriou**

**Position, Principal Occupation and Business Experience:** Chairman, chief executive officer and director of Jacobs Engineering Group Inc., a provider of technical professional and construction services, since August 2015. Chairman and chief executive officer (from 2004 to 2015) of Aleris Corporation, a manufacturer of aluminum rolled products; director (from 2008 to 2014) and non-executive chairman (from 2011 to 2014) of Foster-Wheeler AG; and director of the OM Group (from 2005 to 2015). He currently serves as a director of the following public company: Kraton Corporation (Kraton). Mr. Demetriou has notified Kraton's board of directors that he is resigning as a director of Kraton effective immediately following Kraton's 2017 annual general meeting of stockholders, currently scheduled for May 25, 2017. Director of the Company since January 2017.

Age 58

**Key Attributes, Experience and Skills:** Mr. Demetriou received his Bachelor of Science degree in chemical engineering from Tufts University. His experience includes more than 30 years of leadership and senior management roles, including 15 years in the role of chief executive officer. In addition, he brings experience in a variety of industries, including engineering, construction and oil & gas. His extensive executive and board



experience has equipped him with leadership skills and the knowledge of board processes and functions. This experience qualifies him to serve as a member of your Board.



Table of Contents**Julia L. Johnson**

Age 54

**Position, Principal Occupation and Business Experience:** President of NetCommunications, LLC, a national regulatory and public affairs firm focusing primarily on energy, telecommunications, and broadcast regulation, since 2000. She serves as a director of the following three other public companies: American Water Works Company, Inc., MasTec, Inc., and NorthWestern Corporation. Director of the Company since 2011. She was a director of AYE from 2003 to 2011, at which time she became a director of your Company in connection with the merger.

**Committees:**  
Corporate  
Governance,  
Nuclear

**Key Attributes, Experience and Skills:** Ms. Johnson received her law degree from the University of Florida College of Law after graduating from the University of Florida with a Bachelor of Science in business administration. She is a former chairman and commissioner of the Florida Public Service Commission, which provided her with valuable insight into the electric utility industry. In her current position as president of NetCommunications, LLC, she develops strategies for achieving objectives through advocacy directed at critical decision makers. She previously served as senior vice president of Communications and Marketing at Milcom Technologies and also has additional public company board experience. Ms. Johnson's extensive regulatory background, legal experience, and additional board experience qualify her to serve as a member of your Board.

**Charles E. Jones**

Age 61

**Position, Principal Occupation and Business Experience:** President, CEO and director of your Company since January 1, 2015. He was Executive Vice President and President, FirstEnergy Utilities from 2014 to 2015, Senior Vice President and President, FirstEnergy Utilities from 2010 to 2011, and also served as President of your Company's utility subsidiaries from 2010 to 2015. He also serves as a director of many other subsidiaries of your Company, and served as a director of FirstEnergy Solutions Corp. (later referred to as FES) from 2015 to 2016.

**Key Attributes, Experience and Skills:** Mr. Jones received an undergraduate degree in electrical engineering from The University of Akron. He also attended the United States Naval Academy and was a member of the Institute of Electrical and Electronics Engineers. He completed the Reactor Technology Course for Utility Executives at the Massachusetts Institute of Technology and the Public Utility Executive Program at the University of Michigan. He has had an extensive, nearly forty-year career, at Ohio Edison Company and later FirstEnergy Corp., and has held various executive leadership positions, most recently Executive Vice President and President of FirstEnergy Utilities, and currently President and CEO. With this vast experience, Mr. Jones brings to your Board an extraordinary understanding of the inner workings of the public utilities industry in general, and FirstEnergy, in particular.

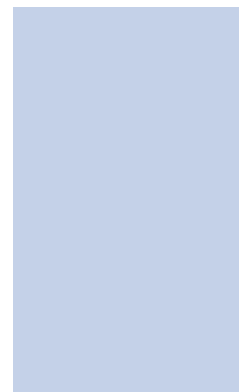


Table of Contents**Donald T. Misheff**

**Position, Principal Occupation and Business Experience:** Retired in 2011 as managing partner (position held since 2003) of the Northeast Ohio offices of Ernst & Young LLP, a public accounting firm. He serves as a director of the following two other public companies: TimkenSteel Corp. and Trinseo S.A. He is also a director of Aleris Corporation, whose common stock is privately held. Director of the Company since 2012.

**Key Attributes, Experience and Skills:** Mr. Misheff graduated from The University of Akron with a major in accounting and is a Certified Public Accountant. As the managing partner of the Northeast Ohio offices of Ernst & Young LLP from 2003 until his retirement in 2011, he advised many of the region's largest companies on financial and corporate governance issues. He began his career with Ernst & Young LLP in 1978 as part of the audit staff and later joined the tax practice, specializing in accounting/financial reporting for income taxes, purchase accounting, and mergers and acquisitions. He has more than 30 years of experience performing, reviewing, and overseeing the audits of financial statements of a wide range of public companies. He also has served on numerous non-profit boards. Mr. Misheff's vast financial and corporate governance experience, together with his extensive service to community organizations and business development groups, make him a strong member of your Board.

**Thomas N. Mitchell**

**Position, Principal Occupation and Business Experience:** Retired in 2015 as the president, chief executive officer and director (positions held since 2009) of Ontario Power Generation Inc. (later referred to as OPG), an Ontario-based electricity generation company. He is also a former director and member of the leadership and compensation committee of the Electric Power Research Institute. Director of the Company since 2016.

**Key Attributes, Experience and Skills:** Mr. Mitchell received his undergraduate degree in Engineering (Nuclear and Thermal Sciences) from Cornell University, his Master of

Age 60

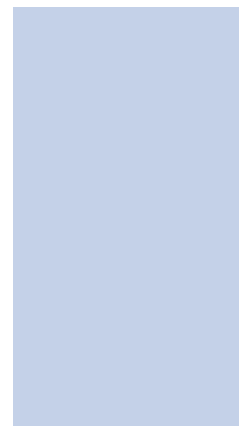
**Committees:**Audit (Chair),  
Compensation

Age 61

**Committee:**

Nuclear

Science degree in Mechanical Engineering from George Washington University and his LLD (Hon) from University of Ontario Institute of Technology, which is an honorary degree. He has extensive experience in the nuclear industry and as a senior executive. Prior to his most recent executive position at OPG, he held progressively more responsible leadership roles before being named the site vice president at the Peach Bottom Atomic Power Station, where he directed the day-to-day operations of the station. He also served as a vice president for the Institute of Nuclear Power Operations and as a Lieutenant (Naval Reactors) in the US Navy. Mr. Mitchell's nuclear industry experience, along with his broad leadership and business skills, is essential to your Board.



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**James F. O Neil III**

Age 58

**Position, Principal Occupation and Business Experience:** Partner, Western Commerce Group, an advisory and investment firm, since 2016. President, chief executive officer and director of Quanta Services, Inc., a provider of specialty contracting services to the electric power and oil and gas industries, (from 2011 to 2016). He is a director of National Trench Safety, LLC, and Sterling Lumber Company Inc., neither of which is a public company. He was elected Chairman at Sterling Lumber in 2016. Director of your Company since January 2017.

**Key Attributes, Experience and Skills:** Mr. O Neil received his Bachelor of Science degree in civil engineering from Tulane University. His experience includes more than 15 years of leadership and senior management roles, including the role of chief executive officer, chief operating officer and senior vice president of operations integration and audit. His extensive executive and board experience has equipped him with leadership skills and the knowledge of board processes and functions. Additionally, Mr. O Neil's general corporate decision-making and engineering experience makes him a valuable member to your Board.

**Christopher D. Pappas**

Age 61

**Position, Principal Occupation and Business Experience:** President, chief executive officer and director of Trinseo S.A., a producer of plastics, latex and rubber, since 2010. He serves as a director of one other public company: Univar Inc., a chemical distributor and provider. As further discussed below, Mr. Pappas has extensive executive and board experience, and he has specialized knowledge of the industry in which both Trinseo S.A. and Univar Inc. operate. Director of the Company since 2011. He was a director of AYE from 2008 to 2011, and he became a director of your Company approximately seven months after the merger.

**Committees:**

Compensation  
(Chair), Finance

**Key Attributes, Experience and Skills:** Mr. Pappas received an M.B.A. from the Wharton School, University of Pennsylvania and an undergraduate degree in Civil

Engineering from the Georgia Institute of Technology. He served in various leadership capacities at NOVA Chemicals Corporation, Dow Chemical, and DuPont Dow Elastomers. His extensive executive and board experience has equipped him with leadership skills and the knowledge of board processes and functions. Additionally, Mr. Pappas' s general corporate decision-making and senior executive experience with a commodity-based business provides a useful background for understanding the operations of your Company. Mr. Pappas is a highly engaged member of your Board that actively participates in Board and committee matters, including attending 25 of 26 of your Board and Committee meetings on which he serves.

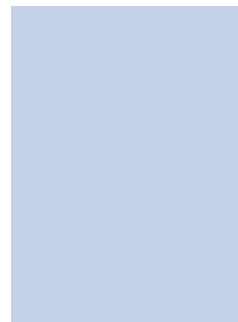


Table of Contents**Luis A. Reyes**

**Position, Principal Occupation and Business Experience:** Retired in 2011 as a Regional Administrator (a position held since 2008) of the Nuclear Regulatory Commission (or NRC), a federal regulatory agency. Director of the Company since 2013.

**Key Attributes, Experience and Skills:** Mr. Reyes received his undergraduate degree in Electrical Engineering and his Master of Science degree in Nuclear Engineering from the University of Puerto Rico. He has extensive experience in the nuclear field and has held senior leadership positions with the NRC. He joined the NRC in 1978 where he held progressively more responsible leadership roles before being named executive director of operations in 2004, where he managed the day-to-day operations of the agency. He also served as regional administrator for NRC Region II, overseeing all new commercial nuclear power plant construction in the country as well as operating plant inspections in the southeast United States. Mr. Reyes retired from the NRC in 2011 with 33 years of service. This nuclear industry experience is essential to your Board.

**George M. Smart**

**Position, Principal Occupation and Business Experience:** Non-executive Chairman of the Board since 2004, except for a brief transition period from January 1, 2015 to April 30, 2015 where he was the Lead Independent Director of the Board. Retired in 2004 as president (a position held since 2001) of Sonoco-Phoenix, Inc., a manufacturer of easy opening lids. He serves as a director of one other public company: Ball Corporation. Director of the Company since 1997. He was a director of Ohio Edison Company from 1988 to 1997.

**Key Attributes, Experience and Skills:** Mr. Smart received an M.B.A. from the Wharton School, University of Pennsylvania, with a major in Marketing. He served as the president and chief executive officer of Central States Can Co. from 1978 until 1993 and as chairman of the board and president of the Phoenix Packaging Corporation from 1993 until 2001. He retired as president of Sonoco Phoenix, Inc. in 2004. Over the past

Age 65

**Committees:**Corporate  
Governance,  
Nuclear

Age 71

**Committees:**Audit, Corporate  
Governance



25 years, Mr. Smart has been a director of and has served on various board committees of six public companies. This extensive corporate and CEO-level experience provides an excellent background for his current position as our non-executive Chairman of the Board.



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**Dr. Jerry Sue Thornton**

**Position, Principal Occupation and Business Experience:** Chief executive officer of Dream Catcher Educational Consulting, a consulting firm that provides coaching and professional development for newly selected college and university presidents. Retired President (a position held from 1992 to 2013) of Cuyahoga Community College. Upon her retirement, Cuyahoga Community College honored Dr. Thornton with the title of President Emeritus. She serves as a director of the following three other public companies: Applied Industrial Technologies, Inc., Barnes & Noble Education, Inc. and RPM International, Inc. She also served as a director of American Greetings Corporation from 2000 to 2013. Director of the Company since 2015.

**Key Attributes, Experience and Skills:** Dr. Thornton received her Ph.D. degree from the University of Texas at Austin and her M.A. and B.A. degrees from Murray State University. She has extensive executive management and board experience, including her board service for other public companies and her participation on numerous key board committees. She is a recognized leader in the Northeast Ohio community. Dr. Thornton's broad leadership and business skills, together with her extensive board service for public companies and community organizations, make her well qualified to serve on your Board.

Age 70

**Committees:**  
Compensation,  
Finance

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**Executive Compensation**

**Compensation Committee Report**

The Compensation Committee (referred to in this Executive Compensation section as the Committee) reviewed and discussed the CD&A with management and, based on such review and discussions, the Committee recommended to your Board that the CD&A be included (or incorporated by reference, as applicable) in your Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2016, and proxy statement.

Compensation Committee: Christopher D. Pappas (Chair), Robert B. Heisler, Jr., Ted J. Kleisner, Donald T. Misheff, and Dr. Jerry Sue Thornton.

**Compensation Discussion and Analysis**

*Executive Summary*

**NEOs**

In this CD&A we describe our pay-for-performance executive compensation program and philosophy in the context of the 2016 compensation decisions related to the CEO and each of the other NEOs included in the 2016 SCT. For 2016, our NEOs were as follows:

Charles E. Jones, President and CEO

James F. Pearson, Executive Vice President and CFO

Leila L. Vespoli, Executive Vice President, Corporate Strategy, Regulatory Affairs and Chief Legal Officer

James H. Lash, Executive Vice President and President, FirstEnergy Generation

Steven E. Strah, Senior Vice President, FirstEnergy Utilities

Messrs. Jones and Pearson are NEOs as a result of their positions as CEO and CFO, respectively, throughout 2016. Ms. Vespoli and Messrs. Lash and Strah were our three most highly compensated executive officers (other than our CEO and CFO) serving at the end of 2016.

## **Guiding Principles**

We are a forward-thinking electric utility powered by a diverse team of employees committed to making customers lives brighter, the environment better and our communities stronger. In February 2017, the Company announced that we are focused on moving to a fully regulated business model and the Company is targeting mid-2018 to exit from the competitive business. This is expected to lead to a more stable business environment and predictable revenue. The primary objectives of our executive compensation program are to attract, retain, and reward talented executives who we believe drive our success in the highly complex energy industry. Our executive compensation program is centered on a pay-for-performance philosophy that aligns executives' interests with your interests as shareholders. We believe it is important to maintain consistency in our compensation philosophy and approach.

## **Looking Ahead**

During 2016, your Company achieved solid operational results while continuing to position its businesses for stable, predictable, and customer-service oriented growth that will benefit customers, employees, and shareholders. Your Company continued its progress on its regulated growth strategies, while also making difficult but necessary decisions to address the effects of challenging market dynamics on the competitive business.

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The Transmission business remains at the heart of your Company's growth strategy. We are entering the final year of the initial, \$4.2 billion investment in our successful Energizing the Future program that began in 2014. In February 2017, we announced the continuation of this transmission program, with \$3.2 to \$4.8 billion of additional investments planned over the 2018 through 2021 timeframe. Looking ahead, we have identified \$20 billion of future incremental investment opportunities beyond those identified through 2021 across our more than 24,000-mile transmission system that will address service reliability and grid modernization, while providing your Company a long runway for growth. We also received approval in 2016 for a new subsidiary called Mid-Atlantic Interstate Transmission, which holds the transmission assets of our Metropolitan Edison and Pennsylvania Electric companies and will facilitate new investments that can improve service reliability for these customers. A forward-looking rate structure has also been filed for Jersey Central Power and Light transmission investments and grid modernization in New Jersey.

In the Distribution business, we filed new rate cases at our Pennsylvania and New Jersey utilities during the spring of 2016, and we were pleased to reach settlements on those cases, with new rates taking effect in January 2017. These rulings will result in approximately \$370 million in incremental revenue for those utilities. And in October 2016, the Public Utility Commission of Ohio approved modifications to our Electric Security Plan that authorized our Ohio operating companies to collect \$204 million (grossed up for taxes) per year over a three-year term, with the opportunity for a two-year extension.

We are committed to maintaining investment grade metrics at FirstEnergy Corp. and all regulated entities. We have stated that it is our goal to operate as a fully regulated utility company. Currently, more than 80 percent of FirstEnergy's earnings come from regulated operations, and while your management team continues to believe that a vertically integrated or regulated-like construct is the best way to provide reliable and affordable electric service to customers, the continued deterioration of competitive market conditions has become a significant burden on the competitive business.

Despite your Company's successful cost cutting initiatives and prolonged efforts to bring about meaningful market reforms, it no longer made sense to continue waiting for an upturn. In November 2016, your Company announced that a strategic review of the competitive business was underway to move away from competitive markets. Your Company is targeting completion by mid-2018. In January, we announced a significant step in the execution of this plan, with Allegheny Energy Supply Company, LLC and Allegheny Generating Company entering into an agreement to sell 1,572 MW of gas and hydro generation to a third party, subject to satisfaction of customary and other closing conditions such as receipt of regulatory approvals and third party consents.

The options for the remaining portion of your Company's competitive energy services segment's generation range from, among others, legislative or regulatory solutions for generation assets to additional asset sales and/or plant deactivations to seeking protection under U.S. bankruptcy laws for FES and possibly FirstEnergy Nuclear Operating Company. Closing plants is an extremely difficult step, both for your management team and for your Company, because we believe that keeping them viable is in the best interest of our customers, the states, the communities where the plants are located and our employees.

We expect the outcome of the strategic review will be consistent with our goal to operate as a fully regulated utility company, and is intended to position your company for stable, predictable and customer service-oriented growth that will benefit customers, employees and shareholders. For more information regarding this strategic review, we encourage you to read your Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2016, available at [www.sec.gov](http://www.sec.gov) and your Company's website at [www.firstenergycorp.com](http://www.firstenergycorp.com), into which a portion of this

proxy statement is incorporated by reference.

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**2017 Compensation Changes to Enhance Alignment to Shareholder Value**

We believe the challenging market dynamics on the competitive business have contributed to a delay in the Company's Total Shareholder Return (later referred to as TSR) performance. Although TSR performance was below expectations, the Company believes that our progress on the regulated growth strategies will create shareholder value. As a result, your Company has taken the following actions in 2017 to enhance alignment to the interests of shareholders:

2017 Highlights	Impact
<p><sup>a</sup> <b>CEO Voluntarily Surrenders STIP and LTIP Opportunities and Increases Share Ownership Guidelines <sup>a</sup></b></p>	
<p>Mr. Jones <b>voluntarily requested a decrease</b> in his Short-Term Incentive Program (later referred to as STIP) target opportunity in 2017, <b>from 120 percent to 115 percent of his base salary</b> and his Long-Term Incentive Program (later referred to as LTIP) target opportunity in 2017, <b>from 600 percent to 545 percent of his base salary</b>. The Committee agreed to Mr. Jones' request and your Board approved this change effective for 2017.</p>	<p>Demonstrates his alignment with your interests as shareholders;</p> <p>Aligns Mr. Jones' 2017 STIP and LTIP target opportunities with the levels he had in 2015;</p> <p>Further aligns to the median LTIP levels in the proxy data for our utility peer group; and,</p> <p>Mr. Jones' total compensation continues to remain less than the average of the revenue-regressed 50th Percentile of our peer group of utility and general industry companies (later referred to as the Blended Median).</p>
<p>Increased the share ownership guidelines for the CEO from a <b>six times (6X) multiple of base salary to a seven times</b></p>	<p>Further demonstrates Mr. Jones' commitment to your Company; and,</p>

**(7X) multiple of base salary.**

Enhances CEO's interests with growing shareholder value.

**<sup>a</sup> No Compensation Increases in 2017 for NEOs and Other Section 16 Insiders <sup>a</sup>**

**Maintained current compensation levels in 2017.**

No base salary increase and no increase in target opportunity levels as a percent of base salary for 2017, in the aggregate, for short-term and long-term incentive compensation, for all executive officers under Section 16 of the Exchange Act (later referred to as the Section 16 Insiders), including the NEOs.

**<sup>a</sup> Set Continuous Improvement Operating EPS Target Levels and Add Additional Funding Limits to Achieve Stretch Level STIP Payout <sup>a</sup>**

Continued to **set realistic, but challenging performance goals** in our incentive compensation plans.

Set continuous improvement Operating earnings per share (later referred to as Operating EPS) target levels from 2016 to 2017

Established a more aggressive STIP Pool of Funds between target and stretch Operating EPS goals, adding additional funding limits so that STIP is paid as earned only if stretch performance is achieved.

The additional funding limits better align NEO payouts to the creation of shareholder value by requiring strong financial performance before rewarding strong operational performance.



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After a significant engagement effort with our top shareholders beginning in 2013, we made substantial changes to our compensation plans and programs. In fact, the 2014-2016 cycle of our LTIP is the first cycle to pay out after incorporating changes in our executive compensation program, which are outlined in the next section. We continue the engagement effort with our shareholders to, among other things, gain their insight and support on our compensation programs and practices. Refer back to the *Our Approach to Shareholder Engagement* section on page 16 for more details. We received almost 85 percent support from our shareholders for our Say-on-Pay vote at our annual meeting in 2016. During 2016, we continued to benchmark our plans and programs to support direct alignment between pay and performance and shareholders' interests.

The Committee believes that recent positive Say-on-Pay vote results indicate that shareholders are largely supportive of our approach toward executive compensation, particularly taking into account the revisions to our executive compensation program made in 2013 and 2014, which changes are now reflected in our LTIP payouts in 2016, and are evidence that our pay-for-performance practices are effective. The Committee approved additional changes to our executive compensation program in 2015, which included changes to the LTIP and extending 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. **Effective September 15, 2015, 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, including the New CIC Plan.** In 2016, as indicated in our 2016 definitive proxy statement, the Committee completed a detailed review of your Company's peer group as outlined in detail below in the Benchmarking section below. After reviewing market competitive practices provided by the Committee's independent compensation consultant Meridian, the Committee did not make any substantive adjustments to our executive compensation programs in 2016. The Committee values and appreciates the input of our shareholders in helping it make future compensation decisions for the NEOs.

**What We Do and Don't Do**

We made a number of changes to our compensation plans and programs beginning in 2013 that continue to influence our compensation plans and programs in 2016. Below is a summary of what we do and don't do with respect to executive compensation, the totality of which we believe aligns with the long-term interests of our shareholders:

*What we DO***Pay-for-performance**

We created an **entirely at-risk LTIP** by eliminating the time-based portion of the performance-adjusted restricted stock units (later referred to as RSUs) from the LTIP;

We **revised the payout schedule of the RSUs** to provide interpolation between levels of performance, rather than having only three levels of payout at 50 percent, 100 percent, or 200 percent;

**We reduced the stretch**