FIRSTENERGY NYSE-FE

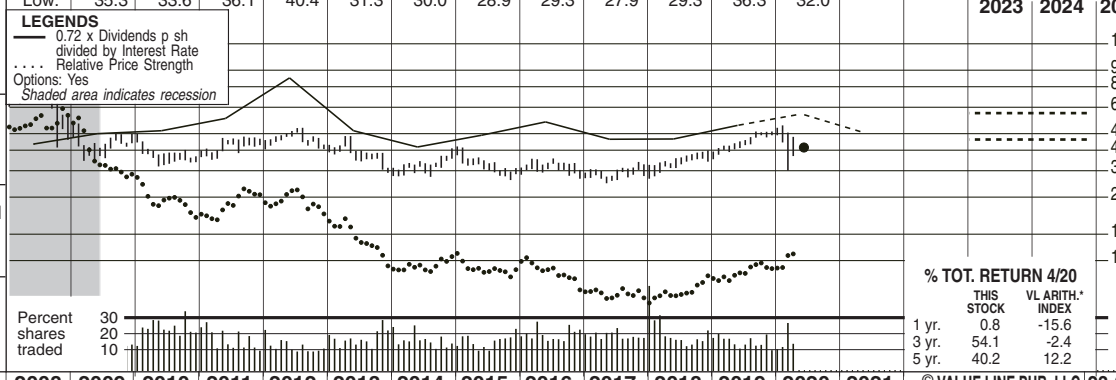
RECENT PRICE	41.19	P/E RATIO	22.3 (Trailing: 33.2 / Median: 19.0)	RELATIVE P/E RATIO	1.34	DIV'D YLD	3.8%	VALUE LINE

TIMELINESS 3 Lowered 6/7/19
SAFETY 2 Raised 8/17/18
TECHNICAL 1 Raised 5/15/20
BETA .85 (1.00 = Market)

High:	53.6	47.8	46.5	51.1	46.8	40.8	41.7	36.6	35.2	39.9	49.1	52.5
Low:	35.3	33.6	36.1	40.4	31.3	30.0	28.9	29.3	27.9	29.3	36.3	32.0

Target Price Range 2023 | 2024 | 2025

LEGENDS
— 0.72 x Dividends p sh divided by Interest Rate
.... Relative Price Strength
Options: Yes
Shaded area indicates recession



18-Month Target Price Range

Low-High	Midpoint (% to Mid)
$36-$72	$54 (30%)

2023-25 PROJECTIONS

	Price	Gain	Ann'l Total Return
High	60	(+45%)	13%
Low	45	(+10%)	6%

Institutional Decisions

	2Q2019	3Q2019	4Q2019
to Buy	320	301	333
to Sell	271	279	264
Hld's(000)	524158	495950	465497

% TOT. RETURN 4/20

	THIS STOCK	VL ARITH.* INDEX
1 yr.	0.8	-15.6
3 yr.	54.1	-2.4
5 yr.	40.2	12.2

2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	© VALUE LINE PUB. LLC	23-25
37.76	36.35	36.03	42.00	44.70	41.70	43.76	38.87	36.57	35.60	35.74	35.48	32.92	31.49	22.00	20.41	*20.25*	*21.05*	Revenues per sh	*22.50*
7.60	7.55	7.22	8.34	9.04	8.80	8.50	5.75	6.05	6.30	4.55	6.33	6.53	6.54	3.98	3.94	*3.90*	*4.90*	"Cash Flow" per sh	*5.50*
2.77	2.84	3.82	4.22	4.38	3.32	3.25	1.88	2.13	2.97	.85	2.00	2.10	2.73	1.33	1.84	*1.85*	*2.75*	Earnings per sh A	*3.25*
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	1.82	1.53	*1.57*	*1.61*	Div'd Decl'd per sh B ■	*1.90*
2.57	3.66	4.12	5.36	9.47	7.23	6.44	5.45	7.09	6.90	8.42	6.83	6.93	6.38	5.23	4.93	*5.50*	*5.75*	Cap'l Spending per sh	*5.50*
26.04	27.86	28.30	29.45	27.17	28.08	28.03	31.75	31.29	30.32	29.49	29.33	14.11	8.81	13.17	12.90	*13.40*	*14.65*	Book Value per sh C	*20.25*
329.84	329.84	319.21	304.84	304.84	304.84	304.84	418.22	418.22	418.63	421.10	423.56	442.34	445.33	511.92	540.65	*543.00*	*546.00*	Common Shs Outst'g D	*575.00*
14.1	16.1	14.2	15.6	15.6	13.0	11.7	22.4	21.1	13.1	NMF	17.0	15.9	11.4	26.5	23.8	*Bold figures are*		Avg Ann'l P/E Ratio	*15.5*
.74	.86	.77	.83	.94	.87	.74	1.41	1.34	.74	NMF	.86	.83	.57	1.43	1.28	*Value Line*		Relative P/E Ratio	*.85*
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%	4.6%	5.2%	3.5%	*estimates*		Avg Ann'l Div'd Yield	*3.8%*

CAPITAL STRUCTURE as of 3/31/20
Total Debt $21952 mill. **Due in 5 Yrs** $5922 mill.
LT Debt $20821 mill. **LT Interest** $944 mill.
Incl. $40 mill. capitalized leases.
(LT interest earned: 2.1x)
Leases, Uncapitalized Annual rentals $40 mill.

Pension Assets-12/19 $8395 mill. **Oblig** $11050 mill.

Pfd Stock None

Common Stock 541,753,695 shs.

MARKET CAP: $22 billion (Large Cap)

2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021		23-25
13339	16258	15294	14903	15049	15029	14562	14022	11261	11035	*11000*	*11500*	Revenues ($mill)	*13000*
991.0	752.0	891.0	1245.0	356.0	844.0	892.0	1213.0	726.0	995.0	*1000*	*1510*	Net Profit ($mill)	*1815*
38.6%	41.3%	41.1%	36.1%	5.6%	35.7%	37.8%	37.2%	32.4%	19.0%	*22.5%*	*22.5%*	Income Tax Rate	*22.5%*
16.6%	9.3%	8.1%	6.0%	33.1%	13.9%	11.5%	6.5%	9.0%	7.1%	*7.0%*	*5.0%*	AFUDC % to Net Profit	*4.0%*
59.5%	54.2%	53.7%	55.5%	60.7%	60.7%	74.5%	84.3%	72.3%	73.8%	*75.0%*	*73.0%*	Long-Term Debt Ratio	*66.0%*
40.5%	45.8%	46.3%	44.5%	39.3%	39.3%	25.5%	15.7%	27.4%	26.2%	*25.0%*	*27.0%*	Common Equity Ratio	*34.0%*
21124	28996	28263	28523	31596	31613	24433	25040	24565	26593	*29000*	*29475*	Total Capital ($mill)	*34900*
19788	30337	32903	33252	35783	37214	29387	28879	29911	31650	*33575*	*35600*	Net Plant ($mill)	*41200*
6.3%	4.0%	4.9%	6.0%	2.7%	4.3%	5.7%	7.0%	4.9%	5.4%	*5.0%*	*7.0%*	Return on Total Cap'l	*7.0%*
11.6%	5.7%	6.8%	9.8%	2.9%	6.8%	14.3%	30.9%	10.7%	14.3%	*14.0%*	*19.0%*	Return on Shr. Equity	*15.5%*
11.6%	5.7%	6.8%	9.8%	2.9%	6.8%	14.3%	30.9%	9.7%	14.2%	*14.0%*	*19.0%*	Return on Com Equity E	*15.5%*
3.8%	NMF	NMF	2.6%	NMF	1.9%	4.5%	14.6%	NMF	2.5%	*2.0%*	*8.0%*	Retained to Com Eq	*6.0%*
68%	117%	103%	74%	NMF	72%	68%	53%	108%	82%	*85%*	*58%*	All Div'ds to Net Prof	*60%*

ELECTRIC OPERATING STATISTICS

	2017	2018	2019
% Change Retail Sales (KWH)	-2.1	+4.2	-2.7
Avg. Indust. Use (MWH)	NMF	NMF	NMF
Avg. Indust. Revs. per KWH (¢)	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)	+.5	+.4	+.3
Fixed Charge Cov. (%)	249	199	249

ANNUAL RATES of change (per sh)	Past 10 Yrs.	Past 5 Yrs.	Est'd '17-'19 to '23-'25
Revenues	-5.5%	-7.5%	*-1.5%*
"Cash Flow"	-6.0%	-3.0%	*2.0%*
Earnings	-7.0%	- -	*8.5%*
Dividends	-3.0%	-2.0%	*3.0%*
Book Value	-8.5%	-17.5%	*9.5%*

Cal-endar	QUARTERLY REVENUES ($ mill.) Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2017	3557	3309	3714	3442	14022
2018	2862	2625	3064	2710	11261
2019	2883	2516	2963	2673	11035
2020	2709	*2591*	*3000*	*2700*	*11000*
2021	*2900*	*2700*	*3100*	*2800*	*11500*

Cal-endar	EARNINGS PER SHARE A Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2017	.71	.59	.95	.47	2.73
2018	.01	.27	.66	.34	1.33
2019	.66	.63	.75	d.20	1.84
2020	.05	*.50*	*.75*	*.55*	*1.85*
2021	*.70*	*.70*	*.80*	*.55*	*2.75*

Cal-endar	QUARTERLY DIVIDENDS PAID B ■ Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2016	.36	.36	.36	.36	1.44
2017	.36	.36	.36	.36	1.44
2018	.36	.36	.36	.36	1.44
2019	.38	.38	.38	.38	1.52
2020	.39				

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 6.1 million customers in OH, PA, NJ, WV, MD, & NY. Acq'd Allegheny Energy 2/11. Electric revenue breakdown: residential, 61%; commercial, 25%; industrial, 13%; other, 1%. Purchases most of its power. Fuel costs: 31% of revenues. '19 reported deprec. rate: 2.7%. Has 12,300 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.

FirstEnergy's utility in New Jersey filed a general rate case. Jersey Central Power & Light is seeking a rate increase of $186.9 million (7.8%), based on a return on equity of 10.15% and a common-equity ratio of 52.8%. Included in the utility's application is a request to recover storm-related costs that have been deferred. Resolution of the case is not expected until 2021, even if a settlement is reached.

Investors should not be alarmed by the company's depressed first-quarter earnings. Our earnings presentation *includes* mark-to-market adjustments associated with FirstEnergy's pension and non-pension benefits plans. This happens in the fourth quarter every year, and there was an additional adjustment in the March period associated with a former subsidiary. This resulted in a pretax charge of $423 million. We think share net will wind up approximating the 2019 tally.

FirstEnergy is well positioned to handle a slump in kilowatt-hour sales stemming from the weak economy. About one-third of corporate profits comes from the transmission business, on which the company earns a return through a forward-looking ratemaking process. Investment here will continue ($1.20 billion-$1.45 billion annually) as old equipment is replaced. The company's Ohio business (20% of its distribution sales) operates under a regulatory mechanism that decouples revenues and volume. Finally, most of FirstEnergy's revenues from commercial and industrial customers comes from demand and customer charges that are not based on volume.

We expect much higher profits in 2021. Without the aforementioned charge for the pension adjustment, first-quarter results should return to a normal level. We also assume reasonable rate treatment in the JCP&L rate case. And transmission investment will be ongoing.

FirstEnergy stock has an average dividend yield for a utility. The stock price is down 15% this year, in line with most utilities. Also like most utilities, total return potential doesn't stand out for the 18-month or 3- to 5-year period. As stated, the weak economy is not a big hindrance, and coronavirus is not a significant investment consideration.

Paul E. Debbas, CFA *May 15, 2020*

(A) Dil. EPS. Excl. nonrec. losses: '13, $2.07; '14, 17¢; '15, 63¢; '16, $16.59; '17, $6.61; gains (loss) from disc. ops.: '14, 20¢; '18, 66¢; '19, (17¢); '20, 9¢. '17, '18 EPS don't sum due to rounding or chg. in shs. Next egs. due late July. (B) Div'ds pd. early Mar., June, Sept., & Dec. 5 div'ds in '04 & '18, 3 in '13. ■ Div'd reinv. avail. (C) Incl. intang. In '19: $10.57/sh. (D) In mill. (E) Rate base: Depr. orig. cost. Rates all'd on com. eq.: 9.75%-11.7%; earned avg. com. eq., '19: 14.0%. Reg. Climate: OH Above Avg.; PA, NJ Avg.; MD, WV Below Avg.

Company's Financial Strength	B++
Stock's Price Stability	95
Price Growth Persistence	20
Earnings Predictability	40

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