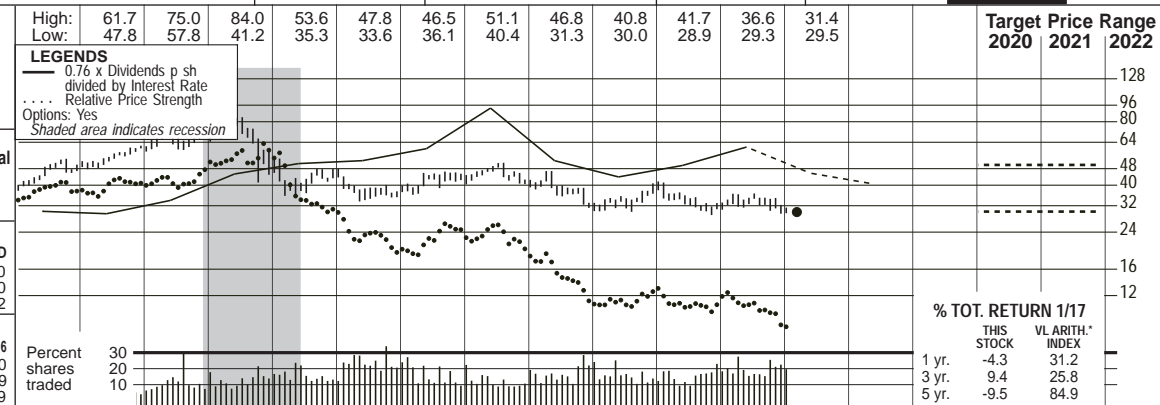


FIRSTENERGY NYSE-FE

RECENT PRICE **29.88** P/E RATIO **16.2** (Trailing: 14.5; Median: 16.0) RELATIVE P/E RATIO **0.84** DIV'D YLD **4.8%**

VALUE LINE

TIMELINESS 1 Raised 1/6/17
SAFETY 3 Lowered 2/22/13
TECHNICAL 4 Lowered 2/10/17
BETA .65 (1.00 = Market)



2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	© VALUE LINE PUB. LLC	20-22
26.88	40.83	37.31	37.76	36.35	36.03	42.00	44.70	41.70	43.76	38.87	36.57	35.60	35.74	35.48	33.30	33.30	33.10	Revenues per sh	34.50
5.48	6.45	4.79	7.60	7.55	7.22	8.34	9.04	8.80	8.50	5.75	6.05	6.30	6.33	6.33	6.10	6.90	6.90	"Cash Flow" per sh	7.50
2.84	2.54	1.47	2.77	2.84	3.82	4.22	4.38	3.32	3.25	1.88	2.13	2.97	.85	2.00	1.75	2.50	2.55	Earnings per sh ^A	2.75
1.50	1.50	1.50	1.91	1.71	1.85	2.05	2.20	2.20	2.20	2.20	2.20	1.65	1.44	1.44	1.44	1.44	1.44	Div'd Decl'd per sh ^B	1.60
2.86	3.35	2.60	2.57	3.66	4.12	5.36	9.47	7.23	6.44	5.45	7.09	6.90	8.42	6.83	7.05	6.40	6.60	Cap'l Spending per sh	6.50
24.86	23.92	25.13	26.04	27.86	28.30	29.45	27.17	28.08	28.03	31.75	31.29	30.32	29.49	29.33	26.50	27.85	29.20	Book Value per sh ^C	33.00
297.64	297.64	329.84	329.84	329.84	319.21	304.84	304.84	304.84	304.84	418.22	418.22	418.63	421.10	423.56	440.00	458.00	476.00	Common Shs Outst'g ^D	500.00
10.9	13.0	22.5	14.1	16.1	14.2	15.6	15.6	13.0	11.7	22.4	21.1	13.1	39.8	17.0	19.1	19.1	19.1	Avg Ann'l P/E Ratio	14.5
.56	.71	1.28	.74	.86	.77	.83	.94	.87	.74	1.41	1.34	.74	2.10	.86	1.00	1.00	1.00	Relative P/E Ratio	.90
4.8%	4.6%	4.5%	4.9%	3.7%	3.4%	3.1%	3.2%	5.1%	5.8%	5.2%	4.9%	4.3%	4.3%	4.2%	4.3%	4.3%	4.3%	Avg Ann'l Div'd Yield	4.0%

CAPITAL STRUCTURE as of 9/30/16
 Total Debt \$22723 mill. Due in 5 Yrs \$11148 mill.
 LT Debt \$18532 mill. LT Interest \$890 mill.
 Incl. \$100 mill. capitalized leases.
 (LT interest earned: 2.1x)

Leases, Uncapitalized Annual rentals \$197 mill.
Pension Assets-12/15 \$5338 mill.

Pfd Stock None

Common Stock 425,743,282 shs.

MARKET CAP: \$13 billion (Large Cap)

12802	13627	12712	13339	16258	15294	14903	15049	15029	14650	15250	15750	17250	17250	17250	17250	17250	17250	Revenues (\$mill)	17250
1309.0	1342.0	1015.0	991.0	752.0	891.0	1245.0	356.0	844.0	765	1130	1210	1430	1430	1430	1430	1430	1430	Net Profit (\$mill)	1430
40.3%	36.7%	19.6%	38.6%	41.3%	41.1%	36.1%	5.6%	35.7%	38.5%	36.0%	36.0%	36.0%	36.0%	36.0%	36.0%	36.0%	36.0%	Income Tax Rate	36.0%
2.4%	3.9%	12.8%	16.6%	9.3%	8.1%	6.0%	33.1%	13.9%	13.0%	9.0%	9.0%	9.0%	9.0%	9.0%	9.0%	9.0%	9.0%	AFUDC % to Net Profit	9.0%
49.7%	52.4%	58.2%	59.5%	54.2%	53.7%	55.5%	60.7%	60.7%	63.0%	61.5%	61.5%	61.5%	61.5%	61.5%	61.5%	61.5%	61.5%	Long-Term Debt Ratio	58.0%
50.3%	47.7%	41.8%	40.5%	45.8%	46.3%	44.5%	39.3%	39.3%	37.0%	38.5%	40.0%	42.0%	42.0%	42.0%	42.0%	42.0%	42.0%	Common Equity Ratio	42.0%
17846	17383	20467	21124	28996	28263	28523	31596	31613	31350	33000	34725	39400	39400	39400	39400	39400	39400	Total Capital (\$mill)	39400
15383	17723	19164	19788	30337	32903	33252	35783	37214	38050	39000	40125	43200	43200	43200	43200	43200	43200	Net Plant (\$mill)	43200
9.0%	9.7%	6.9%	6.3%	4.0%	4.9%	6.0%	2.7%	4.3%	4.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	Return on Total Cap'l	5.0%
14.6%	16.2%	11.9%	11.6%	5.7%	6.8%	9.8%	2.9%	6.8%	6.5%	9.0%	8.5%	8.5%	8.5%	8.5%	8.5%	8.5%	8.5%	Return on Shr. Equity	8.5%
14.6%	16.2%	11.9%	11.6%	5.7%	6.8%	9.8%	2.9%	6.8%	6.5%	9.0%	8.5%	8.5%	8.5%	8.5%	8.5%	8.5%	8.5%	Return on Com Equity ^E	8.5%
7.7%	8.1%	4.0%	3.8%	NMF	NMF	2.6%	NMF	1.9%	1.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	Retained to Com Eq	4.0%
47%	50%	66%	68%	117%	103%	74%	NMF	72%	81%	57%	56%	56%	56%	56%	56%	56%	56%	All Div'ds to Net Prof	56%

ELECTRIC OPERATING STATISTICS

	2013	2014	2015
% Change Retail Sales (KWH)	+9	+1	-8
Avg. Indust. Use (MWH)	NMF	NMF	NMF
Avg. Indust. Revs. per KWH (c)	NA	NA	NA
Capacity at Peak (Mw)	NA	NA	NA
Peak Load, Summer (Mw)	NA	NA	NA
Annual Load Factor (%)	NA	NA	NA
% Change Customers (yr-end)	+2	+3	+3

BUSINESS: FirstEnergy Corp. is a holding company for Ohio Edison, Pennsylvania Power, Cleveland Electric, Toledo Edison, Metropolitan Edison, Penelec, Jersey Central Power & Light, West Penn Power, Potomac Edison, & Mon Power. Provides electric service to over 6 million customers in OH, PA, NJ, WV, MD, & NY. Acq'd Allegheny Energy 2/11. Electric revenue breakdown by customer class not available. Generating sources: coal, 44%; nuclear, 26%; purchased, 30%. Fuel costs: 43% of revenues. '13 reported deprec. rate: 2.6%. Has 15,800 employees. Chairman: George M. Smart. President & CEO: Charles E. Jones. Incorporated: Ohio. Address: 76 South Main Street, Akron, Ohio 44308-1890. Telephone: 800-736-3402. Internet: www.firstenergycorp.com.

ANNUAL RATES Past 10 Yrs. Past 5 Yrs. Est'd '13-'15 of change (per sh)

Revenues	-5%	-4.0%	-5%
"Cash Flow"	-1.5%	-8.0%	4.0%
Earnings	-2.0%	-12.0%	5.0%
Dividends	-1.0%	-7.5%	1.0%
Book Value	1.0%	1.5%	1.5%

FirstEnergy has reached an agreement to sell some nonregulated generating assets. This is in line with the company's goal to move away from competitive businesses in favor of regulated utility operations. In November of 2016, management stated that the company wants to be fully regulated within a span of 12 to 18 months. FirstEnergy intends to sell 1,572 megawatts of gas-fired and hydro capacity for \$925 million in cash. The deal requires approval of the Federal Energy Regulatory Commission and is expected to close in the third quarter. FirstEnergy will book a pre-tax charge of \$266 million for the fourth quarter of 2016, which we will treat as nonrecurring. The company is still seeking regulatory and legislative changes in Ohio that would effectively make its generating assets there similar to regulated assets. **Unfavorable conditions for the non-regulated businesses have hurt FirstEnergy in recent years.** Note the decline in profits, and the 2014 dividend reduction. The market is still concerned about FirstEnergy's presence in the nonregulated arena. In fact, the stock was the worst-performing issue in this industry last year, with a total return of just 1.9%. **Rate settlements were approved in Pennsylvania and New Jersey.** In late January, FirstEnergy's utilities in Pennsylvania received increases totaling \$291 million. This was a "black box" agreement in which an allowed return on equity was not specified. Jersey Central Power & Light received an \$80 million hike at the start of 2017, based on a 9.6% return on a 45% common-equity ratio. **FirstEnergy might well report a loss for the fourth quarter of 2016.** Each year in the final period, the company records a mark-to-market accounting item for pension and nonpension benefits accounting assumptions. FirstEnergy estimates that this will be \$0.45-\$0.75 a share. We assume no such charges in our 2017 and 2018 earnings estimates. **This timely stock has one of the highest yields of any electric utility.** This reflects the uncertainties surrounding the nonregulated operations, as well as a lack of visibility about the next dividend hike. The 3- to 5-year total return potential is decent but poorly defined.

Paul E. Debbas, CFA February 17, 2017

(A) Dil. EPS. Excl. nonrec. gain (losses): '05, (28c); '10, (68c); '11, 33c; '12, (29c); '13, (\$2.07); '14, (17c); '15, (63c); '16, (\$2.90); gain from disc. ops.: '14, 20c. '14 EPS don't sum due to rounding. Next egs. report due late Feb.

(B) Div'ds paid early Mar., June, Sep. & Dec. 5 div'ds decl. in '04, 3 in '13. ■ Div'd reinv. avail. (C) Incl. intang.: in '15: \$18.34/sh. (D) In mill. (E) Rate base: Depr. orig. cost. Rates all'd on com. eq.: 9.75%-11.9%; earned on avg. com. eq.: '15: 6.7%. Regulatory Climate: OH Above Avg.; PA, NJ Avg.; MD, WV Below Avg.

Company's Financial Strength		B+
Stock's Price Stability		85
Price Growth Persistence		10
Earnings Predictability		45