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

FORM 10-Q

(Mark One)

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

For the quarterly period ended March 31, 2023

OR

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from _____ to _____



Commission File Number	Registrant; State of Incorporation; Address; and Telephone Number	I.R.S. Employer Identification No.
333-21011	FIRSTENERGY CORP. (An Ohio Corporation) 76 South Main Street Akron OH 44308 Telephone (800) 736-3402	34-1843785

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

Title of Each Class	Trading Symbol	Name of Each Exchange on Which Registered
Common Stock, $0.10 par value	FE	New York Stock Exchange

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes ☑ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files).

Yes ☑ No ☐

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

Large Accelerated Filer	☑
Accelerated Filer	☐
Non-accelerated Filer	☐
Smaller Reporting Company	☐
Emerging Growth Company	☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

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

Yes ☐ No ☑

Indicate the number of shares outstanding of each of the issuer’s classes of common stock, as of the latest practicable date:

CLASS	OUTSTANDING As of March 31, 2023
Common Stock, $0.10 par value	572,836,882

FirstEnergy Website and Other Social Media Sites and Applications

FirstEnergy’s Annual Reports on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K, amendments to those reports, and all other documents filed with or furnished to the SEC pursuant to Section 13(a) of the Securities Exchange Act of 1934 are made available free of charge on or through the “Investors” page of FirstEnergy’s website at www.firstenergycorp.com. These documents are also available to the public from commercial document retrieval services and the website maintained by the SEC at www.sec.gov.

These SEC filings are posted on the website as soon as reasonably practicable after they are electronically filed with or furnished to the SEC. Additionally,

FirstEnergy routinely posts additional important information, including press releases, investor presentations, investor factbook, and notices of upcoming events under the “Investors” section of FirstEnergy’s website and recognizes FirstEnergy’s website as a channel of distribution to reach public investors and as a means of disclosing material non-public information for complying with disclosure obligations under Regulation FD. Investors may be notified of postings to the website by signing up for email alerts and Rich Site Summary feeds on the “Investors” page of FirstEnergy’s website. FirstEnergy also uses Twitter® and Facebook® as additional channels of distribution to reach public investors and as a supplemental means of disclosing material non-public information for complying with its disclosure obligations under Regulation FD. Information contained on FirstEnergy’s website, Twitter® handle or Facebook® page, and any corresponding applications of those sites, shall not be deemed incorporated into, or to be part of, this report.

Forward-Looking Statements: This Form 10-Q includes forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995 based on information currently available to management. Such statements are subject to certain risks and uncertainties and readers are cautioned not to place undue reliance on these forward-looking statements. These statements include declarations regarding management's intents, beliefs and current expectations. These statements typically contain, but are not limited to, the terms “anticipate,” “potential,” “expect,” "forecast," "target," "will," "intend," “believe,” "project," “estimate," "plan" and similar words. Forward-looking statements involve estimates, assumptions, known and unknown risks, uncertainties and other factors that may cause actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements, which may include the following (see Glossary of Terms for definitions of capitalized terms):

- The potential liabilities, increased costs and unanticipated developments resulting from government investigations and agreements, including those associated with compliance with or failure to comply with the DPA.
- The risks and uncertainties associated with government investigations and audits regarding HB 6 and related matters, including potential adverse impacts on federal or state regulatory matters, including, but not limited to, matters relating to rates.
- The risks and uncertainties associated with litigation, arbitration, mediation, and similar proceedings, particularly regarding HB 6 related matters, including risks associated with obtaining dismissal of the derivative shareholder lawsuits.
- Changes in national and regional economic conditions, including recession, inflationary pressure, supply chain disruptions, higher energy costs, and workforce impacts, affecting us and/or our customers and those vendors with which we do business.
- Weather conditions, such as temperature variations and severe weather conditions, or other natural disasters affecting future operating results and associated regulatory actions or outcomes in response to such conditions.
- Legislative and regulatory developments, including, but not limited to, matters related to rates, compliance and enforcement activity, cybersecurity, and climate change.
- The risks associated with cyber-attacks and other disruptions to our, or our vendors’, information technology system, which may compromise our operations, and data security breaches of sensitive data, intellectual property and proprietary or personally identifiable information.
- The ability to accomplish or realize anticipated benefits from our FE Forward initiative and our other strategic and financial goals, including, but not limited to, overcoming current uncertainties and challenges associated with the ongoing government investigations, executing our transmission and distribution investment plans, executing on our rate filing strategy, controlling costs, GHG reduction goals, improving our credit metrics, growing earnings, strengthening our balance sheet, and satisfying the conditions necessary to close the FET Minority Equity Interest Sale.
- Changing market conditions affecting the measurement of certain liabilities and the value of assets held in our pension trusts may negatively impact our forecasted growth rate, results of operations, and may also cause us to make contributions to our pension sooner or in amounts that are larger than currently anticipated.
- Mitigating exposure for remedial activities associated with retired and formerly owned electric generation assets.
- Changes to environmental laws and regulations, including, but not limited to, those related to climate change.
- Changes in customers’ demand for power, including, but not limited to, economic conditions, the impact of climate change, or energy efficiency and peak demand reduction mandates.
- The ability to access the public securities and other capital and credit markets in accordance with our financial plans, the cost of such capital and overall condition of the capital and credit markets affecting us, including the increasing number of financial institutions evaluating the impact of climate change on their investment decisions.
- Future actions taken by credit rating agencies that could negatively affect either our access to or terms of financing or our financial condition and liquidity.
- Changes in assumptions regarding factors such as economic conditions within our territories, the reliability of our transmission and distribution system, or the availability of capital or other resources supporting identified transmission and distribution investment opportunities.
- The potential of non-compliance with debt covenants in our credit facilities.
- The ability to comply with applicable reliability standards and energy efficiency and peak demand reduction mandates.
- Human capital management challenges, including among other things, attracting and retaining appropriately trained and qualified employees and labor disruptions by our unionized workforce.
- Changes to significant accounting policies.
- Any changes in tax laws or regulations, including, but not limited to, the IRA of 2022, or adverse tax audit results or rulings.
- The risks and other factors discussed from time to time in our SEC filings.

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

Forward-looking and other statements in this Quarterly Report on Form 10-Q regarding our Climate Strategy, including our GHG emission reduction goals, are not an indication that these statements are necessarily material to investors or required to be disclosed in our filings with the SEC. In addition, historical, current and forward-looking statements regarding climate matters,

including GHG emissions, may be based on standards for measuring progress that are still developing, internal controls and processes that continue to evolve and assumptions that are subject to change in the future.

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GLOSSARY OF TERMS

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

AE Supply	Allegheny Energy Supply Company, LLC, an unregulated generation subsidiary
AGC	Allegheny Generating Company, a generation subsidiary of MP
ATSI	American Transmission Systems, Incorporated, a subsidiary of FET, which owns and operates transmission facilities
CEI	The Cleveland Electric Illuminating Company, an Ohio electric utility operating subsidiary
FE	FirstEnergy Corp., a public utility holding company
FE PA	FirstEnergy Pennsylvania Electric Company
FESC	FirstEnergy Service Company, which provides legal, financial, and other corporate support services
FET	FirstEnergy Transmission, LLC, the parent company of ATSI, MAIT and TrAIL, and has a joint venture in PATH
FEV	FirstEnergy Ventures Corp., which invests in certain unregulated enterprises and business ventures
FirstEnergy	FirstEnergy Corp., together with its consolidated subsidiaries
Global Holding	Global Mining Holding Company, LLC, a joint venture between FEV, WMB Marketing Ventures, LLC and Pinesdale LLC
JCP&L	Jersey Central Power & Light Company, a New Jersey electric utility operating subsidiary
KATCo	Keystone Appalachian Transmission Company, a former subsidiary of FET which, in May 2022, became a subsidiary of FE
MAIT	Mid-Atlantic Interstate Transmission, LLC, a subsidiary of FET, which owns and operates transmission facilities
ME	Metropolitan Edison Company, a Pennsylvania electric utility operating subsidiary
MP	Monongahela Power Company, a West Virginia electric utility operating subsidiary
OE	Ohio Edison Company, an Ohio electric utility operating subsidiary
Ohio Companies	CEI, OE and TE
PATH	Potomac-Appalachian Transmission Highline, LLC, a joint venture between FET and a subsidiary of AEP
PATH-Allegheny	PATH Allegheny Transmission Company, LLC
PATH-WV	PATH West Virginia Transmission Company, LLC
PE	The Potomac Edison Company, a Maryland and West Virginia electric utility operating subsidiary
Penn	Pennsylvania Power Company, a Pennsylvania electric utility operating subsidiary of OE
Pennsylvania Companies	ME, PN, Penn and WP
PN	Pennsylvania Electric Company, a Pennsylvania electric utility operating subsidiary
Signal Peak	Signal Peak Energy, LLC, an indirect subsidiary of Global Holding that owns mining operations near Roundup, Montana
TE	The Toledo Edison Company, an Ohio electric utility operating subsidiary
TrAIL	Trans-Allegheny Interstate Line Company, a subsidiary of FET, which owns and operates transmission facilities
Transmission Companies	ATSI, MAIT and TrAIL
Utilities	OE, CEI, TE, Penn, JCP&L, ME, PN, MP, PE and WP
WP	West Penn Power Company, a Pennsylvania electric utility operating subsidiary

The following abbreviations and acronyms may be used to identify frequently used terms in this report:

2021 Credit Facilities	Collectively, the six separate senior unsecured five-year syndicated revolving credit facilities entered into by FE, FET, the Utilities and the Transmission Companies, on October 18, 2021
2023 Amendments	Collectively, the six separate amendments to the 2021 Credit Facilities entered into by FE, FET, the Utilities and the Transmission Companies, on April 27, 2023
ACE	Affordable Clean Energy
AEP	American Electric Power Company, Inc.
AEPSC	American Electric Power Service Corporation
AFS	Available-for-sale
AFSI	Adjusted Financial Statement Income
AFUDC	Allowance for Funds Used During Construction
AMI	Advance Metering Infrastructure
AMT	Alternative Minimum Tax
AOCI	Accumulated Other Comprehensive Income (Loss)
A&R FET LLC Agreement	Fourth Amended and Restated Limited Liability Company Operating Agreement of FET
BGS	Basic Generation Service
Brookfield	North American Transmission Company II L.P., a controlled investment vehicle entity of Brookfield Infrastructure Partners
Brookfield Guarantors	Brookfield Super-Core Infrastructure Partners L.P., Brookfield Super-Core Infrastructure Partners (NUS) L.P., and Brookfield Super-Core Infrastructure Partners (ER) SCSp
CAA	Clean Air Act
CCR	Coal Combustion Residual
CERCLA	Comprehensive Environmental Response, Compensation, and Liability Act of 1980
CFIUS	Committee on Foreign Investments in the United States
CFR	Code of Federal Regulations
CO_2	Carbon Dioxide
COVID-19	Coronavirus disease
CPP	EPA's Clean Power Plan
CSAPR	Cross-State Air Pollution Rule
CTA	Consolidated Tax Adjustment
D.C. Circuit	United States Court of Appeals for the District of Columbia Circuit
DCR	Delivery Capital Recovery
DMR	Distribution Modernization Rider
DPA	Deferred Prosecution Agreement entered into on July 21, 2021 between FE and the U.S. Attorney’s Office for the S.D. Ohio
DSIC	Distribution System Improvement Charge
DSP	Default Service Plan
EDC	Electric Distribution Company
EESG	Employee, Environmental, Social, and Corporate Governance
EGS	Electric Generation Supplier
EGU	Electric Generation Unit
EH	Energy Harbor Corp.
ELG	Effluent Limitation Guideline
EmPOWER Maryland	EmPOWER Maryland Energy Efficiency Act
ENEC	Expanded Net Energy Cost
EPA	United States Environmental Protection Agency
EPS	Earnings per Share
ESP IV	Electric Security Plan IV
ESP V	Electric Security Plan V
Exchange Act	Securities and Exchange Act of 1934, as amended

Facebook®	Facebook is a registered trademark of Facebook, Inc.
FE Board	FE Board of Directors
FE Revolving Facility	FE and the Utilities' former five-year syndicated revolving credit facility, as amended, and replaced by the 2021 Credit Facilities on October 18, 2021
FERC	Federal Energy Regulatory Committee
FET Board	The Board of Directors of FET
FET LLC Agreement	Third Amended and Restated Limited Liability Company Operating Agreement of FET
FET Minority Equity Interest Sale	Sale of membership interests of FET, such that Brookfield will own 49.9% of FET
FET P&SA I	Purchase and Sale Agreement entered into on November 6, 2021, by and between FE, FET, Brookfield and the Brookfield Guarantors
FET P&SA II	Purchase and Sale Agreement entered into on February 2, 2023, by and between FE, FET, Brookfield, and the Brookfield Guarantors
FET Revolving Facility	FET and certain of its subsidiaries' former five-year syndicated revolving credit facility, as amended, and replaced by the 2021 Credit Facilities on October 18, 2021
Fitch	Fitch Ratings Service
FMB	First Mortgage Bond
FTR	Financial Transmission Right
GAAP	Accounting Principles Generally Accepted in the United States of America
GHG	Greenhouse Gas
HB 6	House Bill 6, as passed by Ohio's 133rd General Assembly
IRA of 2022	Inflation Reduction Act of 2022
IRS	Internal Revenue Service
LIBOR	London Inter-Bank Offered Rate
LOC	Letter of Credit
LTIIP	Long-Term Infrastructure Improvement Plan
MDPSC	Maryland Public Service Commission
MGP	Manufactured Gas Plants
Moody's	Moody's Investors Service, Inc.
MW	Megawatt
MWH	Megawatt-hour
NCI	Noncontrolling Interest
N.D. Ohio	Federal District Court, Northern District of Ohio
NERC	North American Electric Reliability Corporation
NJBPU	New Jersey Board of Public Utilities
NOL	Net Operating Loss
NOx	Nitrogen Oxide
NYPSC	New York State Public Service Commission
OAG	Ohio Attorney General
OCC	Ohio Consumers' Counsel
ODSA	Ohio Development Service Agency
Ohio Stipulation	Stipulation and Recommendation, dated November 1, 2021, entered into by and among the Ohio Companies, the OCC, PUCO Staff, and several other signatories
OPEB	Other Post-Employment Benefits
OPIC	Other Paid-in Capital
OVEC	Ohio Valley Electric Corporation
PA Consolidation	Consolidation of the Pennsylvania Companies
PJM	PJM Interconnection, LLC
PJM Tariff	PJM Open Access Transmission Tariff
PPA	Purchase Power Agreement
PPUC	Pennsylvania Public Utility Commission
PUCO	Public Utilities Commission of Ohio

Regulation FD	Regulation Fair Disclosure promulgated by the SEC
RFC	Reliability*First* Corporation
RFP	Request for Proposal
ROE	Return on Equity
RTO	Regional Transmission Organization
S.D. Ohio	Federal District Court, Southern District of Ohio
SEC	United States Securities and Exchange Commission
SEET	Significantly Excessive Earnings Test
SIP	State Implementation Plan(s) under the Clean Air Act
SLC	Special Litigation Committee of the FE Board
SO_2	Sulfur Dioxide
SOFR	Secured Overnight Financing Rate
SOS	Standard Offer Service
S&P	Standard & Poor's Ratings Service
SREC	Solar Renewable Energy Credit
Tax Act	Tax Cuts and Jobs Act adopted December 22, 2017
TMI-1	Three Mile Island Unit 1
Twitter®	Twitter is a registered trademark of Twitter, Inc.
VAR	Volt-Amps Reactive, the measuring unit for reactive power
VSCC	Virginia State Corporation Commission
WVPSC	Public Service Commission of West Virginia

PART I. FINANCIAL INFORMATION

ITEM I. Financial Statements

FIRSTENERGY CORP.
CONSOLIDATED STATEMENTS OF INCOME
(Unaudited)

(In millions, except per share amounts)	For the Three Months Ended March 31, 2023	2022
REVENUES:		
Distribution services and retail generation	$ 2,680	$ 2,397
Transmission	460	451
Other	91	141
Total revenues [1]	3,231	2,989
OPERATING EXPENSES:		
Fuel	133	140
Purchased power	1,124	875
Other operating expenses	846	820
Provision for depreciation	361	340
Deferral of regulatory assets, net	(80)	(37)
General taxes	296	292
Total operating expenses	2,680	2,430
OPERATING INCOME	551	559
OTHER INCOME (EXPENSE):		
Debt redemption costs (Note 6)	—	(38)
Equity method investment earnings (Note 1)	56	12
Miscellaneous income, net	35	94
Interest expense	(263)	(275)
Capitalized financing costs	21	19
Total other expense	(151)	(188)
INCOME BEFORE INCOME TAXES	400	371
INCOME TAXES	90	83
NET INCOME	$ 310	$ 288
Income attributable to noncontrolling interest	18	—
EARNINGS ATTRIBUTABLE TO FIRSTENERGY CORP.	$ 292	$ 288
EARNINGS PER SHARE ATTRIBUTABLE TO FIRSTENERGY CORP. (Note 3):		
Basic - Earnings Per Share Attributable to FirstEnergy Corp.	$ 0.51	$ 0.51
Diluted - Earnings Per Share Attributable to FirstEnergy Corp.	$ 0.51	$ 0.50
WEIGHTED AVERAGE NUMBER OF COMMON SHARES OUTSTANDING:		
Basic	572	570
Diluted	573	571

[1] Includes excise and gross receipts tax collections of $109 million and $103 million during the three months ended March 31, 2023 and 2022, respectively.

The accompanying Notes to Consolidated Financial Statements are an integral part of these financial statements.

FIRSTENERGY CORP.
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(Unaudited)

(In millions)	For the Three Months Ended March 31, 2023	2022
NET INCOME	$ 310	$ 288
OTHER COMPREHENSIVE LOSS:		
Pension and OPEB prior service costs	(2)	(2)
Other comprehensive loss	(2)	(2)
Income tax benefits on other comprehensive loss	(1)	(1)
Other comprehensive loss, net of tax	(1)	(1)
COMPREHENSIVE INCOME	$ 309	$ 287
Comprehensive income attributable to noncontrolling interest	18	—
COMPREHENSIVE INCOME ATTRIBUTABLE TO FIRSTENERGY CORP.	$ 291	$ 287

The accompanying Notes to Consolidated Financial Statements are an integral part of these financial statements.

FIRSTENERGY CORP.
CONSOLIDATED BALANCE SHEETS
(Unaudited)

(In millions, except share amounts)	March 31, 2023	December 31, 2022
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	$ 177	$ 160
Restricted cash	29	46
Receivables-		
Customers	1,383	1,455
Less — Allowance for uncollectible customer receivables	124	137
	1,259	1,318
Other, net of allowance for uncollectible accounts of $10 in 2023 and $11 in 2022	257	253
Materials and supplies, at average cost	457	421
Prepaid taxes and other	328	217
	2,507	2,415
PROPERTY, PLANT AND EQUIPMENT:		
In service	48,337	47,850
Less — Accumulated provision for depreciation	13,457	13,258
	34,880	34,592
Construction work in progress	1,750	1,693
	36,630	36,285
INVESTMENTS AND OTHER NONCURRENT ASSETS:		
Goodwill	5,618	5,618
Investments (Note 6)	632	622
Regulatory assets	42	33
Other	1,050	1,135
	7,342	7,408
TOTAL ASSETS	$ 46,479	$ 46,108
LIABILITIES AND EQUITY		
CURRENT LIABILITIES:		
Currently payable long-term debt	$ 52	$ 351
Short-term borrowings	550	100
Accounts payable	1,238	1,503
Accrued interest	263	254
Accrued taxes	701	668
Accrued compensation and benefits	222	272
Customer deposits	222	223
Dividends payable	223	223
Other	229	364
	3,700	3,958
NONCURRENT LIABILITIES:		
Long-term debt and other long-term obligations	22,124	21,203
Accumulated deferred income taxes	4,263	4,202
Retirement benefits	2,339	2,335
Regulatory liabilities	1,723	1,847
Other	1,599	1,920
	32,048	31,507
TOTAL LIABILITIES	35,748	35,465
EQUITY:		
Common stockholders' equity-		
Common stock, $0.10 par value, authorized 700,000,000 shares - 572,836,882 and 572,130,932 shares outstanding as of March 31, 2023 and December 31, 2022, respectively.	57	57
Other paid-in capital	11,118	11,322
Accumulated other comprehensive loss	(15)	(14)
Accumulated deficit	(907)	(1,199)
Total common stockholders' equity	10,253	10,166
Noncontrolling interest	478	477
TOTAL EQUITY	10,731	10,643
COMMITMENTS, GUARANTEES AND CONTINGENCIES (Note 8)		
TOTAL LIABILITIES AND EQUITY	$ 46,479	$ 46,108

The accompanying Notes to Consolidated Financial Statements are an integral part of these financial statements.

FIRSTENERGY CORP.
CONSOLIDATED STATEMENTS OF EQUITY
(Unaudited)

	Three Months Ended March 31, 2023							
	Common Stock							
(In millions)	Shares	Amount	OPIC	AOCI	Accumulated Deficit	Total Common Stockholders' Equity	NCI	Total Equity
Balance, January 1, 2023	572	$ 57	$ 11,322	$ (14)	$ (1,199)	$ 10,166	$ 477	$ 10,643
Net income					292	292	18	310
Other comprehensive loss, net of tax				(1)		(1)		(1)
Stock Investment Plan and share-based benefit plans	1		19			19		19
Cash dividends declared on common stock ($0.39 per share in March)			(223)			(223)		(223)
Distribution to FET minority interest						—	(17)	(17)
Balance, March 31, 2023	573	$ 57	$ 11,118	$ (15)	$ (907)	$ 10,253	$ 478	$ 10,731

	Three Months Ended March 31, 2022							
	Common Stock							
(In millions)	Shares	Amount	OPIC	AOCI	Accumulated Deficit	Total Common Stockholders' Equity	NCI	Total Equity
Balance, January 1, 2022	570	$ 57	$ 10,238	$ (15)	$ (1,605)	$ 8,675	$ —	$ 8,675
Net income					288	288		288
Other comprehensive loss, net of tax				(1)		(1)		(1)
Stock Investment Plan and share-based benefit plans	1		20			20		20
Cash dividends declared on common stock ($0.39 per share in March)			(223)			(223)		(223)
Other			(4)			(4)		(4)
Balance, March 31, 2022	571	$ 57	$ 10,031	$ (16)	$ (1,317)	$ 8,755	$ —	$ 8,755

The accompanying Notes to Consolidated Financial Statements are an integral part of these financial statements.

FIRSTENERGY CORP.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)

(In millions)	For the Three Months Ended March 31, 2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income	$ 310	$ 288
Adjustments to reconcile net income to net cash from operating activities-		
Depreciation, amortization and impairments	287	360
Deferred income taxes and investment tax credits, net	32	77
Retirement benefits, net of payments	(25)	(96)
Transmission revenue collections, net	(10)	6
Changes in current assets and liabilities-		
Receivables	55	(93)
Materials and supplies	(36)	(13)
Prepaid taxes and other current assets	(118)	(105)
Accounts payable	(265)	147
Accrued taxes	(103)	(133)
Accrued interest	9	6
Accrued compensation and benefits	(121)	(106)
Other current liabilities	8	10
Collateral, net	(144)	6
Other	9	1
Net cash provided from (used for) operating activities	(112)	355
CASH FLOWS FROM INVESTING ACTIVITIES:		
Capital investments	(649)	(539)
Sales of investment securities held in trusts	1	6
Purchases of investment securities held in trusts	(4)	(9)
Asset removal costs	(60)	(49)
Other	(4)	(1)
Net cash used for investing activities	(716)	(592)
CASH FLOWS FROM FINANCING ACTIVITIES:		
New financing-		
Long-term debt	950	—
Short-term borrowings, net	450	350
Redemptions and repayments-		
Long-term debt	(321)	(1,046)
Premiums on debt redemptions	—	(38)
Distributions to FET minority interest	(17)	—
Common stock dividend payments	(223)	(222)
Other	(11)	(8)
Net cash provided from (used for) financing activities	828	(964)
Net change in cash, cash equivalents, and restricted cash	—	(1,201)
Cash, cash equivalents, and restricted cash at beginning of period	206	1,511
Cash, cash equivalents, and restricted cash at end of period	$ 206	$ 310
SUPPLEMENTAL CASH FLOW INFORMATION:		
Significant non-cash transactions:		
Accrued capital investments	$ 155	$ 114

The accompanying Notes to Consolidated Financial Statements are an integral part of these financial statements.

FIRSTENERGY CORP.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)

1. ORGANIZATION AND BASIS OF PRESENTATION

Unless otherwise indicated, defined terms and abbreviations used herein have the meanings set forth in the accompanying Glossary of Terms.

FE was incorporated under Ohio law in 1996. FE's principal business is the holding, directly or indirectly, of all of the outstanding equity of its principal subsidiaries: OE, CEI, TE, Penn (a wholly owned subsidiary of OE), JCP&L, ME, PN, FESC, MP, AGC (a wholly owned subsidiary of MP), PE and WP. Additionally, FET is a majority-owned subsidiary of FE and is the parent company of ATSI, MAIT, PATH and TrAIL. In addition, FE holds all of the outstanding equity of other direct subsidiaries including FEV, which currently holds a 33-1/3% equity ownership in Global Holding, the holding company for a joint venture in the Signal Peak mining and coal transportation operations.

On November 6, 2021, FirstEnergy, along with FET, entered into the FET P&SA I, with Brookfield and the Brookfield Guarantors, pursuant to which FET agreed to issue and sell to Brookfield at the closing, and Brookfield agreed to purchase from FET, certain newly issued membership interests of FET, such that Brookfield would own 19.9% of the issued and outstanding membership interests of FET, for a purchase price of $2.375 billion. The transaction closed on May 31, 2022. FirstEnergy presents the third-party investors' ownership portion of FirstEnergy's net income, net assets and comprehensive income as NCI. NCI is included as a component of equity on the Consolidated Balance Sheets.

FE and its subsidiaries are principally involved in the transmission, distribution and generation of electricity. FirstEnergy's ten utility operating companies comprise one of the nation's largest investor-owned electric systems, based on serving over six million customers in the Midwest and Mid-Atlantic regions. FirstEnergy's transmission operations include approximately 24,000 miles of lines and two regional transmission operation centers. AGC and MP control 3,580 MWs of total capacity.

These interim financial statements have been prepared pursuant to the rules and regulations of the SEC for Quarterly Reports on Form 10-Q. Certain information and disclosures normally included in financial statements and notes prepared in accordance with GAAP have been condensed or omitted pursuant to such rules and regulations. These interim financial statements should be read in conjunction with the financial statements and notes included in the Annual Report on Form 10-K for the year ended December 31, 2022.

FE and its subsidiaries follow GAAP and comply with the related regulations, orders, policies and practices prescribed by the SEC, FERC, and, as applicable, the PUCO, the PPUC, the MDPSC, the NYPSC, the WVPSC, the VSCC and the NJBPU. The accompanying interim financial statements are unaudited, but reflect all adjustments, consisting of normal recurring adjustments, that, in the opinion of management, are necessary for a fair statement of the financial statements. The preparation of financial statements in conformity with GAAP requires management to make periodic estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses and disclosure of contingent assets and liabilities. Actual results could differ from these estimates. The reported results of operations are not necessarily indicative of results of operations for any future period. FE and its subsidiaries have evaluated events and transactions for potential recognition or disclosure through the date the financial statements were issued.

FE and its subsidiaries consolidate all majority-owned subsidiaries over which they exercise control and, when applicable, entities for which they have a controlling financial interest. Intercompany transactions and balances are eliminated in consolidation as appropriate and permitted pursuant to GAAP. FE and its subsidiaries consolidate a variable interest entity when it is determined that it is the primary beneficiary. Investments in affiliates over which FE and its subsidiaries have the ability to exercise significant influence, but do not have a controlling financial interest, follow the equity method of accounting. Under the equity method, the interest in the entity is reported as an investment in the Consolidated Balance Sheets and the percentage of FE's ownership share of the entity's earnings is reported in the Consolidated Statements of Income and Comprehensive Income.

Certain prior year amounts have been reclassified to conform to the current year presentation, including presenting long-term debt and other long-term obligations within "Noncurrent Liabilities" on the Consolidated Balance Sheets as compared to "Total Capitalization".

Economic Conditions

Economic conditions following the global pandemic, have increased lead times across numerous material categories, with some as much as doubling from pre-pandemic lead times. Some key suppliers have struggled with labor shortages and raw material availability, which along with increasing inflationary pressure, have increased costs and decreased the availability of certain materials, equipment and contractors. FirstEnergy has taken steps to mitigate these risks and does not currently expect service disruptions or any material impact on its capital spending plan. However, the situation remains fluid and a prolonged continuation or further increase in supply chain disruptions could have an adverse effect on FirstEnergy's results of operations, cash flow and financial condition.

Sale of Minority Equity Interest in FirstEnergy Transmission, LLC

On February 2, 2023, FE, along with FET, entered into the FET P&SA II with Brookfield and the Brookfield Guarantors, pursuant to which FE agreed to sell to Brookfield at the closing, and Brookfield agreed to purchase from FE, an incremental 30% equity interest in FET for a purchase price of $3.5 billion. The purchase price will be payable in part by the issuance of a promissory note expected to be in the principal amount of $1.75 billion. The remaining $1.75 billion of the purchase price will be payable in cash at the closing. As a result of the consummation of the transaction, Brookfield's interest in FET will increase from 19.9% to 49.9%, while FE will retain the remaining 50.1% ownership interests of FET. The transaction is subject to customary closing conditions, including approval from the FERC and certain state utility commissions, and completion of review by the CFIUS. In addition, pursuant to the FET P&SA II, FirstEnergy has agreed to make the necessary filings with the applicable regulatory authorities for the PA Consolidation. The FET Minority Equity Interest Sale is expected to close by early 2024. Upon closing, FET will continue to be consolidated in FirstEnergy's GAAP financial statements.

Pursuant to the terms of the FET P&SA II, in connection with the closing, Brookfield, FET and FE will enter into the A&R FET LLC Agreement, which will amend and restate in its entirety the current limited liability company agreement of FET. The A&R FET LLC Agreement, among other things, provides for the governance, exit, capital and distribution, and other arrangements for FET from and following the closing. Under the A&R FET LLC Agreement, at the closing, the FET Board will consist of five directors, two appointed by Brookfield and three appointed by FE. Each of Brookfield's and FE's respective appointment rights are subject to such party maintaining certain minimum ownership percentages. The A&R FET LLC Agreement contains certain investor protections, including, among other things, requiring Brookfield's approval for FET and its subsidiaries to take certain major actions. Under the terms of the A&R FET LLC Agreement, for so long as Brookfield holds at least a 30.0% interest in FET, Brookfield's consent is required for FET or any of its subsidiaries to, among other things, undertake certain acquisitions or dispositions in excess of certain dollar thresholds, establish or amend the annual budget, incur cost overruns on certain capital expenditures projects during any fiscal year in excess of a certain percentage overage of the budgeted amounts or incur cost overruns on the aggregate capital expenditure budget of FET's subsidiaries during any fiscal year in excess of a certain percentage overage of the aggregated budgeted amount, make material decisions relating to litigation where either the potential liability exposure is in excess of a certain threshold dollar amount or such proceeding would reasonably be expected to have an adverse effect on Brookfield or FET, make certain material regulatory filings, incur or refinance indebtedness by FET or its subsidiaries, which, in the case of its subsidiaries, would reasonably be expected to cause such subsidiary to deviate from its targeted capital structure, enter into joint ventures, appoint or replace any member of its transmission leadership team, amend the accounting policies of FET or its subsidiaries (but only if FE is no longer the majority owner of FET), take any action that would reasonably be expected to cause a default or breach of any material contract of FET or any of its subsidiaries, create certain material liens (excluding certain permitted liens), or cause any reorganization of FET or any of its subsidiaries. The A&R FET LLC Agreement also includes provisions relating to the resolution of disputes and to address deadlocks.

Consolidation of Pennsylvania Companies

FirstEnergy is proceeding with the consolidation of the Pennsylvania Companies into FE PA, a new, single operating entity. The PA Consolidation will require, among other steps: (a) the transfer of certain Pennsylvania-based transmission assets owned by WP to KATCo, (b) the contribution of Class B equity interests of MAIT currently held by PN and ME to FE (and ultimately transferred to FET as part of the FET Minority Equity Interest Sale), (c) the formation of FE PA and (d) the merger of each of the Pennsylvania Companies with and into FE PA, with FE PA surviving such mergers as the successor-in-interest to all assets and liabilities of the Pennsylvania Companies. Following completion of the PA Consolidation, FE PA will be FE's only regulated utility in Pennsylvania encompassing the operations previously conducted individually by the Pennsylvania Companies. Consummation of the PA Consolidation is contingent upon numerous conditions, including the approval of NYPSC, PPUC and FERC, which filings were submitted on March 6, 2023. Subject to receipt of such regulatory approvals, FirstEnergy expects that the PA Consolidation will close by early 2024.

Capitalized Financing Costs

For the three months ended March 31, 2023 and 2022, capitalized financing costs on FirstEnergy's Consolidated Statements of Income include $8 million and $13 million, respectively, of allowance for equity funds used during construction and $13 million and $6 million, respectively, of capitalized interest.

Equity Method Investments

Investments over which FE and its subsidiaries have the ability to exercise significant influence, but do not have a controlling financial interest, follow the equity method of accounting. Under the equity method, the interest in the entity is reported as an Investment on the Consolidated Balance Sheets. The percentage of FE's ownership share of the entity's earnings is reported in the Consolidated Statements of Income and Comprehensive Income and reflected in "Other Income (Expense)".

Equity method investments included within "Investments" on the Consolidated Balance Sheets were approximately $88 million and $90 million as of March 31, 2023 and December 31, 2022, respectively.

Global Holding - FEV currently holds a 33-1/3% equity ownership in Global Holding, the holding company for a joint venture in the Signal Peak mining and coal transportation operations with coal sales primarily focused on international markets. FEV is not

the primary beneficiary of the joint venture, as it does not have control over the significant activities affecting the joint venture's economic performance. FEV's ownership interest is subject to the equity method of accounting. For the three months ended March 31, 2023 and 2022, pre-tax income related to FEV's ownership in Global Holding was $54 million and $12 million, respectively. FEV's pre-tax equity earnings and investment in Global Holding are included in Corporate/Other for segment reporting.

As of March 31, 2023 and December 31, 2022, the carrying value of the equity method investment was $51 million and $57 million, respectively. During the first quarter of 2023, FEV received cash dividends from Global Holding of $60 million, which were classified with "Cash Flows from Operating Activities" in the Consolidated Statements of Cash Flow.

PATH WV - PATH, a proposed transmission line from West Virginia through Virginia into Maryland which PJM cancelled in 2012, is a series limited liability company that is comprised of multiple series, each of which has separate rights, powers and duties regarding specified property and the series profits and losses associated with such property. A subsidiary of FE owns 100% of the Allegheny Series (PATH-Allegheny) and 50% of the West Virginia Series (PATH-WV), which is a joint venture with a subsidiary of AEP. FirstEnergy is not the primary beneficiary of PATH-WV, as it does not have control over the significant activities affecting the economics of PATH-WV. FirstEnergy's ownership interest in PATH-WV is subject to the equity method of accounting. As of March 31, 2023 and December 31, 2022, the carrying value of the equity method investment was $18 million.

New Accounting Pronouncements

Recently Issued Pronouncements - FirstEnergy is currently assessing the impact of new authoritative accounting guidance issued by the Financial Accounting Standards Board that has not yet been adopted and the impact it will have on its financial statements and disclosures, as well as the potential to early adopt where applicable. The current expectation is that such new standards will not significantly impact FirstEnergy's financial reporting.

2. REVENUE

The following represents a disaggregation of revenue from contracts with customers for the three months ended March 31, 2023 and 2022:

	Three Months Ended March 31	
(In millions)	**2023**	**2022**
Regulated Distribution		
Retail generation and distribution services		
Residential	$ 1,702	$ 1,542
Commercial	645	597
Industrial	353	283
Other	25	20
Wholesale	47	90
Other revenue from contracts with customers	24	26
Total revenues from contracts with customers	2,796	2,558
Other revenue unrelated to contracts with customers	30	31
Total Regulated Distribution	$ 2,826	$ 2,589
Regulated Transmission		
ATSI	$ 226	$ 217
TrAIL	66	63
MAIT	89	79
JCP&L	43	60
MP, PE and WP	36	32
Total revenues from contracts with customers	460	451
Other revenue unrelated to contracts with customers	1	2
Total Regulated Transmission	$ 461	$ 453
Corporate/Other and Reconciling Adjustments [(1)]		
Wholesale	$ 2	$ 6
Retail generation and distribution services [(1)]	(45)	(45)
Other revenue unrelated to contracts with customers [(1)]	(13)	(14)
Total Corporate/Other and Reconciling	$ (56)	$ (53)
FirstEnergy Total Revenues	$ 3,231	$ 2,989

[(1)] Includes eliminations and reconciling adjustments of inter-segment revenues.

Other revenue unrelated to contracts with customers includes revenue from late payment charges of $11 million and $10 million for the three months ended March 31, 2023 and 2022, respectively. Other revenue unrelated to contracts with customers also includes revenue from derivatives of $6 million and $9 million for the three months ended March 31, 2023 and 2022, respectively.

Customer Receivables

Receivables from contracts with customers include distribution services and retail generation sales to residential, commercial and industrial customers of the Utilities. Billed and unbilled customer receivables as of March 31, 2023 and December 31, 2022, are included below.

Customer Receivables	March 31, 2023	December 31, 2022
	(In millions)	
Billed	$ 752	$ 674
Unbilled	631	781
	1,383	1,455
Less: Uncollectible Reserve	124	137
Total Customer Receivables	$ 1,259	$ 1,318

The allowance for uncollectible customer receivables is based on historical loss information comprised of a rolling 36-month average net write-off percentage of revenues, in conjunction with a qualitative assessment of elements that impact the collectability of receivables to determine if allowances for uncollectible accounts should be further adjusted in accordance with the accounting guidance for credit losses.

FirstEnergy reviews its allowance for uncollectible customer receivables utilizing a quantitative and qualitative assessment. Management contemplates available current information such as changes in economic factors, regulatory matters, industry trends, customer credit factors, amount of receivable balances that are past-due, payment options and programs available to customers, and the methods that the Utilities are able to utilize to ensure payment. This analysis includes consideration of the outbreak of the pandemic and the impact on customer receivable balances outstanding and write-offs since the pandemic began and subsequent economic slowdown. FirstEnergy's uncollectible risk on PJM receivables, resulting from transmission and wholesale sales, is minimal due to the nature of PJM's settlement process and as a result there is no current allowance for doubtful accounts.

As a result of its analysis, FirstEnergy recognized a $25 million decrease to its allowance for uncollectible customer receivables during the first quarter of 2022, of which $15 million was applied to existing deferred regulatory assets.

During 2023, various regulatory actions, including extended installment plans, continue to impact the level of past due balances in certain states, resulting in the allowance for uncollectible accounts on receivables to remain elevated above 2019 pre-pandemic levels. However, normal collection activity has resumed and arrears levels continue to decline towards pre-pandemic levels. As a result, FirstEnergy recognized a $14 million decrease to its allowance during the first quarter of 2023, of which $6 million was applied to existing deferred regulatory assets.

Activity in the allowance for uncollectible accounts on customer receivables for the three months ended March 31, 2023 and for the year ended December 31, 2022 are as follows:

	(In millions)
Balance, January 1, 2022	$ 159
Provision for expected credit losses [1]	59
Charged to other accounts [2]	62
Write-offs	(143)
Balance, December 31, 2022	$ 137
Provision for expected credit losses [1]	10
Charged to other accounts [2]	23
Write-offs	(46)
Balance, March 31, 2023	$ 124

[1] Approximately $11 million of which was deferred for future recovery in the twelve months ended December 31, 2022. An immaterial amount was deferred for future refund in the first quarter of 2023.

[2] Represents recoveries and reinstatements of accounts written off for uncollectible accounts.

3. EARNINGS PER SHARE

EPS is calculated by dividing earnings attributable to FE by the weighted average number of common shares outstanding.

Basic EPS is computed using the weighted average number of common shares outstanding during the relevant period as the denominator. The denominator for diluted EPS of common stock reflects the weighted average of common shares outstanding

plus the potential additional common shares that could result if dilutive securities and other agreements to issue common stock were exercised.

Diluted EPS reflects the dilutive effect of potential common shares from share-based awards. The dilutive effect of outstanding share-based awards was computed using the treasury stock method, which assumes any proceeds that could be obtained upon the exercise of the award would be used to purchase common stock at the average market price for the period.

The following table reconciles basic and diluted EPS attributable to FE:

	For the Three Months Ended March 31,	
Reconciliation of Basic and Diluted EPS	**2023**	**2022**
(In millions, except per share amounts)		
Earnings attributable to FE	$ 292	$ 288
Share count information:		
Weighted average number of basic shares outstanding	572	570
Assumed exercise of dilutive stock options and awards	1	1
Weighted average number of diluted shares outstanding	573	571
EPS Attributable to FE:		
Basic EPS	$ 0.51	$ 0.51
Diluted EPS	$ 0.51	$ 0.50

For the three months ended March 31, 2023 and 2022, no shares from stock options and awards were excluded from the calculation of diluted shares outstanding, as their inclusion would have been antidilutive.

4. PENSION AND OTHER POST-EMPLOYMENT BENEFITS

The components of FirstEnergy's net periodic benefit costs (credits) for pension and OPEB were as follows:

Components of Net Periodic Benefit Costs (Credits)	**Pension**		**OPEB**	
For the Three Months Ended March 31,	**2023**	**2022**	**2023**	**2022**
	(In millions)			
Service costs	$ 34	$ 46	$ 1	$ 1
Interest costs	109	68	5	3
Expected return on plan assets	(128)	(164)	(8)	(10)
Amortization of prior service costs (credits) [1]	—	1	(2)	(3)
Net periodic benefit costs (credits)	$ 15	$ (49)	$ (4)	$ (9)
Net periodic benefit credits, net of amounts capitalized	$ (3)	$ (69)	$ (4)	$ (9)

[1] The income tax benefits associated with pension and OPEB prior service costs amortized out of AOCI were $1 million for the three months ended March 31, 2023 and 2022.

FirstEnergy's pension and OPEB funding policy is based on actuarial computations using the projected unit credit method. FirstEnergy does not currently expect to have a required contribution to the pension plan until 2025, which, based on various assumptions, including annual expected rate of return on assets of 8.00% in 2023, is expected to be approximately $250 million. However, FirstEnergy may elect to contribute to the pension plan voluntarily.

Service costs, net of capitalization, are reported within Other operating expenses on FirstEnergy's Consolidated Statements of Income. Non-service costs, other than the pension and OPEB mark-to-market adjustment, which is separately shown, are reported within "Miscellaneous income, net", within "Other Income (Expense)" on FirstEnergy's Consolidated Statements of Income.

5. INCOME TAXES

FirstEnergy's interim effective tax rates reflect the estimated annual effective tax rates for 2023 and 2022. These tax rates are affected by estimated annual permanent items, such as AFUDC equity and other flow-through items, as well as certain discrete items. The following tables reconcile the effective tax rate to the federal income tax statutory rate for the three months ended March 31, 2023 and 2022:

Reconciliation of federal income tax expense:	For the Three Months Ended March 31, 2023	2022
	(In millions)	
Income before income taxes	$ 400	$ 371
Federal income tax expense at statutory rate (21%)	$ 84	$ 78
Increases (reductions) in tax expense resulting from:		
State income taxes, net of federal tax benefit	14	26
AFUDC equity and other flow-through	(5)	(8)
Excess deferred tax amortization due to the Tax Act	(16)	(15)
Valuation allowances	9	34
Remeasurement of state deferred taxes	—	(26)
Other, net	4	(6)
Total income taxes	$ 90	$ 83
Effective income tax rate	22.5 %	22.4 %

During the three months ended March 31, 2023, there was no change to FirstEnergy's reserve for uncertain tax positions. As of March 31, 2023, it remains reasonably possible that approximately $25 million of unrecognized tax benefits may be resolved in the next twelve months as a result of settlements with taxing authorities or the statute of limitations expiring, of which $24 million would ultimately affect FirstEnergy's effective tax rate.

On March 29, 2023, the West Virginia Governor signed into law House Bill 3286, which allows corporate taxpayers a reduction to pre-apportionment federal taxable income with the amount necessary to offset the increase in the net deferred tax liability (or decrease in the net deferred tax asset) caused by West Virginia's apportionment law change enacted in 2021. Beginning with the 2033 tax year, qualifying taxpayers can subtract one-tenth of the amount each year for ten years. Taxpayers intending to claim this subtraction will have to file a statement with the West Virginia tax commissioner by July 1, 2024, specifying the total amount of subtraction to be claimed. Accordingly, FirstEnergy recorded a state deferred tax asset of approximately $9 million in the first quarter of 2023, which has been fully reserved due to current estimates and assumptions of future taxable income apportioned to West Virginia.

On August 16, 2022, President Biden signed into law the IRA of 2022, which, among other things, imposes a new 15% corporate AMT based on AFSI applicable to corporations with a three-year average AFSI over $1 billion. The AMT is effective for the 2023 tax year and, if applicable, corporations must pay the greater of the regular corporate income tax or the AMT. Although NOL carryforwards created through the regular corporate income tax system cannot be used to reduce the AMT, financial statement net operating losses can be used to reduce AFSI and the amount of AMT owed. The IRA of 2022 as enacted requires the U.S. Treasury to provide regulations and other guidance necessary to administer the AMT, including further defining allowable adjustments to determine AFSI, which directly impacts the amount of AMT to be paid. Based on interim guidance issued by the U.S. Treasury in late December 2022, FirstEnergy continues to believe that it is more likely than not it will be subject to the AMT beginning in 2023. Accordingly, FirstEnergy made a first quarter estimated payment of AMT of approximately $49 million in April 2023. However, until final U.S. Treasury guidance is issued, the amount of AMT FirstEnergy pays could be significantly different than current estimates or it may not be a payer at all. The regulatory treatment of the impacts of this legislation will also be subject to the discretion of the FERC and state public utility commissions. Any adverse development in this legislation, including guidance from the U.S. Treasury and/or the IRS or unfavorable regulatory treatment, could reduce FirstEnergy's future cash flows and impact financial condition.

6. FAIR VALUE MEASUREMENTS

RECURRING FAIR VALUE MEASUREMENTS

Authoritative accounting guidance establishes a fair value hierarchy that prioritizes the inputs used to measure fair value. This hierarchy gives the highest priority to Level 1 measurements and the lowest priority to Level 3 measurements. The three levels of the fair value hierarchy and a description of the valuation techniques are as follows:

Level 1 - Quoted prices for identical instruments in active market.

Level 2 - Quoted prices for similar instruments in active market.
- Quoted prices for identical or similar instruments in markets that are not active.
- Model-derived valuations for which all significant inputs are observable market data.

Models are primarily industry-standard models that consider various assumptions, including quoted forward prices for commodities, time value, volatility factors and current market and contractual prices for the underlying instruments, as well as other relevant economic measures.

Level 3 - Valuation inputs are unobservable and significant to the fair value measurement.

FirstEnergy produces a long-term power and capacity price forecast annually with periodic updates as market conditions change. When underlying prices are not observable, prices from the long-term price forecast are used to measure fair value.

FTRs are financial instruments that entitle the holder to a stream of revenues (or charges) based on the hourly day-ahead congestion price differences across transmission paths. FTRs are acquired by FirstEnergy in the annual, monthly and long-term PJM auctions and are initially recorded using the auction clearing price less cost. After initial recognition, FTRs' carrying values are periodically adjusted to fair value using a mark-to-model methodology, which approximates market. The primary inputs into the model, which are generally less observable than objective sources, are the most recent PJM auction clearing prices and the FTRs' remaining hours. The model calculates the fair value by multiplying the most recent auction clearing price by the remaining FTR hours less the prorated FTR cost. Significant increases or decreases in inputs in isolation may have resulted in a higher or lower fair value measurement.

FirstEnergy primarily applies the market approach for recurring fair value measurements using the best information available. Accordingly, FirstEnergy maximizes the use of observable inputs and minimizes the use of unobservable inputs. There were no changes in valuation methodologies used as of March 31, 2023, from those used as of December 31, 2022. The determination of the fair value measures takes into consideration various factors, including but not limited to, nonperformance risk, counterparty credit risk and the impact of credit enhancements (such as cash deposits, LOCs and priority interests). The impact of these forms of risk was not significant to the fair value measurements.

The following tables set forth the recurring assets and liabilities that are accounted for at fair value by level within the fair value hierarchy:

	March 31, 2023				December 31, 2022			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Assets			*(In millions)*					
Derivative assets FTRs [1]	$ —	$ —	$ —	$ —	$ —	$ —	$ 11	$ 11
Equity securities	2	—	—	2	2	—	—	2
U.S. state debt securities	—	271	—	271	—	266	—	266
Cash, cash equivalents and restricted cash [2]	206	—	—	206	206	—	—	206
Other [3]	—	41	—	41	—	40	—	40
Total assets	$ 208	$ 312	$ —	$ 520	$ 208	$ 306	$ 11	$ 525
Liabilities								
Derivative liabilities FTRs [1]	$ —	$ —	$ (3)	$ (3)	$ —	$ —	$ (2)	$ (2)
Total liabilities	$ —	$ —	$ (3)	$ (3)	$ —	$ —	$ (2)	$ (2)
Net assets	$ 208	$ 312	$ (3)	$ 517	$ 208	$ 306	$ 9	$ 523

[1] Contracts are subject to regulatory accounting treatment and changes in market values do not impact earnings.
[2] Restricted cash of $29 million and $46 million as of March 31, 2023 and December 31, 2022, respectively, primarily relates to cash collected from MP, PE and the Ohio Companies' customers that is specifically used to service debt of their respective securitization or funding companies.
[3] Primarily consists of short-term investments.

INVESTMENTS

All temporary cash investments purchased with an initial maturity of three months or less are reported as cash equivalents on the Consolidated Balance Sheets at cost, which approximates their fair market value. Investments other than cash and cash equivalents include equity securities, AFS debt securities and other investments. FirstEnergy has no debt securities held for trading purposes.

Generally, unrealized gains and losses on equity securities are recognized in income whereas unrealized gains and losses on AFS debt securities are recognized in AOCI. However, the spent nuclear fuel disposal trusts of JCP&L are subject to regulatory accounting with all gains and losses on equity and AFS debt securities offset against regulatory assets.

Spent Nuclear Fuel Disposal Trusts

JCP&L holds debt securities within the spent nuclear fuel disposal trust, which are classified as AFS securities, recognized at fair market value. The trust is intended for funding spent nuclear fuel disposal fees to the Unites States Department of Energy associated with the previously owned Oyster Creek and TMI-1 nuclear power plants.

The following table summarizes the amortized cost basis, unrealized gains, unrealized losses and fair values of investments held in spent nuclear fuel disposal trusts as of March 31, 2023, and December 31, 2022:

	March 31, 2023 [1]				December 31, 2022 [1]			
	Cost Basis	Unrealized Gains	Unrealized Losses	Fair Value	Cost Basis	Unrealized Gains	Unrealized Losses	Fair Value
	(In millions)							
Debt securities	$ 295	$ 1	$ (25)	$ 271	$ 294	$ —	$ (28)	$ 266

[1] Excludes short-term cash investments of $5 million as of March 31, 2023 and December 31, 2022.

Proceeds from the sale of investments in AFS debt securities, realized gains and losses on those sales and interest and dividend income for the three months ended March 31, 2023 and 2022, were as follows:

	For the Three Months Ended March 31,	
	2023	2022
Sale proceeds	$ 1	$ 6
Realized gains	—	—
Realized losses	(1)	(1)
Interest and dividend income	3	3

Other Investments

Other investments include employee benefit trusts, which are primarily invested in corporate-owned life insurance policies and equity method investments. Earnings and losses associated with corporate-owned life insurance policies are reflected in the “Miscellaneous Income, net” line of FirstEnergy’s Consolidated Statements of Income. The total carrying value of other investments were $356 million and $351 million as of March 31, 2023, and December 31, 2022, respectively, and are excluded from the amounts reported above. See Note 1, "Organization and Basis of Presentation," for additional information on FirstEnergy's equity method investments.

For the three months ended March 31, 2023 and 2022, pre-tax income (expense) related to corporate-owned life insurance policies were $7 million and $(6) million, respectively. Corporate-owned life insurance policies are valued using the cash surrender value and any changes in value during the period are recognized as income or expense.

LONG-TERM DEBT AND OTHER LONG-TERM OBLIGATIONS

All borrowings with initial maturities of less than one year are defined as short-term financial instruments under GAAP and are reported as Short-term borrowings on the Consolidated Balance Sheets at cost. Since these borrowings are short-term in nature, FirstEnergy believes that their costs approximate their fair market value. The following table provides the approximate fair value and related carrying amounts of long-term debt, which excludes finance lease obligations and net unamortized debt issuance costs, unamortized fair value adjustments, premiums and discounts as of March 31, 2023 and December 31, 2022:

	March 31, 2023	December 31, 2022
	(In millions)	
Carrying value	$ 22,270	$ 21,641
Fair value	$ 20,913	$ 19,784

The fair values of long-term debt and other long-term obligations reflect the present value of the cash outflows relating to those securities based on the current call price, the yield to maturity or the yield to call, as deemed appropriate at the end of each respective period. The yields assumed were based on securities with similar characteristics offered by corporations with credit

ratings similar to those of FirstEnergy. FirstEnergy classified short-term borrowings, long-term debt and other long-term obligations as Level 2 in the fair value hierarchy as of March 31, 2023, and December 31, 2022.

FirstEnergy had the following redemptions and issuances during the three months ended March 31, 2023:

Company	Type	Redemption /Issuance Date	Interest Rate	Maturity	Amount (in Millions)	Description
				Redemptions		
ME	Unsecured Notes	March, 2023	3.50%	2023	$300	ME redeemed unsecured notes that became due.
				Issuances		
WP	FMBs	January, 2023	5.29%	2033	$50	Proceeds were used to repay borrowings outstanding under the regulated money pool, to finance capital expenditures and for other general corporate purposes.
MAIT	Unsecured Notes	February, 2023	5.39%	2033	$175	Proceeds were used to repay borrowings outstanding under the regulated money pool, to finance capital expenditures and for other general corporate purposes.
ME	Unsecured Notes	March, 2023	5.20%	2028	$425	Proceeds were used to repay short-term borrowings outstanding under the 2021 Revolving Credit Facility incurred to repay, at maturity, ME's $300m 3.50% notes due 2023, to finance capital expenditures and for other general corporate purposes.
PN	Unsecured Notes	March, 2023	5.15%	2026	$300	Proceeds were used to repay short-term borrowings outstanding under the 2021 Revolving Credit Facility, to finance capital expenditures and for other general corporate purposes.

On April 20, 2023, ATSI priced $150 million of 5.13% unsecured notes due 2033. The notes will be funded on May 16, 2023. Proceeds of the issuance will be used to refinance existing debt, including amounts outstanding under the regulated companies' money pool, for capital expenditures, and for other general corporate purposes.

7. REGULATORY MATTERS

STATE REGULATION

Each of the Utilities' retail rates, conditions of service, issuance of securities and other matters are subject to regulation in the states in which it operates - in Maryland by the MDPSC, in New Jersey by the NJBPU, in Ohio by the PUCO, in Pennsylvania by the PPUC, in West Virginia by the WVPSC and in New York by the NYPSC. The transmission operations of PE in Virginia, ATSI in Ohio, and the Transmission Companies in Pennsylvania are subject to certain regulations of the VSCC, PUCO and PPUC, respectively. In addition, under Ohio law, municipalities may regulate rates of a public utility, subject to appeal to the PUCO if not acceptable to the utility. Further, if any of the FirstEnergy affiliates were to engage in the construction of significant new transmission facilities, depending on the state, they may be required to obtain state and/or local regulatory authorization to site, construct and operate the new transmission facility.

MARYLAND

PE operates under MDPSC approved base rates that were effective as of March 23, 2019. PE also provides SOS pursuant to a combination of settlement agreements, MDPSC orders and regulations, and statutory provisions. SOS supply is competitively procured in the form of rolling contracts of varying lengths through periodic auctions that are overseen by the MDPSC and a third-party monitor. Although settlements with respect to SOS supply for PE customers have expired, service continues in the same manner until changed by order of the MDPSC. PE recovers its costs plus a return for providing SOS.

On March 22, 2023, PE filed a base rate case with the MDPSC, utilizing a test year based on twelve months of actual 2022 data. The base rate case requests an annual net increase in distribution revenues of $44 million, plus a request to establish a regulatory asset (or liability) to recover (or refund) in a subsequent base rate case the net differences between the amount of pension and OPEB expense requested in the proceeding (based on average expense from 2018 to 2022) and the actual annual amount each year using the delayed recognition method. The rate case additionally requests approval to continue an Electric Distribution Investment Surcharge to fund three service reliability and resiliency programs, two new proposed programs to assist low-income customers and cost recovery of certain expenses associated with PE's pilot electric vehicle charger program and its COVID-19 pandemic response. PE expects that new rates will be effective in the fourth quarter of 2023.

The EmPOWER Maryland program requires each electric utility to file a plan to reduce electric consumption and demand 0.2% per year, up to the ultimate goal of 2% annual savings, for the duration of the 2021-2023 EmPOWER Maryland program cycles to the extent the MDPSC determines that cost-effective programs and services are available. PE's approved 2021-2023 EmPOWER Maryland plan continues and expands upon prior years' programs for a projected total investment of approximately $148 million over the three-year period. PE recovers program investments with a return through an annually reconciled surcharge, with most costs subject to recovery over a five-year period with a return on the unamortized balance. On October 28,

2022, PE submitted its plan, as ordered by the MDPSC, to recover all unamortized balances by the scheduled expiration of the EmPOWER program on December 31, 2029. At the further direction of the MDPSC, PE filed a revised plan on January 11, 2023. Maryland law only allows for the utility to recover lost distribution revenue attributable to energy efficiency or demand reduction programs through a base rate case proceeding.

On April 17, 2023, PE submitted a proposal to the MDPSC seeking approval to end its PPA with the Warrior Run generating station. The PPA for Warrior Run was a requirement of the Public Utility Regulatory Policies Act of 1978. PE's Maryland customers currently pay a surcharge on their electric bill in connection with the Warrior Run PPA, which fluctuates from year to year based on the difference between what PE pays for the output of the plant and what PE is able to recover by reselling that output into PJM. PE negotiated a termination of the PPA requiring it to pay Warrior Run, subject to MDPSC approval, a fixed amount of $51 million annually through 2029, for a total of $357 million. Since the termination fee would be recovered through the current surcharge, there would be no impact to FirstEnergy's or PE's earnings. Based on the submitted proposal to the MDPSC, net of the termination fee, ending the PPA is expected to save PE's Maryland customers approximately $80 million in total.

NEW JERSEY

JCP&L operates under NJBPU approved rates that took effect as of January 1, 2021, and were effective for customers as of November 1, 2021. JCP&L provides BGS for retail customers who do not choose a third-party EGS and for customers of third- party EGSs that fail to provide the contracted service. All New Jersey EDCs participate in this competitive BGS procurement process and recover BGS costs directly from customers as a charge separate from base rates.

On March 16, 2023, JCP&L filed a base rate case with the NJBPU, utilizing a test year based on six months of actual data for the second half of calendar year 2022, and six months of forecasted data for the first half of calendar year 2023. The rate case requests an annual net increase in base distribution revenues of approximately $185 million, plus a request to establish a regulatory asset (or liability) to recover (or refund) in a subsequent base rate case the net differences between the amount of pension and OPEB expense requested in the proceeding (based on 2023 expense) and the actual annual amount each year using the delayed recognition method. In addition to the above, JCP&L's request includes, among other things, approval of two new proposed programs to assist low-income customers, cost recovery of certain investments and expenses associated with its electric vehicle and AMI programs, an update of its depreciation rates, modifications to its storm cost recovery, and tariff modifications to update standard construction costs. JCP&L expects that the revised rates will become effective by early 2024.

JCP&L has instituted energy efficiency and peak demand reduction programs in accordance with the New Jersey Clean Energy Act as approved by the NJBPU in April 2021. The NJBPU approved plans include recovery of lost revenues resulting from the programs and a three-year plan including total program costs of $203 million, of which $160 million of investment is recovered over a ten-year amortization period with a return as well as operations and maintenance expenses and financing costs of $43 million recovered on an annual basis.

On March 6, 2023, the NJBPU issued final rules modifying its regulations to reflect its CTA policy in base rate cases to: (i) calculate savings using a five-year look back from the beginning of the test year; (ii) allocate 100% of CTA savings to customers; and (iii) exclude transmission assets of EDCs in the savings calculation. The final rules of practice were applied by JCP&L in its most recent base rate case filing described above.

On October 28, 2020, the NJBPU approved a stipulated settlement between JCP&L and various parties, resolving JCP&L's request for distribution base rate increase. The settlement provided for a $94 million annual base distribution revenues increase for JCP&L based on an ROE of 9.6%, which became effective for customers on November 1, 2021. The settlement additionally provided that JCP&L would be subject to a management audit, which began in May 2021. On April 12, 2023, the NJBPU accepted the final management audit report for filing purposes and ordered that interested stakeholders file comments on the report by May 22, 2023.

On July 2, 2020, the NJBPU issued an order allowing New Jersey utilities to track and create a regulatory asset for future recovery of all prudently incurred incremental costs arising from the COVID-19 pandemic beginning March 9, 2020 and continuing until the New Jersey Governor issues an order stating that the COVID-19 pandemic is no longer in effect. New Jersey utilities can request recovery of such regulatory asset in a stand-alone COVID-19 regulatory asset filing or future base rate case. On October 28, 2020, the NJBPU issued an order expanding the scope of the proceeding to examine all pandemic issues, including recovery of the COVID-19 regulatory assets, by way of a generic proceeding. No moratorium on residential disconnections remains in effect for investor-owned electric utilities such as JCP&L. Legislation was enacted on March 25, 2022, prohibiting utilities from disconnecting electric service to customers that have applied for utility bill assistance before June 15, 2022 until such time as the state agency administering the assistance program makes a decision on the application and further requiring that all utilities offer a deferred payment arrangement meeting certain minimum criteria after the state agency's decision on the application has been made.

On September 17, 2021, in connection with Mid-Atlantic Offshore Development, LLC, a transmission company jointly owned by Shell New Energies US and EDF Renewables North America, JCP&L submitted a proposal to the NJBPU and PJM to build transmission infrastructure connecting offshore wind-generated electricity to the New Jersey power grid. On October 26, 2022,

the JCP&L proposal was accepted, in part, in an order issued by NJBPU. The proposal, as accepted, included approximately $723 million in investments for JCP&L to both build new and upgrade existing transmission infrastructure. JCP&L's proposal projects an investment ROE of 10.2% and includes the option for JCP&L to acquire up to a 20% equity stake in Mid-Atlantic Offshore Development, LLC. The resulting rates associated with the project are expected to be shared among the ratepayers of all New Jersey electric utilities. On April 17, 2023, JCP&L applied for the FERC "abandonment" transmission rates incentive, which would provide for recovery of 100% of the cancelled prudent project costs that are incurred after the incentive is approved, and 50% of the costs incurred prior to that date, in the event that some or all of the project is cancelled for reasons beyond JCP&L's control. Construction is expected to begin in 2025.

OHIO

The Ohio Companies operate under PUCO-approved base distribution rates that became effective in 2009. The Ohio Companies currently operate under ESP IV, effective June 1, 2016 and continuing through May 31, 2024, that continues the supply of power to non-shopping customers at a market-based price set through an auction process. ESP IV also continues the Rider DCR, which supports continued investment related to the distribution system for the benefit of customers, with increased revenue caps of $20 million per year from June 1, 2019 through May 31, 2022; and $15 million per year from June 1, 2022 through May 31, 2024. In addition, ESP IV includes: (1) continuation of a base distribution rate freeze through May 31, 2024; (2) a goal across FirstEnergy to reduce CO_2 emissions by 90% below 2005 levels by 2045; and (3) contributions, totaling $51 million to: (a) fund energy conservation programs, economic development and job retention in the Ohio Companies' service territories; (b) establish a fuel-fund in each of the Ohio Companies' service territories to assist low-income customers; and (c) establish a Customer Advisory Council to ensure preservation and growth of the competitive market in Ohio.

On April 5, 2023, the Ohio Companies filed an application with the PUCO for approval of ESP V, for an eight-year term beginning June 1, 2024, and continuing through May 31, 2032. ESP V proposes to continue providing power to non-shopping customers at market-based prices set through an auction process, with process enhancements designed to reduce costs to customers. ESP V also proposes to continue riders supporting investment in the Ohio Companies' distribution system, including Rider DCR with annual revenue cap increases of $15 to $21 million per year, based on reliability performance, and Rider AMI for recovery of approved grid modernization investments. ESP V proposes new riders to support continued maintenance of the distribution system, including vegetation management and storm restoration operating expense. In addition, ESP V proposes four-year energy efficiency and peak demand reduction programs for residential and commercial customers, with cost recovery spread over eight years. ESP V further includes a commitment to spend $52 million in total over the eight-year term, without recovery from customers, on initiatives to assist low-income customers, education and incentives to help ensure customers have good experiences with electric vehicles, as well as investment in energy storage as a distribution asset if the Ohio Companies' application to the DOE for funding under the Grid Innovation Program of the federal Infrastructure Investment and Jobs Act is accepted.

On May 16, 2022, the Ohio Companies filed their application for determination of the existence of SEET under ESP IV for calendar year 2021, which demonstrated that each of the individual Ohio Companies did not have significantly excessive earnings.

On July 15, 2022, the Ohio Companies filed an application with the PUCO for approval of phase two of their distribution grid modernization plan that would, among other things, provide for the installation of an additional 700 thousand smart meters, distribution automation equipment on approximately 240 distribution circuits, voltage regulating equipment on approximately 220 distribution circuits, and other investments and pilot programs in related technologies designed to provide enhanced customer benefits. The Ohio Companies propose that phase two will be implemented over a four-year budget period with estimated capital investments of approximately $626 million and operations and maintenance expenses of approximately $144 million over the deployment period. Under the proposal, costs of phase two of the grid modernization plan would be recovered through the Ohio Companies' AMI rider, pursuant to the terms and conditions approved in ESP IV. On December 27, 2022, the Ohio Companies filed a motion with the PUCO requesting a procedural schedule that would facilitate the issuance of an order by year-end 2023.

On September 8, 2020, the OCC filed motions in the Ohio Companies' corporate separation audit and DMR audit dockets, requesting the PUCO to open an investigation and management audit, hire an independent auditor, and require FirstEnergy to show it did not improperly use money collected from consumers or violate any utility regulatory laws, rules or orders in its activities regarding HB 6. On December 30, 2020, in response to the OCC's motion, the PUCO reopened the DMR audit docket, and directed PUCO staff to solicit a third-party auditor and conduct a full review of the DMR to ensure funds collected from customers through the DMR were only used for the purposes established in ESP IV. On June 2, 2021, the PUCO selected an auditor and the auditor filed the final audit report on January 14, 2022, which made certain findings and recommendations. The report found that spending of DMR revenues was not required to be tracked, and that DMR revenues, like all rider revenues, are placed into the regulated money pool as a matter of routine, where the funds lose their identity. Therefore, the report could not suggest that DMR funds were used definitively for direct or indirect support for grid modernization. The report also concluded that there was no documented evidence that ties revenues from the DMR to lobbying for the passage of HB 6, but also could not rule out with certainty uses of DMR funds to support the passage of HB 6. The report further recommended that the regulated companies' money pool be audited more frequently and the Ohio Companies adopt formal dividend policies. Final comments and responses were filed by parties during the second quarter of 2022.

On September 15, 2020, the PUCO opened a new proceeding to review the political and charitable spending by the Ohio Companies in support of HB 6 and the subsequent referendum effort, and directing the Ohio Companies to show cause, demonstrating that the costs of any political or charitable spending in support of HB 6, or the subsequent referendum effort, were not included, directly or indirectly, in any rates or charges paid by customers. The Ohio Companies initially filed a response stating that the costs of any political or charitable spending in support of HB 6, or the subsequent referendum effort, were not included, directly or indirectly, in any rates or charges paid by customers, but on August 6, 2021, filed a supplemental response explaining that, in light of the facts set forth in the DPA and the findings of the Rider DCR audit report further discussed below, political or charitable spending in support of HB 6, or the subsequent referendum effort, affected pole attachment rates paid by approximately $15 thousand. On October 26, 2021, the OCC filed a motion requesting the PUCO to order an independent external audit to investigate FE's political and charitable spending related to HB 6, and to appoint an independent review panel to retain and oversee the auditor. In November and December 2021, parties filed comments and reply comments regarding the Ohio Companies' original and supplemental responses to the PUCO's September 15, 2020, show cause directive. On May 4, 2022, the PUCO selected a third-party auditor to determine whether the show cause demonstration submitted by the Ohio Companies is sufficient to ensure that the cost of any political or charitable spending in support of HB 6 or the subsequent referendum effort was not included, directly or indirectly, in any rates or charges paid by ratepayers.

In connection with an ongoing audit of the Ohio Companies' policies and procedures relating to the code of conduct rules between affiliates, on November 4, 2020, the PUCO initiated an additional corporate separation audit as a result of the FirstEnergy leadership transition announcement made on October 29, 2020, as further discussed below. The additional audit is to ensure compliance by the Ohio Companies and their affiliates with corporate separation laws and the Ohio Companies' corporate separation plan. The additional audit is for the period from November 2016 through October 2020. The final audit report was filed on September 13, 2021. The audit report makes no findings of major non-compliance with Ohio corporate separation requirements, minor non-compliance with eight requirements, and findings of compliance with 23 requirements. Parties filed comments and reply comments on the audit report.

In connection with an ongoing annual audit of the Ohio Companies' Rider DCR for 2020, and as a result of disclosures in FirstEnergy's Form 10-K for the year ended December 31, 2020 (filed on February 18, 2021), the PUCO expanded the scope of the audit on March 10, 2021, to include a review of certain transactions that were either improperly classified, misallocated, or lacked supporting documentation, and to determine whether funds collected from customers were used to pay the vendors, and if so, whether or not the funds associated with those payments should be returned to customers through Rider DCR or through an alternative proceeding. On August 3, 2021, the auditor filed its final report on this phase of the audit, and the parties submitted comments and reply comments on this audit report in October 2021. Additionally, on September 29, 2021, the PUCO expanded the scope of the audit in this proceeding to determine if the costs of the naming rights for FirstEnergy Stadium have been recovered from the Ohio Companies' customers. On November 19, 2021, the auditor filed its final report, in which the auditor concluded that the FirstEnergy Stadium naming rights expenses were not recovered from Ohio customers. On December 15, 2021, the PUCO further expanded the scope of the audit to include an investigation into an apparent nondisclosure of a side agreement in the Ohio Companies' ESP IV settlement proceedings, but stayed its expansion of the audit until otherwise ordered by the PUCO.

On August 16, 2022, the U.S. Attorney for the Southern District of Ohio requested that the PUCO stay the above pending HB 6- related matters for a period of six months, which request was granted by the PUCO on August 24, 2022. Unless otherwise ordered by the PUCO, the four cases are stayed in their entirety, including discovery and motions, and all related procedural schedules are vacated. On February 22, 2023, the U.S. Attorney for the Southern District of Ohio again requested that the PUCO stay the above pending HB-6 related matters for a period of six months, which request was granted by the PUCO on March 8, 2023. A rehearing request with respect to the granting of the additional stay is currently pending before the PUCO.

In the fourth quarter of 2020, motions were filed with the PUCO requesting that the PUCO amend the Ohio Companies' riders for collecting the OVEC-related charges required by HB 6 to provide for refunds in the event such provisions of HB 6 are repealed. Neither the Ohio Companies nor FE benefit from the OVEC-related charges the Ohio Companies collect. Instead, the Ohio Companies are further required by HB 6 to remit all the OVEC-related charges they collect to non-FE Ohio electric distribution utilities. The Ohio Companies contested the motions, which are pending before the PUCO.

See Note 8, "Commitments, Guarantees and Contingencies" below for additional details on the government investigations and subsequent litigation surrounding the investigation of HB 6.

PENNSYLVANIA

The Pennsylvania Companies operate under rates approved by the PPUC, effective as of January 27, 2017. On November 18, 2021, the PPUC issued orders to each of the Pennsylvania Companies directing they operate under DSPs for the June 1, 2019 through May 31, 2023 delivery period, which DSPs provide for the competitive procurement of generation supply for customers who do not receive service from an alternative EGS. Under the 2019-2023 DSPs, supply will be provided by wholesale suppliers through a mix of 3, 12 and 24-month energy contracts, as well as two RFPs for 2-year SREC contracts for ME, PN and Penn. On December 14, 2021, the Pennsylvania Companies filed proposed DSPs for provision of generation for the June 1, 2023 through May 31, 2027 delivery period, to be sourced through competitive procurements for customers who do not receive service from an alternative EGS. An evidentiary hearing was held on April 13, 2022, and on April 20, 2022, the parties filed a partial settlement

with the PPUC resolving certain of the issues in the proceeding and setting aside the remainder of the issues to be resolved through briefing. The PPUC approved the partial settlement, without modification, on August 4, 2022. Under the 2023-2027 DSPs, supply is proposed to be provided through a mix of 12 and 24-month energy contracts, as well as long-term solar PPAs.

Pursuant to Pennsylvania Act 129 of 2008 and PPUC orders, the Pennsylvania Companies implemented energy efficiency and peak demand reduction programs with demand reduction targets, relative to 2007 to 2008 peak demands, at 2.9% MW for ME, 3.3% MW for PN, 2.0% MW for Penn, and 2.5% MW for WP; and energy consumption reduction targets, as a percentage of the Pennsylvania Companies' historic 2009 to 2010 reference load at 3.1% MWH for ME, 3.0% MWH for PN, 2.7% MWH for Penn, and 2.4% MWH for WP.

Pennsylvania EDCs are permitted to seek PPUC approval of an LTIIP for infrastructure improvements and costs related to highway relocation projects, after which a DSIC may be approved to recover LTIIP costs. On January 16, 2020, the PPUC approved the Pennsylvania Companies' LTIIPs for the five-year period beginning January 1, 2020 and ending December 31, 2024 for a total capital investment of approximately $572 million for certain infrastructure improvement initiatives. On June 25, 2021, the Pennsylvania Office of Consumer Advocate filed a complaint against Penn's quarterly DSIC rate, disputing the recoverability of the Companies' automated distribution management system investment under the DSIC mechanism. On January 26, 2022, the parties filed a joint petition for settlement that resolves all issues in this matter, which was approved by the PPUC without modification on April 14, 2022.

Following the Pennsylvania Companies' 2016 base rate proceedings, the PPUC ruled in a separate proceeding related to the DSIC mechanisms that the Pennsylvania Companies were not required to reflect federal and state income tax deductions related to DSIC-eligible property in DSIC rates. The decision was appealed to the Pennsylvania Supreme Court and in July 2021 the court upheld the Pennsylvania Commonwealth Court's reversal of the PPUC's decision and remanded the matter back to the PPUC for determination as to how DSIC calculations shall account for accumulated deferred income taxes and state taxes. The PPUC issued the order as directed.

On March 6, 2023, FirstEnergy filed applications with the PPUC, NYPSC and FERC seeking approval to consolidate the Pennsylvania Companies into a new, single operating entity. The PA Consolidation includes, among other steps: (a) the transfer of certain Pennsylvania-based transmission assets owned by WP to KATCo, (b) the contribution of Class B equity interests of MAIT currently held by PN and ME to FE (and ultimately transferred to FET as part of the FET Minority Equity Interest Sale), (c) the formation of FE PA and (d) the merger of each of the Pennsylvania Companies with and into FE PA, with FE PA surviving such mergers as the successor-in-interest to all assets and liabilities of the Pennsylvania Companies. Following completion of the PA Consolidation, FE PA will be FE's only regulated utility in Pennsylvania encompassing the retail utility operations previously conducted individually by the Pennsylvania Companies. Consummation of the PA Consolidation is contingent upon numerous conditions, including the approval of NYPSC, PPUC and FERC. On April 25, 2023, the PPUC's presiding officers held a prehearing conference, which, among other things, set evidentiary hearings on August 10 and 11, 2023. Subject to receipt of all regulatory approvals, FirstEnergy expects that the PA Consolidation will close by early 2024.

WEST VIRGINIA

MP and PE provide electric service to all customers through traditional cost-based, regulated utility ratemaking and operate under WVPSC-approved rates that became effective in February 2015. MP and PE recover net power supply costs, including fuel costs, purchased power costs and related expenses, net of related market sales revenue through the ENEC. MP's and PE's ENEC rate is updated annually.

On August 25, 2022, MP and PE filed with the WVPSC their annual ENEC case requesting an increase in ENEC rates of $183.8 million beginning January 1, 2023, which represents a 12.2% increase to the rates then in effect. The increase was driven by an underrecovery during the review period (July 1, 2021, to June 30, 2022) of approximately $145 million due to higher coal, reagent, and emission allowance expenses. This filing additionally addresses, among other things, the WVPSC's May 2022 request for a prudence review of current rates. At a hearing on December 8, 2022, the parties in the case presented a unanimous settlement to increase rates by approximately $92 million, effective January 1, 2023, and carry over to MP and PE's 2023 ENEC case, approximately $92 million at a carrying charge of 4%. In an order dated December 30, 2022, the WVPSC approved the settlement with respect to the proposed rate increase, but MP and PE rates remain subject to a prudence review in their 2023 ENEC case. The order also instructed MP to evaluate the feasibility of purchasing the 1,200 MW Pleasants Power Station and file a summary of the evaluation, which MP and PE filed on March 31, 2023. Among other things, the filing by MP and PE, noted that the final analysis to determine if the proposed transaction would be in the best interests of MP, PE and their customers would not be complete before the currently scheduled date for Pleasants Power Station to close, proposed an interim solution to preserve Pleasants' operations while MP and PE completed their analysis, and outlined certain WVPSC actions needed to facilitate the interim solution, including a temporary surcharge for costs to preserve its operations. Based on the WVPSC procedural order, comments were filed on April 14, 2023, a public hearing was held on April 20, 2023, and an evidentiary hearing occurred on April 21, 2023. On April 24, 2023, the WVPSC issued an order approving MP and PE's interim solution request, authorizing negotiations with the owner of Pleasants for a letter of intent, the terms of which will provide, among other things, for the reimbursement of certain expenses necessary to keep Pleasants in operating condition, and directing MP and PE to file the letter of intent for approval with the WVPSC. Should the WVPSC approve the letter of intent, it is expected that MP and PE will be permitted to establish a surcharge to recover the costs incurred under the letter of intent. Also, MP and PE

indicated that if a reasonable agreement cannot be reached, they will notify the WVPSC. The WVPSC requested an update by May 24, 2023.

On November 22, 2021, MP and PE filed with the WVPSC their plan to construct 50 MWs of solar generation at five sites in West Virginia. The plan includes a tariff to offer solar power to West Virginia customers and cost recovery for MP and PE from other customers through a surcharge for any solar investment not fully subscribed by their customers. A hearing was held in mid-March 2022 and on April 21, 2022, the WVPSC issued an order approving, effective May 1, 2022, the requested tariff and requiring MP and PE to subscribe at least 85% of the planned 50 MWs before seeking final tariff approval. MP and PE must seek separate approval from the WVPSC to recover any solar generation costs in excess of the approved tariff. On April 24, 2023, MP and PE sought final tariff approval from the WVPSC for three of the five solar sites, representing 30 MWs of generation, and requested approval of a surcharge to recover any costs above the final approved tariff. The first solar generation site is expected to be in-service by the end of 2023 and all construction completed at the other sites no later than the end of 2025 at a total investment cost of approximately $110 million.

On January 13, 2023, MP and PE filed a request with the WVPSC seeking approval of new depreciation rates for existing and future capital assets. Specifically, MP and PE are seeking to increase depreciation expense by $75.5 million per year, primarily for regulated generation-related assets. Any depreciation rates approved by the WVPSC would not become effective until new base rates were established. Evidentiary hearings have been set for August 23-25, 2023.

On March 2, 2023, the WVPSC ordered MP and PE to conduct a focused audit of the lobbying and image building expenses, including those related to HB 6, incurred by MP and PE from 2018 to 2022 and expenses included in the ENEC during the same time period. The WVPSC's order also requires MP and PE to review and report on the findings set forth in the FERC Audit described below. The audit is expected to begin in June 2023.

FERC REGULATORY MATTERS

Under the Federal Power Act, FERC regulates rates for interstate wholesale sales and transmission of electric power, regulatory accounting and reporting under the Uniform System of Accounts, and other matters, including construction and operation of hydroelectric projects. With respect to their wholesale services and rates, the Utilities, AE Supply and the Transmission Companies are subject to regulation by FERC. FERC regulations require JCP&L, MP, PE, WP and the Transmission Companies to provide open access transmission service at FERC-approved rates, terms and conditions. Transmission facilities of JCP&L, MP, PE, WP and the Transmission Companies are subject to functional control by PJM and transmission service using their transmission facilities is provided by PJM under the PJM Tariff.

FERC regulates the sale of power for resale in interstate commerce in part by granting authority to public utilities to sell wholesale power at market-based rates upon showing that the seller cannot exert market power in generation or transmission or erect barriers to entry into markets. The Utilities and AE Supply each have been authorized by FERC to sell wholesale power in interstate commerce at market-based rates and have a market-based rate tariff on file with FERC, although in the case of the Utilities major wholesale purchases remain subject to review and regulation by the relevant state commissions.

Federally enforceable mandatory reliability standards apply to the bulk electric system and impose certain operating, record-keeping and reporting requirements on the Utilities, AE Supply, and the Transmission Companies. NERC is the Electric Reliability Organization designated by FERC to establish and enforce these reliability standards, although NERC has delegated day-to-day implementation and enforcement of these reliability standards to six regional entities, including RFC. All of the facilities that FirstEnergy operates are located within the RFC region. FirstEnergy actively participates in the NERC and RFC stakeholder processes, and otherwise monitors and manages its companies in response to the ongoing development, implementation and enforcement of the reliability standards implemented and enforced by RFC.

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

FERC Audit

FERC's Division of Audits and Accounting initiated a nonpublic audit of FESC in February 2019. Among other matters, the audit is evaluating FirstEnergy's compliance with certain accounting and reporting requirements under various FERC regulations. On February 4, 2022, FERC filed the final audit report for the period of January 1, 2015 through September 30, 2021, which included several findings and recommendations that FirstEnergy has accepted. The audit report included a finding and related recommendation on FirstEnergy's methodology for allocation of certain corporate support costs to regulatory capital accounts

under certain FERC regulations and reporting. Effective in the first quarter of 2022 and in response to the finding, FirstEnergy had implemented a new methodology for the allocation of these corporate support costs to regulatory capital accounts for its regulated distribution and transmission companies on a prospective basis. With the assistance of an independent outside firm, FirstEnergy completed an analysis during the third quarter of 2022 of these costs and how it impacted certain FERC-jurisdictional wholesale transmission customer rates for the audit period of 2015 through 2021. As a result of this analysis, FirstEnergy recorded in the third quarter of 2022 approximately $45 million ($34 million after-tax) in expected customer refunds, plus interest, due to its wholesale transmission customers and reclassified approximately $195 million of certain transmission capital assets to operating expenses for the audit period, of which $90 million ($67 million after-tax) are not expected to be recoverable and impacted FirstEnergy's earnings since they relate to costs capitalized during stated transmission rate time periods. These reclassifications also resulted in a reduction to the Regulated Transmission segment's rate base by approximately $160 million, which is not expected to materially impact FirstEnergy or the segment's future earnings. The expected wholesale transmission customer refunds were recognized as a reduction to revenue, and the amount of reclassified transmission capital assets that are not expected to be recoverable were recognized within "Other operating expenses" at the Regulated Transmission segment and on FirstEnergy's Consolidated Statements of Income.

ATSI ROE – Ohio Consumers Counsel v. ATSI, et al.

On February 24, 2022, the OCC filed a complaint with FERC against ATSI, AEP's Ohio affiliates and AEPSC, and Duke Energy Ohio, LLC asserting that FERC should reduce the ROE utilized in the utilities' transmission formula rates by eliminating the 50 basis point adder associated with RTO membership, effective February 24, 2022. The OCC contends that this result is required because Ohio law mandates that transmission owning utilities join an RTO and that the 50 basis point adder is applicable only where RTO membership is voluntary. ATSI disagrees with the OCC's characterization and set forth its reasons for such disagreement in a combined motion to dismiss and answer that was filed with FERC on March 31, 2022. On that same date, AEP and Duke filed separate motions to dismiss and answers to the OCC complaint, and several other parties filed comments. ATSI filed a response to certain intervenors' filings on April 28, 2022. On December 15, 2022, FERC denied the complaint as to ATSI and Duke, but granted it as to AEP. On January 17, 2023, AEP and the OCC filed requests for rehearing, which were denied by FERC in orders dated February 17, and April 20, 2023. AEP and OCC have filed appeals of FERC's orders in the Sixth Circuit. FirstEnergy is unable to predict the outcome of this proceeding, but it is not expected to have a material impact.

Transmission ROE Methodology

On March 20, 2020, FERC initiated a rulemaking proceeding on the transmission rate incentives provisions of Section 219 of the 2005 Energy Policy Act. FirstEnergy submitted comments through the Edison Electric Institute and as part of a consortium of PJM Transmission Owners. In a supplemental rulemaking proceeding that was initiated on April 15, 2021, FERC requested comments on, among other things, whether to require utilities that have been members of an RTO for three years or more and that have been collecting an "RTO membership" ROE incentive adder to file tariff updates that would terminate collection of the incentive adder. Initial comments on the proposed rule were filed on June 25, 2021, and reply comments were filed on July 26, 2021. The rulemaking remains pending before FERC. FirstEnergy is a member of PJM and its transmission subsidiaries could be affected by the supplemental proposed rule. FirstEnergy participated in comments on the supplemental rulemaking that were submitted by a group of PJM transmission owners and by various industry trade groups. If there were to be any changes to FirstEnergy's transmission incentive ROE, such changes will be applied on a prospective basis.

Allegheny Power Zone Transmission Formula Rate Filings

On October 29, 2020, MP, PE and WP filed tariff amendments with FERC to implement a forward-looking formula transmission rate, to be effective January 1, 2021. In addition, on October 30, 2020, KATCo filed a proposed new tariff to establish a forward-looking formula rate and requested that the new rate become effective January 1, 2021. In its filing, KATCo explained that while it currently owns no transmission assets, it may build new transmission facilities in the Allegheny zone, and that it may seek required state and federal authorizations to acquire transmission assets from PE and WP by January 1, 2022. These transmission rate filings were accepted for filing by FERC on December 31, 2020, effective January 1, 2021, subject to refund, pending further hearing and settlement procedures and were consolidated into a single proceeding. MP, PE and WP, and KATCo filed uncontested settlement agreements with FERC on January 18, 2023. There is no timetable for FERC to rule on the settlement agreements. Also on January 18, 2023, MP, PE and WP filed a motion for interim rates to implement certain aspects of the settled rate. The interim rates were approved by the FERC Chief Administrative Law Judge and took effect on January 1, 2023. As a result of the filed settlement, FirstEnergy recognized a $25 million pre-tax charge during the fourth quarter of 2022, which reflects the difference between amounts originally recorded as assets and amounts which will ultimately be recovered from customers as a result of the pending settlement.

8. COMMITMENTS, GUARANTEES AND CONTINGENCIES

GUARANTEES AND OTHER ASSURANCES

FirstEnergy has various financial and performance guarantees and indemnifications, which are issued in the normal course of business. These contracts include performance guarantees, stand-by LOCs, debt guarantees, surety bonds and indemnifications. FirstEnergy enters into these arrangements to facilitate commercial transactions with third parties by enhancing the value of the transaction to the third party.

As of March 31, 2023, outstanding guarantees and other assurances aggregated approximately $1 billion, consisting of parental guarantees on behalf of its consolidated subsidiaries ($524 million) and other assurances ($451 million).

COLLATERAL AND CONTINGENT-RELATED FEATURES

In the normal course of business, FE and its subsidiaries may enter into physical or financially settled contracts for the sale and purchase of electric capacity, energy, fuel and emission allowances. Certain agreements contain provisions that require FE or its subsidiaries to post collateral. This collateral may be posted in the form of cash or credit support with thresholds contingent upon FE's or its subsidiaries' credit rating from each of the major credit rating agencies. The collateral and credit support requirements vary by contract and by counterparty.

As of March 31, 2023, $54 million of net cash collateral has been posted by FE or its subsidiaries and is included in "Prepaid taxes and other current assets" on FirstEnergy's Consolidated Balance Sheets. FE or its subsidiaries are holding $66 million of net cash collateral as of March 31, 2023, from certain generation suppliers, primarily due to the rise in power prices, and such amount is included in "Other current liabilities" on FirstEnergy's Consolidated Balance Sheets.

These credit-risk-related contingent features stipulate that if the subsidiary were to be downgraded or lose its investment grade credit rating (based on its senior unsecured debt rating), it would be required to provide additional collateral. The following table discloses the potential additional credit rating contingent contractual collateral obligations as of March 31, 2023:

Potential Collateral Obligations	Utilities and Transmission Companies	FE	Total
		(In millions)	
Contractual Obligations for Additional Collateral			
Upon Further Downgrade	$ 62	$ —	$ 62
Surety Bonds (Collateralized Amount) [1]	62	249	311
Total Exposure from Contractual Obligations	$ 124	$ 249	$ 373

[1] Surety Bonds are not tied to a credit rating. Surety Bonds' impact assumes maximum contractual obligations, which is ordinarily 100% of the face amount of the surety bond except with the respect to $39 million of surety bond obligations for which the collateral obligation is capped at 60% of the face amount, and typical obligations require 30 days to cure.

ENVIRONMENTAL MATTERS

Various federal, state and local authorities regulate FirstEnergy with regard to air and water quality, hazardous and solid waste disposal, and other environmental matters. While FirstEnergy's environmental policies and procedures are designed to achieve compliance with applicable environmental laws and regulations, such laws and regulations are subject to periodic review and potential revision by the implementing agencies. FirstEnergy cannot predict the timing or ultimate outcome of any of these reviews or how any future actions taken as a result thereof may materially impact its business, results of operations, cash flows and financial condition.

Clean Air Act

FirstEnergy complies with SO_2 and NOx emission reduction requirements under the CAA and SIP by burning lower-sulfur fuel, utilizing combustion controls and post-combustion controls and/or using emission allowances.

CSAPR requires reductions of NOx and SO_2 emissions in two phases (2015 and 2017), ultimately capping SO_2 emissions in affected states to 2.4 million tons annually and NOx emissions to 1.2 million tons annually. CSAPR allows trading of NOx and SO_2 emission allowances between power plants located in the same state and interstate trading of NOx and SO_2 emission allowances with some restrictions. On July 28, 2015, the D.C. Circuit ordered the EPA to reconsider the CSAPR caps on NOx and SO_2 emissions from power plants in 13 states, including West Virginia. This followed the 2014 U.S. Supreme Court ruling generally upholding the EPA's regulatory approach under CSAPR but questioning whether the EPA required upwind states to reduce emissions by more than their contribution to air pollution in downwind states. The EPA issued a CSAPR Update on September 7, 2016, reducing summertime NOx emissions from power plants in 22 states in the eastern U.S., including West Virginia, beginning in 2017. Various states and other stakeholders appealed the CSAPR Update to the D.C. Circuit in November

and December 2016. On September 13, 2019, the D.C. Circuit remanded the CSAPR Update to the EPA citing that the rule did not eliminate upwind states' significant contributions to downwind states' air quality attainment requirements within applicable attainment deadlines.

Also in March 2018, the State of New York filed a CAA Section 126 petition with the EPA alleging that NOx emissions from nine states (including West Virginia) significantly contribute to New York's inability to attain the ozone National Ambient Air Quality Standards. The petition sought suitable emission rate limits for large stationary sources that are allegedly affecting New York's air quality within the three years allowed by CAA Section 126. On September 20, 2019, the EPA denied New York's CAA Section 126 petition. On October 29, 2019, the State of New York appealed the denial of its petition to the D.C. Circuit. On July 14, 2020, the D.C. Circuit reversed and remanded the New York petition to the EPA for further consideration. On March 15, 2021, the EPA issued a revised CSAPR Update that addressed, among other things, the remands of the prior CSAPR Update and the New York Section 126 petition. In December 2021, MP purchased NOx emissions allowances to comply with 2021 ozone season requirements. On April 6, 2022, the EPA published proposed rules seeking to impose further significant reductions in EGU NOx emissions in 25 upwind states, including West Virginia, with the stated purpose of allowing downwind states to attain or maintain compliance with the 2015 ozone National Ambient Air Quality Standards. On March 15, 2023, the EPA released a pre-publication version of the final rule, which would become effective 60 days after publication in the Federal Register. Depending on the outcome of any appeals and how the EPA and the states ultimately implement the final rule, the future cost of compliance may materially impact FirstEnergy's operations, cash flows and financial condition.

Climate Change

In September 2016, the U.S. joined in adopting the agreement reached on December 12, 2015, at the United Nations Framework Convention on Climate Change meetings in Paris to reduce GHGs. The Paris Agreement's non-binding obligations to limit global warming to below two degrees Celsius became effective on November 4, 2016. On June 1, 2017, the Trump Administration announced that the U.S. would cease all participation in the Paris Agreement. On January 20, 2021, President Biden signed an executive order re-adopting the agreement on behalf of the U.S. There are several initiatives to reduce GHG emissions at the state, federal and international level. Certain northeastern states are participating in the Regional Greenhouse Gas Initiative and western states led by California, have implemented programs, primarily cap and trade mechanisms, to control emissions of certain GHGs. Additional policies reducing GHG emissions, such as demand reduction programs, renewable portfolio standards and renewable subsidies have been implemented across the nation.

FirstEnergy has pledged to achieve carbon neutrality by 2050 and set an interim goal for a 30% reduction in GHGs within FirstEnergy's direct operational control (Scope 1) by 2030, based on 2019 levels. Future resource plans to achieve carbon reductions, including potential changes in operations or any determination of retirement dates of the regulated coal-fired generating facilities, will be subject to the West Virginia legislation effective March 7, 2023, which requires prior approval from the West Virginia Public Energy Authority to decommission MP's generating facilities, and may also be impacted by the potential acquisition of the Pleasants Power Station. FirstEnergy will work collaboratively with regulators in West Virginia to achieve its climate goals. Determination of the useful life of the regulated coal-fired generation could result in changes in depreciation, and/or continued collection of net plant in rates after retirement, securitization, sale, impairment, or regulatory disallowances. If MP is unable to recover these costs, it could have a material adverse effect on FirstEnergy's and/or MP's financial condition, results of operations, and cash flow. Furthermore, FirstEnergy cannot currently estimate the financial impact of climate change policies, although potential legislative or regulatory programs restricting CO_2 emissions, or litigation alleging damages from GHG emissions, could require material capital and other expenditures or result in changes to its operations.

In December 2009, the EPA released its final "Endangerment and Cause or Contribute Findings for GHGs under the Clean Air Act," concluding that concentrations of several key GHGs constitute an "endangerment" and may be regulated as "air pollutants" under the CAA and mandated measurement and reporting of GHG emissions from certain sources, including electric generating plants. Subsequently, the EPA released its final CPP regulations in August 2015 to reduce CO_2 emissions from existing fossil fuel-fired EGUs and finalized separate regulations imposing CO_2 emission limits for new, modified, and reconstructed fossil fuel-fired EGUs. Numerous states and private parties filed appeals and motions to stay the CPP with the D.C. Circuit in October 2015. On February 9, 2016, the U.S. Supreme Court stayed the rule during the pendency of the challenges to the D.C. Circuit and U.S. Supreme Court. On March 28, 2017, an executive order, entitled "Promoting Energy Independence and Economic Growth," instructed the EPA to review the CPP and related rules addressing GHG emissions and suspend, revise or rescind the rules if appropriate. On June 19, 2019, the EPA repealed the CPP and replaced it with the ACE rule that established guidelines for states to develop standards of performance to address GHG emissions from existing coal-fired generation. On January 19, 2021, the D.C. Circuit vacated and remanded the ACE rule declaring that the EPA was "arbitrary and capricious" in its rule making and, as such, the ACE rule is no longer in effect and all actions thus far taken by states to implement the federally mandated rule are now null and void. Vacating the ACE rule had the unintended effect of reinstating the CPP because the repeal of the CPP was a provision within the ACE rule. The D.C. Circuit decision was appealed by several states and interested parties, including West Virginia, arguing that the EPA did not have the authorization under Section 111(d) of the CAA to require "generation shifting" as a way to limit GHGs. On June 30, 2022, the U.S. Supreme Court held that the EPA's regulation of GHGs under Section 111(d) of the CAA (the CPP) was not authorized by Congress and remanded the rule to the EPA for further reconsideration.

Clean Water Act

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

On September 30, 2015, the EPA finalized new, more stringent effluent limits for the Steam Electric Power Generating category (40 CFR Part 423) for arsenic, mercury, selenium and nitrogen for wastewater from wet scrubber systems and zero discharge of pollutants in ash transport water. The treatment obligations were to phase-in as permits are renewed on a five-year cycle from 2018 to 2023. However, on April 13, 2017, the EPA granted a Petition for Reconsideration and on September 18, 2017, the EPA postponed certain compliance deadlines for two years. On August 31, 2020, the EPA issued a final rule revising the effluent limits for discharges from wet scrubber systems, retaining the zero-discharge standard for ash transport water, (with some limited discharge allowances), and extending the deadline for compliance to December 31, 2025 for both. In addition, the EPA allows for less stringent limits for sub-categories of generating units based on capacity utilization, flow volume from the scrubber system, and unit retirement date. On March 29, 2023, the EPA published proposed revised ELGs applicable to coal-fired power plants that include more stringent effluent limitations for wet scrubber systems and ash transport water, and new limits on landfill leachate. Public hearings on the proposed rules will be held in April 2023 and comments will be accepted through May 30, 2023. In the interim, the rule issued on August 31, 2020, remains in effect. Depending on the outcome of appeals and how final rules are ultimately implemented, compliance with these standards, could require additional capital expenditures or changes in operation at the Ft. Martin and Harrison power stations from what was approved by the WVPSC in September 2022 to comply with the 2020 ELG rule.

Regulation of Waste Disposal

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

In April 2015, the EPA finalized regulations for the disposal of CCRs (non-hazardous), establishing national standards for landfill design, structural integrity design and assessment criteria for surface impoundments, groundwater monitoring and protection procedures and other operational and reporting procedures to assure the safe disposal of CCRs from electric generating plants. On September 13, 2017, the EPA announced that it would reconsider certain provisions of the final regulations. On July 29, 2020, the EPA published a final rule again revising the date that certain CCR impoundments must cease accepting waste and initiate closure to April 11, 2021. The final rule also allows for an extension of the closure deadline based on meeting identified site-specific criteria. On November 30, 2020, AE Supply submitted a closure deadline extension request to the EPA seeking to extend the cease accepting waste date for the McElroy's Run CCR impoundment facility until 2024, which request is pending technical review by the EPA. AE Supply continues to operate McElroy's Run as a disposal facility for EH's Pleasants Power Station.

FE or its subsidiaries have been named as potentially responsible parties at waste disposal sites, which may require cleanup under the CERCLA. Allegations of disposal of hazardous substances at historical sites and the liability involved are often unsubstantiated and subject to dispute; however, federal law provides that all potentially responsible parties for a particular site may be liable on a joint and several basis. Environmental liabilities that are considered probable have been recognized on the Consolidated Balance Sheets as of March 31, 2023, based on estimates of the total costs of cleanup, FirstEnergy's proportionate responsibility for such costs and the financial ability of other unaffiliated entities to pay. Total liabilities of approximately $97 million have been accrued through March 31, 2023, of which, approximately $62 million are for environmental remediation of former MGP and gas holder facilities in New Jersey, which are being recovered by JCP&L through a non-bypassable societal benefits charge. FE or its subsidiaries could be found potentially responsible for additional amounts or additional sites, but the loss or range of losses cannot be determined or reasonably estimated at this time.

OTHER LEGAL PROCEEDINGS

United States v. Larry Householder, et al.

On July 21, 2020, a complaint and supporting affidavit containing federal criminal allegations were unsealed against the now former Ohio House Speaker Larry Householder and other individuals and entities allegedly affiliated with Mr. Householder. Also, on July 21, 2020, and in connection with the investigation, FirstEnergy received subpoenas for records from the U.S. Attorney's Office for the Southern District Ohio. FirstEnergy was not aware of the criminal allegations, affidavit or subpoenas before July 21, 2020.

On July 21, 2021, FE entered into a three-year DPA with the U.S. Attorney's Office that, subject to court proceedings, resolves this matter. Under the DPA, FE has agreed to the filing of a criminal information charging FE with one count of conspiracy to commit honest services wire fraud. The DPA requires that FirstEnergy, among other obligations: (i) continue to cooperate with the U.S. Attorney's Office in all matters relating to the conduct described in the DPA and other conduct under investigation by the U.S. government; (ii) pay a criminal monetary penalty totaling $230 million within sixty days, which shall consist of (x) $115

million paid by FE to the United States Treasury and (y) $115 million paid by FE to the ODSA to fund certain assistance programs, as determined by the ODSA, for the benefit of low-income Ohio electric utility customers; (iii) publish a list of all payments made in 2021 to either 501(c)(4) entities or to entities known by FirstEnergy to be operating for the benefit of a public official, either directly or indirectly, and update the same on a quarterly basis during the term of the DPA; (iv) issue a public statement, as dictated in the DPA, regarding FE's use of 501(c)(4) entities; and (v) continue to implement and review its compliance and ethics program, internal controls, policies and procedures designed, implemented and enforced to prevent and detect violations of the U.S. laws throughout its operations, and to take certain related remedial measures. The $230 million payment will neither be recovered in rates or charged to FirstEnergy customers nor will FirstEnergy seek any tax deduction related to such payment. The entire amount of the monetary penalty was recognized as expense in the second quarter of 2021 and paid in the third quarter of 2021. Under the terms of the DPA, the criminal information will be dismissed after FirstEnergy fully complies with its obligations under the DPA.

Legal Proceedings Relating to United States v. Larry Householder, et al.

On August 10, 2020, the SEC, through its Division of Enforcement, issued an order directing an investigation of possible securities laws violations by FE, and on September 1, 2020, issued subpoenas to FE and certain FE officers. On April 28, 2021, and July 11, 2022, the SEC issued additional subpoenas to FE, with which FE has complied. While no contingency has been reflected in its consolidated financial statements, FE believes that it is probable that it will incur a loss in connection with the resolution of the SEC investigation. Given the ongoing nature and complexity of the review, inquiries and investigations, FE cannot yet reasonably estimate a loss or range of loss that may arise from the resolution of the SEC investigation.

In addition to the subpoenas referenced above under "—United States v. Larry Householder, et. al." and the SEC investigation, certain FE stockholders and FirstEnergy customers filed several lawsuits against FirstEnergy and certain current and former directors, officers and other employees, and the complaints in each of these suits is related to allegations in the complaint and supporting affidavit relating to HB 6 and the now former Ohio House Speaker Larry Householder and other individuals and entities allegedly affiliated with Mr. Householder. The plaintiffs in each of the below cases seek, among other things, to recover an unspecified amount of damages (unless otherwise noted). Unless otherwise indicated, no contingency has been reflected in FirstEnergy's consolidated financial statements with respect to these lawsuits as a loss is neither probable, nor is a loss or range of a loss reasonably estimable.

- *In re FirstEnergy Corp. Securities Litigation* (S.D. Ohio); on July 28, 2020 and August 21, 2020, purported stockholders of FE filed putative class action lawsuits alleging violations of the federal securities laws. Those actions have been consolidated and a lead plaintiff, the Los Angeles County Employees Retirement Association, has been appointed by the court. A consolidated complaint was filed on February 26, 2021. The consolidated complaint alleges, on behalf of a proposed class of persons who purchased FE securities between February 21, 2017 and July 21, 2020, that FE and certain current or former FE officers violated Sections 10(b) and 20(a) of the Exchange Act by issuing misrepresentations or omissions concerning FE's business and results of operations. The consolidated complaint also alleges that FE, certain current or former FE officers and directors, and a group of underwriters violated Sections 11, 12(a)(2) and 15 of the Securities Act of 1933 as a result of alleged misrepresentations or omissions in connection with offerings of senior notes by FE in February and June 2020. On March 30, 2023, the court granted plaintiffs' motion for class certification. On April 14, 2023, FE filed a petition in the U.S Court of Appeals for the Sixth Circuit seeking to appeal that order. FE believes that it is probable that it will incur a loss in connection with the resolution of this lawsuit. Given the ongoing nature and complexity of such litigation, FE cannot yet reasonably estimate a loss or range of loss.
- *MFS Series Trust I, et al. v. FirstEnergy Corp., et al. and Brighthouse Funds II – MFS Value Portfolio, et al. v. FirstEnergy Corp., et al.* (S.D. Ohio) on December 17, 2021 and February 21, 2022, purported stockholders of FE filed complaints against FE, certain current and former officers, and certain current and former officers of EH. The complaints allege that the defendants violated Sections 10(b) and 20(a) of the Exchange Act by issuing alleged misrepresentations or omissions regarding FE's business and its results of operations, and seek the same relief as the *In re FirstEnergy Corp. Securities Litigation* described above. FE believes that it is probable that it will incur losses in connection with the resolution of these lawsuits. Given the ongoing nature and complexity of such litigation, FE cannot yet reasonably estimate a loss or range of loss.
- *State of Ohio ex rel. Dave Yost, Ohio Attorney General v. FirstEnergy Corp., et al. and City of Cincinnati and City of Columbus v. FirstEnergy Corp.* (Common Pleas Court, Franklin County, OH, all actions have been consolidated); on September 23, 2020 and October 27, 2020, the OAG and the cities of Cincinnati and Columbus, respectively, filed complaints against several parties including FE, each alleging civil violations of the Ohio Corrupt Activity Act in connection with the passage of HB 6. On January 13, 2021, the OAG filed a motion for a temporary restraining order and preliminary injunction against FirstEnergy seeking to enjoin FirstEnergy from collecting the Ohio Companies' decoupling rider. On January 31, 2021, FE reached a partial settlement with the OAG and the cities of Cincinnati and Columbus with respect to the temporary restraining order and preliminary injunction request and related issues. In connection with the partial settlement, the Ohio Companies filed an application on February 1, 2021, with the PUCO to set their respective decoupling riders (Conservation Support Rider) to zero. On February 2, 2021, the PUCO approved the application of the Ohio Companies setting the rider to zero and no additional customer bills will include new decoupling rider charges after February 8, 2021. On August 13, 2021, new defendants were added to the complaint, including two former officers of FirstEnergy. On December 2, 2021, the cities and FE entered a stipulated dismissal with prejudice of the cities' suit. The cases had been stayed pending final resolution of the United States v. Larry

Householder, et al. criminal proceeding described above. The OAG renewed its earlier motion to lift the agreed-upon stay on March 9, 2023, and in an order dated March 15, 2023, the stay was lifted.

On February 9, 2022, FE, acting through the SLC, agreed to a settlement term sheet to resolve the following shareholder derivative lawsuits relating to HB 6 and the now former Ohio House Speaker Larry Householder and other individuals and entities allegedly affiliated with Mr. Householder that were filed in the S.D. Ohio, the N.D. Ohio, and the Ohio Court of Common Pleas, Summit County:

- *Gendrich v. Anderson, et al. and Sloan v. Anderson, et al.* (Common Pleas Court, Summit County, Ohio, all actions have been consolidated); on July 26, 2020 and July 31, 2020, respectively, purported stockholders of FE filed shareholder derivative action lawsuits against certain current and former FE directors and officers, alleging, among other things, breaches of fiduciary duty.
- *Miller v. Anderson, et al.* (N.D. Ohio); *Bloom, et al. v. Anderson, et al.; Employees Retirement System of the City of St. Louis v. Jones, et al.; Electrical Workers Pension Fund, Local 103, I.B.E.W. v. Anderson et al.; Massachusetts Laborers Pension Fund v. Anderson et al.; The City of Philadelphia Board of Pensions and Retirement v. Anderson et al.; Atherton v. Dowling et al.; Behar v. Anderson, et al.* (S.D. Ohio, all actions have been consolidated); beginning on August 7, 2020, purported stockholders of FE filed shareholder derivative actions alleging the FE Board and officers breached their fiduciary duties and committed violations of Section 14(a) of the Exchange Act.

On March 11, 2022, the parties executed a stipulation and agreement of settlement, and filed a motion the same day requesting preliminary settlement approval in the S.D. Ohio, which the S.D. Ohio granted on May 9, 2022. Subsequently, following a hearing on August 4, 2022, the S.D. Ohio granted final approval of the settlement on August 24, 2022. The settlement agreement is expected to resolve fully these shareholder derivative lawsuits and included a series of corporate governance enhancements.

The settlement also includes a payment to FE of $180 million, to be paid by insurance after the judgment has become final, less $36 million in court-ordered attorney's fees awarded to plaintiffs. On September 20, 2022, a purported FE stockholder filed a motion for reconsideration of the S.D. Ohio's final settlement approval. The parties filed oppositions to that motion on October 11, 2022 and the motion is under consideration by the S.D. Ohio. The N.D. Ohio matter remains pending. On June 2, 2022, the N.D. Ohio entered an order to show cause why the court should not appoint new plaintiffs' counsel, and thereafter, on June 10, 2022, the parties filed a joint motion to dismiss the matter without prejudice, which the N.D. Ohio denied on July 5, 2022. On August 15, 2022, the N.D. Ohio issued an order stating its intention to appoint one group of applicants as new plaintiffs' counsel, and on August 22, 2022, the N.D. Ohio ordered that any objections to the appointment be submitted by August 26, 2022. The parties filed their objections by that deadline, and on September 2, 2022, the applicants responded to those objections. In the meantime, on August 25, 2022, a purported FE stockholder represented by the applicants filed a motion to intervene, attaching a proposed complaint-in-intervention purporting to assert claims that the FE Board and officers breached their fiduciary duties and committed violations of Section 14(a) of the Exchange Act as well as a claim against a third party for professional negligence and malpractice. The parties filed oppositions to that motion to intervene on September 8, 2022, and the proposed intervenor's reply in support of his motion to intervene was filed on September 22, 2022.

On August 24, 2022, the parties filed a joint motion to dismiss the action pending in the N.D. Ohio based upon and in light of the approval of the settlement by the S.D. Ohio. On August 30, 2022, the parties filed a joint motion to dismiss the state court action, which the court granted on September 2, 2022.

In letters dated January 26, and February 22, 2021, staff of FERC's Division of Investigations notified FirstEnergy that the Division is conducting an investigation of FirstEnergy's lobbying and governmental affairs activities concerning HB 6, and staff directed FirstEnergy to preserve and maintain all documents and information related to the same as such have been developed as part of an ongoing non-public audit being conducted by FERC's Division of Audits and Accounting. On December 30, 2022, FERC approved a Stipulation and Consent Agreement that resolves the investigation. The agreement includes a FirstEnergy admission of violating FERC's "duty of candor" rule and related laws, and obligates FirstEnergy to pay a civil penalty of $3.86 million, and to submit two annual compliance monitoring reports to FERC's Office of Enforcement regarding improvements to FirstEnergy's compliance programs. FE paid the civil penalty on January 4, 2023 and it will not be recovered from customers.

The outcome of any of these lawsuits, governmental investigations and audit is uncertain and could have a material adverse effect on FE's or its subsidiaries' reputation, business, financial condition, results of operations, liquidity, and cash flows.

Other Legal Matters

There are various lawsuits, claims (including claims for asbestos exposure) and proceedings related to FirstEnergy's normal business operations pending against FE or its subsidiaries. The loss or range of loss in these matters is not expected to be material to FE or its subsidiaries. The other potentially material items not otherwise discussed above are described under Note 7, "Regulatory Matters."

FirstEnergy accrues legal liabilities only when it concludes that it is probable that it has an obligation for such costs and can reasonably estimate the amount of such costs. In cases where FirstEnergy determines that it is not probable, but reasonably possible that it has a material obligation, it discloses such obligations and the possible loss or range of loss if such estimate can be made. If it were ultimately determined that FE or its subsidiaries have legal liability or are otherwise made subject to liability

based on any of the matters referenced above, it could have a material adverse effect on FE's or its subsidiaries' financial condition, results of operations, and cash flows.

9. SEGMENT INFORMATION

FE and its subsidiaries are principally involved in the transmission, distribution and generation of electricity through its reportable segments, Regulated Distribution and Regulated Transmission. FirstEnergy evaluates segment performance based on Earnings attributable to FE.

The **Regulated Distribution** segment distributes electricity through FirstEnergy's ten utility operating companies, serving approximately six million customers within 65,000 square miles of Ohio, Pennsylvania, West Virginia, Maryland, New Jersey and New York, and purchases power for its provider of last resort, SOS, standard service offer and default service requirements in Ohio, Pennsylvania, New Jersey and Maryland. This segment also controls 3,580 MWs of regulated electric generation capacity located primarily in West Virginia and Virginia. The segment's results reflect the costs of securing and delivering electric generation from transmission facilities to customers, including the deferral and amortization of certain related costs.

The **Regulated Transmission** segment provides transmission infrastructure owned and operated by the Transmission Companies and certain of FirstEnergy's utilities (JCP&L, MP, PE and WP) to transmit electricity from generation sources to distribution facilities. The segment's revenues are primarily derived from forward-looking formula rates. Under forward-looking formula rates, the revenue requirement is updated annually based on a projected rate base and projected costs, which is subject to an annual true-up based on actual rate base and costs. The segment's results also reflect the net transmission expenses related to the delivery of electricity on FirstEnergy's transmission facilities. On November 6, 2021, FirstEnergy, along with FET, entered into the FET P&SA I, with Brookfield and the Brookfield Guarantors pursuant to which FET agreed to issue and sell to Brookfield at the closing, and Brookfield agreed to purchase from FET, certain newly issued membership interests of FET, such that Brookfield would own 19.9% of the issued and outstanding membership interests of FET, for a purchase price of $2.375 billion. The transaction closed on May 31, 2022. KATCo, which was a subsidiary of FET, became a wholly owned subsidiary of FE prior to the closing of the FET P&SA I and remains in the Regulated Transmission segment.

On February 2, 2023, FE, along with FET, entered into the FET P&SA II with Brookfield and the Brookfield Guarantors, pursuant to which FE agreed to sell to Brookfield at the closing, and Brookfield agreed to purchase from FE, an incremental 30% equity interest in FET for a purchase price of $3.5 billion. The purchase price will be payable in part by the issuance of a promissory note expected to be in the principal amount of $1.75 billion. The remaining $1.75 billion of the purchase price will be payable in cash at the closing. As a result of the consummation of the transaction, Brookfield's interest in FET will increase from 19.9% to 49.9%, while FE will retain the remaining 50.1% ownership interests of FET. The transaction is subject to customary closing conditions, including approval from the FERC and certain state utility commissions, and completion of review by the CFIUS. In addition, pursuant to the FET P&SA II, FirstEnergy has agreed to make the necessary filings with the applicable regulatory authorities for the PA Consolidation. The FET Minority Equity Interest Sale is expected to close by early 2024. Upon closing, FET will continue to be consolidated in FirstEnergy's GAAP financial statements.

Corporate/Other reflects corporate support and other costs not charged or attributable to the Utilities or Transmission Companies, including FE's retained pension and OPEB assets and liabilities of former subsidiaries, interest expense on FE's holding company debt and other investments or businesses that do not constitute an operating segment, including FEV's investment of 33-1/3% equity ownership in Global Holding. Reconciling adjustments for the elimination of inter-segment transactions are shown separately in the following table of Segment Financial Information. As of March 31, 2023, 67 MWs of electric generating capacity, representing AE Supply's OVEC capacity entitlement, was also included in Corporate/Other for segment reporting. As of March 31, 2023, Corporate/Other had approximately $5.7 billion of FE holding company debt.

Financial information for FirstEnergy's business segments and reconciliations to consolidated amounts is presented below:

(In millions)	Three Months Ended March 31, 2023	2022
External revenues		
Regulated Distribution	$ 2,769	$ 2,532
Regulated Transmission	460	451
Corporate/Other	2	6
Reconciling Adjustments	—	—
Total external revenues	**$ 3,231**	**$ 2,989**
Internal revenues		
Regulated Distribution	$ 57	$ 57
Regulated Transmission	1	2
Corporate/Other	—	—
Reconciling Adjustments	(58)	(59)
Total internal revenues	**$ —**	**$ —**
Total revenues	**$ 3,231**	**$ 2,989**
Depreciation		
Regulated Distribution	$ 251	$ 235
Regulated Transmission	91	86
Corporate/Other	2	2
Reconciling Adjustments	17	17
Total depreciation	**$ 361**	**$ 340**
Amortization (deferral) of regulatory assets, net		
Regulated Distribution	$ (79)	$ (38)
Regulated Transmission	(1)	1
Corporate/Other	—	—
Reconciling Adjustments	—	—
Total amortization (deferral) of regulatory assets, net	**$ (80)**	**$ (37)**
Equity method investment earnings		
Regulated Distribution	$ —	$ —
Regulated Transmission	—	—
Corporate/Other	56	12
Reconciling Adjustments	—	—
Total equity method investment earnings	**$ 56**	**$ 12**
Interest expense		
Regulated Distribution	$ 146	$ 129
Regulated Transmission	59	59
Corporate/Other	75	89
Reconciling Adjustments	(17)	(2)
Total interest expense	**$ 263**	**$ 275**

(In millions)	Three Months Ended March 31, 2023	Three Months Ended March 31, 2022
Income taxes (benefits)		
Regulated Distribution	$ 56	$ 69
Regulated Transmission	40	41
Corporate/Other	(6)	(27)
Reconciling Adjustments	—	—
Total income taxes (benefits)	**$ 90**	**$ 83**
Earnings attributable to FE		
Regulated Distribution	$ 236	$ 265
Regulated Transmission	114	125
Corporate/Other	(58)	(102)
Reconciling Adjustments	—	—
Total earnings attributable to FE	**$ 292**	**$ 288**
Capital investments		
Regulated Distribution	$ 334	$ 336
Regulated Transmission	308	197
Corporate/Other	7	6
Reconciling Adjustments	—	—
Total capital investments	**$ 649**	**$ 539**

(In millions)	As of March 31, 2023	As of December 31, 2022
Assets		
Regulated Distribution	$ 31,886	$ 31,749
Regulated Transmission	13,981	13,835
Corporate/Other	612	524
Reconciling Adjustments	—	—
Total assets	**$ 46,479**	**$ 46,108**
Goodwill		
Regulated Distribution	$ 5,004	$ 5,004
Regulated Transmission	614	614
Corporate/Other	—	—
Reconciling Adjustments	—	—
Total goodwill	**$ 5,618**	**$ 5,618**

ITEM 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

FIRSTENERGY CORP.
MANAGEMENT'S DISCUSSION AND ANALYSIS OF
FINANCIAL CONDITION AND RESULTS OF OPERATIONS

FIRSTENERGY'S BUSINESS

FE and its subsidiaries are principally involved in the transmission, distribution and generation of electricity through its reportable segments, Regulated Distribution and Regulated Transmission.

FirstEnergy is proceeding with the consolidation of the Pennsylvania Companies into FE PA, a new, single operating entity. The PA Consolidation will require, among other steps: (a) the transfer of certain Pennsylvania-based transmission assets owned by WP to KATCo, (b) the contribution of Class B equity interests of MAIT currently held by PN and ME to FE (and ultimately transferred to FET as part of the FET Minority Equity Interest Sale), (c) the formation of FE PA and (d) the merger of each of the Pennsylvania Companies with and into FE PA, with FE PA surviving such mergers as the successor-in-interest to all assets and liabilities of the Pennsylvania Companies. Following completion of the PA Consolidation, FE PA will be FE's only regulated utility in Pennsylvania encompassing the operations previously conducted individually by the Pennsylvania Companies and is expected to realize increased regulatory and administrative efficiencies, streamlined operational functions and certain financing benefits. Consummation of the PA Consolidation is contingent upon numerous conditions, including the approval of NYPSC, PPUC and FERC, which filings were submitted on March 6, 2023. Subject to receipt of such regulatory approvals, FirstEnergy expects that the PA Consolidation will close by early 2024.

The **Regulated Distribution** segment distributes electricity through FirstEnergy's ten utility operating companies, serving approximately six million customers within 65,000 square miles of Ohio, Pennsylvania, West Virginia, Maryland, New Jersey and New York, and purchases power for its provider of last resort, SOS, standard service offer and default service requirements in Ohio, Pennsylvania, New Jersey and Maryland. This segment also controls 3,580 MWs of regulated electric generation capacity located primarily in West Virginia and Virginia. The segment's results reflect the costs of securing and delivering electric generation from transmission facilities to customers, including the deferral and amortization of certain related costs.

The **Regulated Transmission** segment provides transmission infrastructure owned and operated by the Transmission Companies and certain of FirstEnergy's utilities (JCP&L, MP, PE and WP) to transmit electricity from generation sources to distribution facilities. The segment's revenues are primarily derived from forward-looking formula rates. Under forward-looking formula rates, the revenue requirement is updated annually based on a projected rate base and projected costs, which is subject to an annual true-up based on actual rate base and costs. The segment's results also reflect the net transmission expenses related to the delivery of electricity on FirstEnergy's transmission facilities. On November 6, 2021, FirstEnergy, along with FET, entered into the FET P&SA I, with Brookfield and the Brookfield Guarantors pursuant to which FET agreed to issue and sell to Brookfield at the closing, and Brookfield agreed to purchase from FET, certain newly issued membership interests of FET, such that Brookfield would own 19.9% of the issued and outstanding membership interests of FET, for a purchase price of $2.375 billion. The transaction closed on May 31, 2022.

On February 2, 2023, FE, along with FET, entered into the FET P&SA II with Brookfield and the Brookfield Guarantors, pursuant to which FE agreed to sell to Brookfield at the closing, and Brookfield agreed to purchase from FE, an incremental 30% equity interest in FET for a purchase price of $3.5 billion. The purchase price will be payable in part by the issuance of a promissory note expected to be in the principal amount of $1.75 billion. The remaining $1.75 billion of the purchase price will be payable in cash at the closing. As a result of the consummation of the transaction, Brookfield's interest in FET will increase from 19.9% to 49.9%, while FE will retain the remaining 50.1% ownership interests of FET. The transaction is subject to customary closing conditions, including approval from the FERC and certain state utility commissions, and completion of review by the CFIUS. In addition, pursuant to the FET P&SA II, FirstEnergy has agreed to make the necessary filings with the applicable regulatory authorities for the PA Consolidation. The FET Minority Equity Interest Sale is expected to close by early 2024. Upon closing, FET will continue to be consolidated in FirstEnergy's GAAP financial statements.

Corporate/Other reflects corporate support and other costs not charged or attributable to the Utilities or Transmission Companies, including FE's retained pension and OPEB assets and liabilities of former subsidiaries, interest expense on FE's holding company debt and other investments or businesses that do not constitute an operating segment, including FEV's investment of 33-1/3% equity ownership in Global Holding. Additionally, reconciling adjustments for the elimination of inter-segment transactions are included in Corporate/Other. As of March 31, 2023, 67 MWs of electric generating capacity, representing AE Supply's OVEC capacity entitlement, was also included in Corporate/Other for segment reporting. As of March 31, 2023, Corporate/Other had approximately $5.7 billion of FE holding company debt.

EXECUTIVE SUMMARY

FirstEnergy is a forward-thinking, electric utility centered on integrity, powered by a diverse team of employees, committed to making customers' lives brighter, the environment better and our communities stronger.

FirstEnergy's core values encompass what matters most to the company. They guide the decisions we make and the actions we take. FirstEnergy's core values should inspire our actions today and shine a light on who we aspire to be in the future.

FirstEnergy Core Values:

- **Integrity:** We always act ethically with honesty, humility and accountability.
- **Safety:** We keep ourselves and others safe.
- **Diversity, Equity and Inclusion:** We embrace differences, ensure every employee is treated fairly and create a culture where everyone feels they belong.
- **Performance Excellence:** We pursue excellence and seek opportunities for growth, innovation and continuous improvement.
- **Stewardship:** We positively impact our customers, communities and other stakeholders, and strive to protect the environment.

Employees are encouraged and expected to have conversations with their leaders and peers about the core values and FirstEnergy's commitment to building a culture centered on integrity.

At FirstEnergy, we are dedicated to staying true to our mission and core values. We understand the impact our company can make in the world around us, which means pursuing initiatives and goals that align with our foundational principles, support our EESG and strategic priorities, and positively impact our stakeholders.

To solidify our role as an industry leader, we have developed a long-term strategy with priorities that are centered on our mission statement. These priorities reflect a strong foundation with a customer-centered focus that emphasizes modern experiences, new growth and affordable energy bills, and enables the energy transition to a clean, resilient and secure electric grid.

We are proud of the steps we have already taken to demonstrate our commitment to our strategy and look forward to improving our performance and executing on these strategic priorities.

As a fully regulated electric utility, FirstEnergy is focused on stable and predictable earnings and cash flow from its Regulated Distribution and Regulated Transmission businesses flowing through investments that deliver enhanced customer service and reliability.

FirstEnergy's Regulated Distribution business is comprised of a geographically and regulatory diverse collection of electric utilities delivering customer-focused sustainable growth. This business operates in a territory of 65,000 square miles, across the Midwest & Mid-Atlantic regions, one of the largest contiguous territories in the United States, and allows the Utilities to be uniquely positioned for growth through investments that strengthen the grid and enable the clean energy transition, with more than $9 billion in investment plans (or 53% of the total FirstEnergy investment plan) from 2021 to 2025. Through its investment plan, Regulated Distribution is focused on improving reliability and added operating flexibility to the distribution infrastructure, which provide benefits to the customers and communities those Utilities serve.

In addition to our investments to rebuild critical infrastructure and improve reliability, current and future distribution investment opportunities that support our EESG and strategic priorities include:

- Advanced Metering Infrastructure – install smart meters and related infrastructure;
- Grid Modernization Investments that support distribution automation and voltage and VAR optimization;
- Installation of electric vehicle charging stations;
- Energy efficiency and demand response initiatives that assist customers in lowering their overall energy bills while also helping us to reduce peak system demand;
- Utility-Scale Solar Generation that lowers our carbon footprint;
- Pilot program to install battery storage systems;
- Information Systems – enhance our core information infrastructure of our distribution systems; and
- Supporting economic development to attract new business.

FirstEnergy has an active regulatory calendar in 2023 and 2024 to support its regulated growth strategy and address the critical investments that support reliability and a smarter and cleaner electric grid, including:

- On January 13, 2023, MP and PE filed a request with the WVPSC seeking approval of new depreciation rates for existing and future capital assets. Specifically, MP and PE are seeking to increase depreciation expense by $75.5 million per year, primarily for regulated generation-related assets;
- On March 16, 2023, JCP&L filed a base rate case in New Jersey, which supports investments to strengthen the energy grid, enhance the customer experience, and provide assistance to low-income as well as senior citizen customers. Key proposals to the filing include: a distribution rate base of $3.0 billion, ROE of 10.4%, and a capital structure of debt/equity of 48%/52%. Additionally, JCP&L plans to file an infrastructure investment program by June 2023;
- On March 22, 2023, PE filed a base rate case in Maryland, which supports reliability investments through energy grid upgrades, ongoing tree trimming, infrastructure inspections, and low-income assistance programs. Key proposals to the filing include: a distribution rate base of $719 million, ROE of 10.6%, and a capital structure of debt/equity of 46.5%/53.5%;
- On April 5, 2023, the Ohio Companies sought approval from the PUCO for its ESP V. The proposed plan would maintain an eight-year term beginning June 1, 2024, and seeks to continue riders recovering costs associated with distribution infrastructure investments and approved grid modernization investments. ESP V additionally proposes new riders that would support reliability, and includes provisions supporting affordability and enhancing the customer experience;
- MP and PE expect to file a base rate case in West Virginia in the second quarter of 2023, which will support reliability investments, grid resiliency, an enhanced customer experience, and provide assistance to low-income customers; and
- FirstEnergy plans to continue its active regulatory filings in 2024 with base rate case filings in Ohio and potentially Pennsylvania.

FirstEnergy's Regulated Transmission business is a premier, high quality transmission business, with approximately 24,000 miles of transmission lines in operation and one of the largest transmission systems in PJM. The Transmission Companies and certain of FirstEnergy's utilities (JCP&L, MP, PE and WP) are focused on "Energizing the Future" with investments that support clean energy, improve grid reliability and resiliency and support a carbon neutral future. "Energizing the Future" is the centerpiece of FirstEnergy's regulated investment strategy with all investments recovered under FERC-regulated forward-looking formula rates, and approximately $8 billion in investment plans (or 45% of the total FirstEnergy investment plan) from 2021 to 2025. FirstEnergy believes there is a continued long-term pipeline of investment opportunities for its existing transmission infrastructure beyond those identified through 2025, which are expected to strengthen grid and cyber-security and make the transmission system more reliable, robust, secure and resistant to extreme weather events, with improved operational flexibility.

In addition to our Energizing the Future investments, current and future transmission investment opportunities that support our EESG and strategic priorities include:

- Transmission Asset Health Center: real-time monitoring to reduce outages and lower expenses;
- Integrating digital technology to enhance equipment monitoring and lower costs;
- JCP&L awarded approximately $723 million of projects to connect clean energy generated by New Jersey's offshore wind farms to the power grid;
- Exploring real-time technologies: emerging technologies to enhance data collection; and
- Making smart investments to modernize the grid to integrate future renewables.

On February 2, 2023, FE, along with FET, entered into the FET P&SA II with Brookfield and the Brookfield Guarantors, pursuant to which FE agreed to sell to Brookfield at the closing, and Brookfield agreed to purchase from FE, an incremental 30% equity interest in FET for a purchase price of $3.5 billion. The purchase price will be payable in part by the issuance of a promissory note expected to be in the principal amount of $1.75 billion. The remaining $1.75 billion of the purchase price will be payable in cash at the closing. As a result of the consummation of the transaction, Brookfield's interest in FET will increase from 19.9% to 49.9%, while FE will retain the remaining 50.1% ownership interests of FET. The transaction is subject to customary closing conditions, including approval from the FERC and certain state utility commissions, and completion of review by the CFIUS. In addition, pursuant to the FET P&SA II, FirstEnergy has agreed to make the necessary filings with the applicable regulatory authorities for the PA Consolidation. The FET Minority Equity Interest Sale is expected to close by early 2024. Upon closing, FET will continue to be consolidated in FirstEnergy's GAAP financial statements.

FirstEnergy is proceeding with the consolidation of the Pennsylvania Companies into FE PA, a new, single operating entity. The PA Consolidation will require, among other steps: (a) the transfer of certain Pennsylvania-based transmission assets owned by WP to KATCo, (b) the contribution of Class B equity interests of MAIT currently held by PN and ME to FE (and ultimately transferred to FET as part of the FET Minority Equity Interest Sale), (c) the formation of FE PA and (d) the merger of each of the Pennsylvania Companies with and into FE PA, with FE PA surviving such mergers as the successor-in-interest to all assets and liabilities of the Pennsylvania Companies. Following completion of the PA Consolidation, FE PA will be FE's only regulated utility in Pennsylvania encompassing the operations previously conducted individually by the Pennsylvania Companies. Consummation of the PA Consolidation is contingent upon numerous conditions, including the approval of NYPSC, PPUC and FERC, which filings were submitted on March 6, 2023. Subject to receipt of such regulatory approvals, FirstEnergy expects that the PA Consolidation will close by early 2024. FirstEnergy is also evaluating the legal, financial, operational, and branding benefits of consolidating the Ohio Companies into a single Ohio utility company.

FE Forward is our ongoing effort of continuous improvement, including the strategic reduction of operating expenditures and continued reinvestment in a more diverse capital program in support of our long-term strategy. FirstEnergy will leverage other opportunities to reduce costs, such as filling only critical positions, and will explore other additional, sustainable opportunities, such as reducing contractor spend. Additionally, we will begin implementing our facility optimization plans, which focus on both cost savings and alignment with our flexible working arrangements, and will result in our exiting the General Office in Akron, Ohio, and other corporate facilities in Brecksville, Ohio, Greensburg, Pennsylvania, and Morristown, New Jersey beginning in 2024. Our corporate headquarters will remain in Akron, moving to our West Akron Campus, and we continue to explore real estate options and relocation opportunities for the other corporate facilities. As FirstEnergy continues to transform the business and implement initiatives to reduce cost, including the facility optimization plan, the impact of such actions may result in future impairments or other charges that may be significant. The result of our combined efforts will help build a stronger, more sustainable company for the near and long term.

On March 27, 2023, FirstEnergy announced that the FE Board had appointed Brian X. Tierney to the position of President and Chief Executive Officer, effective as of June 1, 2023. Mr. Tierney, 55, currently serves as Senior Managing Director and Global Head of Infrastructure Operations and Asset Management at Blackstone. Prior to joining Blackstone in July 2021, Mr. Tierney spent 23 years with AEP. John W. Somerhalder II will cease serving as Interim President and Chief Executive Officer at the conclusion of May 31, 2023, and will continue to serve as the Chair of the FE Board.

Climate Strategy

Our commitment to climate is a significant component of our company's overarching strategy, especially our desire to enable the transition to a clean energy future. Executing our Climate Strategy and advancing the transition to clean energy requires addressing, among other things: emerging federal and state decarbonization goals; physical risks of climate change; industry trends and technology advancements; and customer expectations for cleaner energy, increased usage control, and more sustainable alternatives in transportation, manufacturing and industrial processes. Through our investment plan, we aim to enhance the resiliency, reliability and security of the electric system and support the integration of renewables, electric vehicles, grid modernization improvements and other emerging technologies.

As part of our Climate Strategy, we have pledged to achieve carbon neutrality by 2050, with an interim 30% reduction in GHGs by 2030 based on 2019 levels. This GHG goal addresses company-wide emissions within our direct operational control, also known as Scope 1 emissions, across our transmission, distribution and regulated generation operations.

Key steps in working toward carbon neutrality by 2050 include:

- Reducing Sulfur Hexafluoride Emissions: We're working to repair or replace, as appropriate, transmission breakers that leak sulfur hexafluoride, which is a gas commonly used by energy companies as an electrical insulating material and arc extinguisher in high-voltage circuit breakers and switchgear. If escaped to the atmosphere, it acts as a potent GHG with a global warming potential significantly greater than CO_2;
- Electrifying our Vehicle Fleet: We're targeting 30% electrification of our light-duty and aerial truck fleet by 2030 and 100% electrification by 2050. To reach our electrification goal, we're striving for 100% electric or hybrid vehicle purchases for our light-duty and aerial truck fleet moving forward, beginning with the first hybrid electric vehicle additions to the fleet in 2021; and
- Transitioning Away from Coal Generation: We've committed to moving beyond coal-fired generation no later than 2050.

Future resource plans to achieve carbon reductions, including potential changes in operations or any determination of retirement dates of the regulated coal-fired generating facilities, will be subject to the West Virginia legislation effective March 7, 2023, which requires prior approval from the West Virginia Public Energy Authority to decommission MP's generating facilities, and may also be impacted by the potential acquisition of the Pleasants Power Station. We will work collaboratively with regulators in West Virginia to achieve our climate goals. Determination of the useful life of the regulated coal-fired generating facilities could result in changes in depreciation, and/or continued collection of net plant in rates after retirement, securitization, sale, impairment or regulatory disallowances. If MP is unable to recover these costs, it could have a material adverse effect on FirstEnergy's and/or MP's financial condition, results of operations, and cash flow.

HB 6 and Related Investigations

On July 21, 2021, FE entered into a three-year DPA with the U.S. Attorney's Office that, subject to court proceedings, resolves the U.S. Attorney's Office investigation into FirstEnergy relating to FirstEnergy's lobbying and governmental affairs activities concerning HB 6 related to the federal criminal allegations made in July 2020, against former Ohio House Speaker Larry Householder and other individuals and entities allegedly affiliated with Mr. Householder. Among other things, the DPA required FE to pay a monetary penalty of $230 million, which FE paid in the third quarter of 2021. Under the DPA, FE agreed to the filing of a criminal information charging FE with one count of conspiracy to commit honest services wire fraud. The $230 million payment will neither be recovered in rates or charged to FirstEnergy customers nor will FirstEnergy seek any tax deduction related to such payment. The criminal information will be dismissed after FirstEnergy fully complies with its obligations under the DPA.

The OAG, certain FE shareholders and FE customers filed several lawsuits against FirstEnergy and certain current and former directors, officers and other employees, each relating to the allegations against the now former Ohio House Speaker Larry Householder and other individuals and entities allegedly affiliated with Mr. Householder. On February 9, 2022, FE, acting through the SLC, agreed to a settlement term sheet to resolve multiple shareholder derivative lawsuits that were filed in the S.D. Ohio, the N.D. Ohio, and the Ohio Court of Common Pleas, Summit County. On March 11, 2022, the parties executed a stipulation and agreement of settlement, and filed a motion the same day requesting preliminary settlement approval in the S.D. Ohio. On August 23, 2022, the S.D. Ohio granted final approval of the settlement. On September 20, 2022, a purported FE stockholder filed a motion for reconsideration of the S.D. Ohio's final settlement approval. The parties filed oppositions to that motion on October 11, 2022 and the motion is under consideration by the S.D. Ohio. The N.D. Ohio matter remains pending. The settlement agreement is expected to fully resolve these shareholder derivative lawsuits and includes a series of corporate governance enhancements.

The settlement also includes a payment to FE of $180 million, to be paid by insurance after the judgment has become final, less $36 million in court-ordered attorney's fees awarded to plaintiffs.

In addition, on August 10, 2020, the SEC, through its Division of Enforcement, issued an order directing an investigation of possible securities laws violations by FE, and on September 1, 2020, issued subpoenas to FE and certain FE officers. Subsequently, on April 28, 2021, and July 11, 2022, the SEC issued additional subpoenas to FE. Further, in letters dated January 26, and February 22, 2021, staff of FERC's Division of Investigations notified FirstEnergy that it is investigating FirstEnergy's lobbying and governmental affairs activities concerning HB 6. On December 30, 2022, FERC approved a Stipulation and Consent Agreement that resolves the investigation. The agreement obligates FE to pay a civil penalty of $3.86 million, which was paid in January 2023, and to submit two annual compliance monitoring reports to FERC's Office of Enforcement regarding improvements to FirstEnergy's compliance programs.

FirstEnergy has taken numerous steps to address challenges posed by the HB 6 investigations and improve its compliance culture, including the refreshment of the FE Board, the hiring of key senior executives committed to supporting transparency and integrity, and strengthening and enhancing FirstEnergy's compliance culture through several initiatives. Although the outcome of the HB 6 investigations and state regulatory audits remain unknown, FirstEnergy has also taken several proactive steps to reduce regulatory uncertainty affecting the Ohio Companies.

Despite the many disruptions FirstEnergy is currently facing, the leadership team remains committed and focused on executing its strategy and running the business. See "Outlook - Other Legal Proceedings" below for additional details on the government investigations, the DPA, and subsequent litigation surrounding the investigation of HB 6. See also "Outlook - State Regulation - Ohio" below for details on the PUCO proceeding reviewing political and charitable spending and legislative activity in response to the investigation of HB 6. The outcome of the government investigations, PUCO proceedings, legislative activity, and any of these lawsuits is uncertain and could have a material adverse effect on FirstEnergy's financial condition, results of operations and cash flows.

FINANCIAL OVERVIEW AND RESULTS OF OPERATIONS

(In millions)	For the Three Months Ended March 31,			
	2023	2022	Change	
Revenues	$ 3,231	$ 2,989	$ 242	8 %
Operating expenses	2,680	2,430	250	10 %
Other expenses, net	(151)	(188)	37	20 %
Income taxes	90	83	7	8 %
Income attributable to noncontrolling interest	18	—	18	NM
Earnings attributable to FE	$ 292	$ 288	$ 4	1 %

* NM = not meaningful

The financial results discussed below include revenues and expenses from transactions among FirstEnergy's business segments. A reconciliation of segment financial results is provided in Note 9, "Segment Information," of the Notes to Consolidated Financial Statements.

Summary of Results of Operations — First Three Months of 2023 Compared with First Three Months of 2022

Financial results for FirstEnergy's business segments in the first three months of 2023 and 2022 were as follows:

First Three Months 2023 Financial Results	Regulated Distribution	Regulated Transmission	Corporate/Other and Reconciling Adjustments	FirstEnergy Consolidated
		(In millions)		
Revenues:				
Electric	$ 2,772	$ 460	$ (43)	$ 3,189
Other	54	1	(13)	42
Total Revenues	2,826	461	(56)	3,231
Operating Expenses:				
Fuel	133	—	—	133
Purchased power	1,120	—	4	1,124
Other operating expenses	786	89	(29)	846
Provision for depreciation	251	91	19	361
Deferral of regulatory assets, net	(79)	(1)	—	(80)
General taxes	219	65	12	296
Total Operating Expenses	2,430	244	6	2,680
Other Income (Expense):				
Equity method investment earnings	—	—	56	56
Miscellaneous income (expense), net	34	2	(1)	35
Interest expense	(146)	(59)	(58)	(263)
Capitalized financing costs	8	12	1	21
Total Other Expense	(104)	(45)	(2)	(151)
Income taxes (benefits)	56	40	(6)	90
Income attributable to noncontrolling interest	—	18	—	18
Earnings (Loss) Attributable to FE	$ 236	$ 114	$ (58)	$ 292

First Three Months 2022 Financial Results	Regulated Distribution	Regulated Transmission	Corporate/Other and Reconciling Adjustments	FirstEnergy Consolidated
		(In millions)		
Revenues:				
Electric	$ 2,532	$ 451	$ (39)	$ 2,944
Other	57	2	(14)	45
Total Revenues	2,589	453	(53)	2,989
Operating Expenses:				
Fuel	140	—	—	140
Purchased power	870	—	5	875
Other operating expenses	798	90	(68)	820
Provision for depreciation	235	86	19	340
Amortization (deferral) of regulatory assets, net	(38)	1	—	(37)
General taxes	215	66	11	292
Total Operating Expenses	2,220	243	(33)	2,430
Other Income (Expense):				
Debt redemption costs	—	—	(38)	(38)
Equity method investment earnings	—	—	12	12
Miscellaneous income, net	85	6	3	94
Interest expense	(129)	(59)	(87)	(275)
Capitalized financing costs	9	9	1	19
Total Other Expense	(35)	(44)	(109)	(188)
Income taxes (benefits)	69	41	(27)	83
Income attributable to noncontrolling interest	—	—	—	—
Earnings (Loss) Attributable to FE	$ 265	$ 125	$ (102)	$ 288

Changes Between First Three Months 2023 and First Three Months 2022 Financial Results	Regulated Distribution	Regulated Transmission	Corporate/Other and Reconciling Adjustments	FirstEnergy Consolidated
		(In millions)		
Revenues:				
Electric	$ 240	$ 9	$ (4)	$ 245
Other	(3)	(1)	1	(3)
Total Revenues	237	8	(3)	242
Operating Expenses:				
Fuel	(7)	—	—	(7)
Purchased power	250	—	(1)	249
Other operating expenses	(12)	(1)	39	26
Provision for depreciation	16	5	—	21
Amortization (deferral) of regulatory assets, net	(41)	(2)	—	(43)
General taxes	4	(1)	1	4
Total Operating Expenses	210	1	39	250
Other Income (Expense):				
Debt redemption costs	—	—	38	38
Equity method investment earnings	—	—	44	44
Miscellaneous income (expense), net	(51)	(4)	(4)	(59)
Interest expense	(17)	—	29	12
Capitalized financing costs	(1)	3	—	2
Total Other Expense	(69)	(1)	107	37
Income taxes (benefits)	(13)	(1)	21	7
Income attributable to noncontrolling interest	—	18	—	18
Earnings (Loss) Attributable to FE	$ (29)	$ (11)	$ 44	$ 4

Regulated Distribution — First Three Months of 2023 Compared with First Three Months of 2022

Regulated Distribution's earnings attributable to FE decreased $29 million in the first three months of 2023, as compared to the same period of 2022, primarily resulting from lower weather-related customer usage, higher pension and OPEB expenses, and higher interest expense, partially offset by higher revenues from capital investment programs, higher weather-adjusted customer usage and demands and lower other operating expenses.

Revenues —

The $237 million increase in total revenues resulted from the following sources:

	For the Three Months Ended March 31,		
Revenues by Type of Service	**2023**	**2022**	**Increase (Decrease)**
		(In millions)	
Distribution services	$ 1,330	$ 1,348	$ (18)
Generation sales:			
Retail	1,395	1,094	301
Wholesale	47	90	(43)
Total generation sales	1,442	1,184	258
Other	54	57	(3)
Total Revenues	$ 2,826	$ 2,589	$ 237

Distribution services revenues decreased $18 million in the first three months 2023, as compared to the same period of 2022, primarily resulting from lower weather-related customer usage and lower transmission recovery, partially offset by higher revenues from capital investment programs, higher weather-adjusted customer usage and demands, lower customer refunds and credits associated with the PUCO-approved Ohio Stipulation and other rider rate adjustments at the Pennsylvania Companies, which has no material impact to current period earnings, and higher rates associated with riders in Ohio and Pennsylvania for the recovery of certain capital investment programs.

Distribution services by customer class are summarized in the following table:

	For the Three Months Ended March 31,					
(In thousands)	**Actual**			**Weather-Adjusted**		
Electric Distribution MWH Deliveries	**2023**	**2022**	**(Decrease)**	**2023**	**2022**	**Increase (Decrease)**
Residential	13,941	15,213	(8.4)%	15,982	15,170	5.4 %
Commercial [(1)]	8,632	9,291	(7.1)%	9,403	9,265	1.5 %
Industrial	13,511	13,583	(0.5)%	13,511	13,583	(0.5)%
Total Electric Distribution MWH Deliveries	36,084	38,087	(5.3)%	38,896	38,018	2.3 %

[(1)] Includes street lighting.

Residential and commercial distribution deliveries were impacted by lower weather-related customer usage. Heating degree days in the first three months of 2023 were 18% below the same period of 2022 and 19% below normal. Decreases in industrial deliveries were primarily from plastics and rubber manufacturing, nonmetallic mineral manufacturing, chemical manufacturing and fabricated metal sectors.

Compared to pre-pandemic levels in 2019, weather-adjusted residential distribution deliveries for the first three months of 2023 increased 5%, while commercial and industrial deliveries decreased 3% and 4%, respectively.

The following table summarizes the price and volume factors contributing to the $258 million increase in generation revenues for the first three months of 2023, as compared to the same period of 2022:

Source of Change in Generation Revenues	Increase (Decrease)
	(In millions)
Retail:	
Change in sales volumes	$ 76
Change in prices	225
	301
Wholesale:	
Change in sales volumes	(16)
Change in prices	1
Capacity revenue	(28)
	(43)
Change in Generation Revenues	$ 258

The increase in retail generation sales volumes was primarily due to decreased customer shopping in New Jersey and Ohio, partially offset by lower weather-related usage. Total generation provided by alternative suppliers as a percentage of total MWH deliveries in the first three months of 2023, as compared to the same period of 2022, decreased to 39% from 45% in New Jersey and to 58% from 83% in Ohio. The increase in retail generation prices primarily resulted from higher non-shopping generation auction rates. Retail generation sales, excluding those in West Virginia, have no material impact to earnings.

Wholesale generation revenues decreased $43 million in the first three months of 2023, as compared to the same period in 2022, primarily due to lower capacity revenues and sales volumes. The difference between current wholesale generation revenues and certain energy costs incurred are deferred for future recovery or refund, with no material impact to current period earnings.

Operating Expenses —

Total operating expenses increased $210 million, primarily due to the following:

- Fuel costs decreased $7 million during the first three months of 2023, as compared to the same period of 2022, primarily due to lower generation output, partially offset by higher unit costs. Due to the ENEC, fuel expense has no material impact on current period earnings.

- Purchased power costs, which have no material impact on current period earnings, increased $250 million during the first three months of 2023, as compared to the same period of 2022, primarily due to higher prices and increased volumes as described above, partially offset by lower capacity expenses.

Source of Change in Purchased Power	Increase (Decrease)
	(In millions)
Purchases:	
Change due to unit costs	$ 107
Change due to volumes	168
	275
Capacity	(25)
Change in Purchased Power Costs	$ 250

- Other operating expenses decreased $12 million in the first three months of 2023, as compared to the same period of 2022, primarily due to:

    - Lower other operating and maintenance expenses of $25 million, primarily associated with lower employee benefits and vegetation contractor spend.
    - Lower network transmission expenses of $9 million. These costs are deferred for future recovery, resulting in no material impact on current period earnings.
    - Higher storm expenses of $4 million, nearly all of which was deferred.
    - Higher vegetation management in West Virginia, energy efficiency and other state mandated program costs of $4 million, which are deferred for future recovery, resulting in no material impact on current period earnings.
    - Higher uncollectible expenses of $14 million, of which $11 million was deferred for future recovery.

- Depreciation expense increased $16 million in the first three months of 2023, as compared to the same period of 2022, primarily due to a higher asset base.

- Amortization (deferral) of regulatory assets, net decreased $41 million in the first three months of 2023, as compared to the same period of 2022, primarily due to:

    - $30 million decrease due to lower transmission related amortization and deferrals,
    - $12 million decrease due to lower energy efficiency related deferrals,
    - $8 million decrease due to higher deferred uncollectible expenses,
    - $18 million related to net decreases in recovery of certain program costs and other amortizations, and
    - $6 million decrease due to higher deferral of storm related expenses, partially offset by
    - $33 million increase due to the absence of the customer refunds associated with the Ohio Stipulation.

- General taxes increased $4 million in the first three months of 2023, as compared to the same period of 2022, primarily due to higher gross receipts taxes, partially offset by lower Ohio property taxes.

Other Expense —

Other expense increased $69 million in the first three months of 2023, as compared to the same period of 2022, primarily due to higher pension and OPEB non-service costs, higher borrowings under the revolving credit facilities, higher rates on regulated money pool borrowings, and higher interest from long-term debt issuances since the first quarter of 2022.

Income Taxes —

Regulated Distribution's effective tax rate was 19.2% and 20.7% for the three months ended March 31, 2023 and 2022, respectively.

Regulated Transmission — First Three Months of 2023 Compared with First Three Months of 2022

Regulated Transmission's earnings attributable to FE decreased $11 million in the first three months of 2023, as compared to the same period of 2022, primarily due to the 19.9% minority equity interest sale in FET that closed in May 2022, and charges resulting from ongoing audits and proceedings, partially offset by higher rate base and lower net financing costs.

Revenues —

Total revenues increased $8 million, primarily due to the recovery of higher rate base and operating expenses, partially offset by the absence of a formula rate adjustment at JCP&L in the first quarter of 2022.

The following table shows revenues by transmission asset owner:

Revenues by Transmission Asset Owner	For the Three Months Ended March 31, 2023	2022	Increase (Decrease)
		(In millions)	
ATSI	$ 226	$ 217	$ 9
TrAIL	67	65	2
MAIT	89	79	10
JCP&L	43	60	(17)
MP, PE and WP	36	32	4
Total Revenues	$ 461	$ 453	$ 8

Operating Expenses —

Total operating expenses increased $1 million in the first three months of 2023, as compared to the same period of 2022, primarily due to higher depreciation from a higher asset base partially offset by lower operating and maintenance expenses. Nearly all operating expenses are recovered through formula rates, resulting in no material impact on current period earnings.

Other Expense —

Total other expense increased $1 million in the first three months of 2023, as compared to the same period of 2022, primarily due to higher pension and OPEB non-service costs partially offset by higher capitalized financing cost.

Income Taxes —

Regulated Transmission's effective tax rate was 23.3% and 24.7% for the three months ended March 31, 2023 and 2022, respectively.

Corporate / Other — First Three Months of 2023 Compared with First Three Months of 2022

Financial results at Corporate/Other resulted in a $44 million decrease in loss attributable to FE in the first three months of 2023, as compared to the same period of 2022. This was primarily due to higher investment earnings on FEV's equity method investment in Global Holding and corporate-owned life insurance policies, and lower interest and debt redemption expenses from the redemption of FE notes during 2022. These were partially offset by higher other operating expenses primarily associated with the cancellation of a sponsorship agreement, higher investigation and other related costs, higher pension and OPEB non-service costs, and lower income tax benefits.

REGULATORY ASSETS AND LIABILITIES

Regulatory assets represent incurred costs that have been deferred because of their probable future recovery from customers through regulated rates. Regulatory liabilities represent amounts that are expected to be credited to customers through future regulated rates or amounts collected from customers for costs not yet incurred. FirstEnergy, the Utilities and the Transmission Companies net their regulatory assets and liabilities based on federal and state jurisdictions.

Management assesses the probability of recovery of regulatory assets, and settlement of regulatory liabilities, at each balance sheet date and whenever new events occur. Factors that may affect probability relate to changes in the regulatory environment, issuance of a regulatory commission order or passage of new legislation. Upon material changes to these factors, where applicable, FirstEnergy will record new regulatory assets and liabilities and will assess whether it is probable that currently recorded regulatory assets and liabilities will be recovered or settled in future rates.

The following table provides information about the composition of net regulatory assets and liabilities as of March 31, 2023, and December 31, 2022, and the changes during the three months ended March 31, 2023:

Net Regulatory Assets (Liabilities) by Source	March 31, 2023	December 31, 2022	Change
		(In millions)	
Customer payables for future income taxes	$ (2,420)	$ (2,463)	$ 43
Spent nuclear fuel disposal costs	(86)	(83)	(3)
Asset removal costs	(684)	(675)	(9)
Deferred transmission costs	69	50	19
Deferred generation costs	262	235	27
Deferred distribution costs	173	164	9
Storm-related costs	702	683	19
Pandemic-related costs	53	63	(10)
Energy efficiency program costs	114	94	20
New Jersey societal benefit costs	92	94	(2)
Vegetation management costs	65	63	2
Other	(21)	(39)	18
Net Regulatory Liabilities included on the Consolidated Balance Sheets	$ (1,681)	$ (1,814)	$ 133

The following is a description of the regulatory assets and liabilities described above:

Customer payables for future income taxes - Reflects amounts to be recovered or refunded through future rates to pay income taxes that become payable when rate revenue is provided to recover items such as AFUDC-equity and depreciation of property, plant and equipment for which deferred income taxes were not recognized for ratemaking purposes, including amounts attributable to federal and state tax rate changes such as the Tax Act and Pennsylvania House Bill 1342. These amounts are being amortized over the period in which the related deferred tax assets reverse, which is generally over the expected life of the underlying asset.

Spent nuclear fuel disposal costs - Reflects amounts collected from customers, and the investment income, losses and changes in fair value of the trusts for spent nuclear fuel disposal costs related to former nuclear generating facilities, Oyster Creek and TMI-1.

Asset removal costs - Primarily represents the rates charged to customers that include a provision for the cost of future activities to remove assets, including obligations for which an asset retirement obligation has been recognized, that are expected to be incurred at the time of retirement.

Deferred transmission costs - Reflects differences between revenues earned based on actual costs for FirstEnergy's formula-rate transmission subsidiaries and the amounts billed, including amounts expected to be refunded to, or recoverable from, wholesale transmission customers resulting from the FERC Audit, as further described below, which amounts are recorded as a regulatory asset or liability and recovered or refunded, respectively, in subsequent periods. Also included is the recovery of non-market based costs or fees charged to certain of the Utilities by various regulatory bodies including FERC and RTOs, which can include PJM charges and credits for service including, but not limited to, procuring transmission services and transmission enhancement.

Deferred generation costs - Primarily relates to regulatory assets associated with the securitized recovery of certain fuel and purchased power regulatory assets at the Ohio Companies (amortized through 2034) as well as the ENEC at MP and PE. MP and PE recover net power supply costs, including fuel costs, purchased power costs and related expenses, net of related market sales revenue through the ENEC. Generally, the ENEC rate is updated annually.

Deferred distribution costs - Relates to the Ohio Companies' deferral of certain distribution-related expenses, including interest (amortized through 2034), costs related to the AMI and electric vehicle programs in New Jersey, and smart meters program in Pennsylvania.

Storm-related costs - Relates to the deferral of storm costs, which vary by jurisdiction. Approximately $221 million and $206 million are currently being recovered through rates as of March 31, 2023 and December 31, 2022, respectively.

Pandemic-related costs - Includes the deferral of incremental costs arising from the pandemic and in some cases including uncollectible expenses.

Energy efficiency program costs - Relates to the recovery of costs in excess of revenues associated with energy efficiency programs including New Jersey energy efficiency and renewable energy programs, the Pennsylvania Companies' EE&C programs, the Ohio Companies' Demand Side Management and Energy Efficiency Rider, and PE's EmPOWER Maryland Surcharge. Investments in certain of these energy efficiency programs earn a long-term return.

New Jersey societal benefit costs - Primarily relates to regulatory assets associated with MGP remediation, universal service and lifeline funds, and the New Jersey Clean Energy Program.

Vegetation management costs - Relates to regulatory assets associated with the recovery of certain distribution vegetation management costs in New Jersey and West Virginia as well as certain transmission vegetation management costs at MAIT, ATSI and WP/PE, which are amortized through 2024, 2030 and 2036, respectively.

The following table provides information about the composition of net regulatory assets that do not earn a current return as of March 31, 2023 and December 31, 2022, of which approximately $535 million and $511 million, respectively, are currently being recovered through rates over varying periods, through 2068, depending on the nature of the deferral and the jurisdiction:

Regulatory Assets by Source Not Earning a Current Return	March 31, 2023	December 31, 2022	Change
		(In millions)	
Deferred transmission costs	$ 7	$ 8	$ (1)
Deferred generation costs	266	262	4
Deferred distribution costs	37	27	10
Storm-related costs	576	568	8
Pandemic-related costs	70	70	—
Vegetation management costs	57	52	5
Other	9	10	(1)
Regulatory Assets Not Earning a Current Return	$ 1,022	$ 997	$ 25

CAPITAL RESOURCES AND LIQUIDITY

FirstEnergy's business is capital intensive, requiring significant resources to fund operating expenses, construction and other investment expenditures, scheduled debt maturities and interest payments, dividend payments and potential contributions to its pension plan.

FE and its distribution and transmission subsidiaries expect their existing sources of liquidity to remain sufficient to meet their respective anticipated obligations. In addition to internal sources to fund liquidity and capital requirements for 2023 and beyond, FE and its distribution and transmission subsidiaries expect to rely on external sources of funds. Short-term cash requirements not met by cash provided from operations are generally satisfied through short-term borrowings. Long-term cash needs may be met through the issuance of long-term debt by FE and certain of its distribution and transmission subsidiaries to, among other things, fund capital expenditures and other capital-like investments, and refinance short-term and maturing long-term debt, subject to market conditions and other factors. In certain instances, FE may utilize instruments other than senior notes to fund its liquidity and capital requirements, including hybrid securities.

In alignment with FirstEnergy's strategy to invest in its Regulated Distribution and Regulated Transmission segments as a fully regulated company, FirstEnergy is focused on maintaining balance sheet strength and flexibility. Specifically, at the regulated businesses, regulatory authority has been obtained for various regulated distribution and transmission subsidiaries to issue and/or refinance debt.

Any financing plans by FE or any of its consolidated subsidiaries, including the issuance of equity and debt, and the refinancing of short-term and maturing long-term debt are subject to market conditions and other factors. No assurance can be given that any such issuances, financing or refinancing, as the case may be, will be completed as anticipated or at all. Any delay in the completion of financing plans could require FE or any of its consolidated subsidiaries to utilize short-term borrowing capacity, which could impact available liquidity. In addition, FE and its consolidated subsidiaries expect to continually evaluate any planned financings, which may result in changes from time to time.

On February 2, 2023, FE, along with FET, entered into the FET P&SA II with Brookfield and the Brookfield Guarantors, pursuant to which FE agreed to sell to Brookfield at the closing, and Brookfield agreed to purchase from FE, an incremental 30% equity interest in FET for a purchase price of $3.5 billion. The purchase price will be payable in part by the issuance of a promissory note expected to be in the principal amount of $1.75 billion. The remaining $1.75 billion of the purchase price will be payable in cash at the closing. As a result of the consummation of the transaction, Brookfield's interest in FET will increase from 19.9% to 49.9%, while FE will retain the remaining 50.1% ownership interests of FET. The transaction is subject to customary closing conditions, including approval from the FERC and certain state utility commissions, and completion of review by the CFIUS. In addition, pursuant to the FET P&SA II, FirstEnergy has agreed to make the necessary filings with the applicable regulatory authorities for the PA Consolidation. The FET Minority Equity Interest Sale is expected to close by early 2024. Upon closing, FET will continue to be consolidated in FirstEnergy's GAAP financial statements.

FirstEnergy is proceeding with the consolidation of the Pennsylvania Companies into FE PA, a new, single operating entity. The PA Consolidation will require, among other steps: (a) the transfer of certain Pennsylvania-based transmission assets owned by WP to KATCo, (b) the contribution of Class B equity interests of MAIT currently held by PN and ME to FE (and ultimately transferred to FET as part of the FET Minority Equity Interest Sale), (c) the formation of FE PA and (d) the merger of each of the Pennsylvania Companies with and into FE PA, with FE PA surviving such mergers as the successor-in-interest to all assets and liabilities of the Pennsylvania Companies. Following completion of the PA Consolidation, FE PA will be FE's only regulated utility in Pennsylvania encompassing the operations previously conducted individually by the Pennsylvania Companies and is expected to realize increased regulatory and administrative efficiencies, streamlined operational functions and certain financing benefits. Consummation of the PA Consolidation is contingent upon numerous conditions, including the approval of NYPSC, PPUC and FERC, which filings were submitted on March 6, 2023. Subject to receipt of such regulatory approvals, FirstEnergy expects that the PA Consolidation will close by early 2024.

In light of the FET P&SA I transaction completed in 2022 and the FET P&SA II announced earlier this year, FirstEnergy does not currently anticipate the need to issue additional equity through 2025, with the exception of annual issuances of up to $100 million under regular dividend reinvestment plans and employee benefit stock investment plans.

Economic conditions following the global pandemic, have increased lead times across numerous material categories, with some as much as doubling from pre-pandemic lead times. Some key suppliers have struggled with labor shortages and raw material availability, which along with increasing inflationary pressure, have increased costs and decreased the availability of certain materials, equipment and contractors. FirstEnergy has taken steps to mitigate these risks and does not currently expect service disruptions or any material impact on its capital spending plan. However, the situation remains fluid and a prolonged continuation or further increase in supply chain disruptions could have an adverse effect on FirstEnergy's results of operations, cash flow and financial condition.

As of March 31, 2023, FirstEnergy's net deficit in working capital (current assets less current liabilities) was primarily due to accounts payable, currently payable long-term debt, short-term borrowings, and accrued interest, taxes, and compensation and benefits. FirstEnergy believes its cash from operations and available liquidity will be sufficient to meet its current working capital needs.

Short-Term Borrowings / Revolving Credit Facilities

On October 18, 2021, FE, FET, the Utilities, and the Transmission Companies entered into the 2021 Credit Facilities, which were six separate senior unsecured five-year syndicated revolving credit facilities with JPMorgan Chase Bank, N.A., Mizuho Bank, Ltd. and PNC Bank, National Association that replaced the FE Revolving Facility and the FET Revolving Facility, and provide for aggregate commitments of $4.5 billion. The 2021 Credit Facilities are available until October 18, 2026, as follows:

- FE and FET, $1.0 billion revolving credit facility;
- Ohio Companies, $800 million revolving credit facility;
- Pennsylvania Companies, $950 million revolving credit facility;
- JCP&L, $500 million revolving credit facility;
- MP and PE, $400 million revolving credit facility; and
- Transmission Companies, $850 million revolving credit facility.

Under the 2021 Credit Facilities, an aggregate amount of $4.5 billion is available to be borrowed, repaid and reborrowed, subject to each borrower's respective sublimit under the respective facilities. These new credit facilities provide substantial liquidity to support the Regulated Distribution and Regulated Transmission businesses, and each of the operating companies within the businesses.

Borrowings under the 2021 Credit Facilities may be used for working capital and other general corporate purposes. Generally, borrowings under each of the credit facilities are available to each borrower separately and mature on the earlier of 364 days from the date of borrowing or the commitment termination date, as the same may be extended. Each of the 2021 Credit Facilities contain financial covenants requiring each borrower, with the exception of FE, to maintain a consolidated debt-to-total-capitalization ratio (as defined under each of the 2021 Credit Facilities) of no more than 65%, and 75% for FET, measured at the end of each fiscal quarter. FE is required under its 2021 Credit Facility to maintain a consolidated interest coverage ratio of not less than 2.50 times, measured at the end of each fiscal quarter for the last four fiscal quarters beginning with the quarter ending December 31, 2021.

FirstEnergy's 2021 Credit Facilities, as amended by the 2023 Amendments, bear interest at fluctuating interest rates, primarily based on SOFR, including term SOFR and daily simple SOFR. FirstEnergy has not hedged its interest rate exposure with respect to its floating rate debt. Accordingly, FirstEnergy's interest expense for any particular period will fluctuate based on LIBOR and other variable interest rates. Interest rates have increased significantly, which has caused the rate and interest expense on borrowings under the 2021 Credit Facilities, as amended by the 2023 Amendments, to be significantly higher. Restricted access to capital markets and/or increased borrowing costs could have an adverse effect on FirstEnergy's results of operations, cash flows, financial condition and liquidity.

FirstEnergy had $550 million and $100 million of outstanding short-term borrowings as of March 31, 2023 and December 31, 2022, respectively. FirstEnergy's available liquidity from external sources as of April 24, 2023, was as follows:

Revolving Credit Facility	Maturity	Commitment	Available Liquidity
		(In millions)	
FE and FET	October 2026	$ 1,000	$ 442
Ohio Companies	October 2026	800	650
Pennsylvania Companies	October 2026	950	950
JCP&L	October 2026	500	499
MP and PE	October 2026	400	400
Transmission Companies	October 2026	850	850
	Subtotal	$ 4,500	$ 3,791
	Cash and cash equivalents	—	130
	Total	$ 4,500	$ 3,921

The following table summarizes the limitations on short-term indebtedness applicable to each borrower under current regulatory approvals and applicable statutory and/or charter limitations as of March 31, 2023:

Individual Borrower		Regulatory Debt Limitations	Credit Facility Limitations
		(in millions)	
FE		N/A	$ 1,000
ATSI	(1)	$ 500	350
CEI	(1)	500	300
FET		N/A	1,000
JCP&L	(1)	500	500
ME	(1)	500	350
MAIT	(1)	400	350
MP	(1)	500	250
OE	(1)	500	300
PN	(1)	300	300
Penn	(1)	150	100
PE	(1)	150	150
TE	(1)	300	200
TrAIL	(1)	400	150
WP	(1)	300	200

(1) Includes amounts which may be borrowed under the regulated companies' money pool.

Subject to each borrower's sublimit, the amounts noted below are available for the issuance of LOCs (subject to borrowings drawn under the 2021 Credit Facilities) expiring up to one year from the date of issuance. The stated amount of outstanding LOCs will count against total commitments available under each of the 2021 Credit Facilities and against the applicable borrower's borrowing sublimit. As of March 31, 2023, FirstEnergy had $4 million in outstanding LOCs.

Revolving Credit Facility	LOC Availability
(In millions)	
FE and FET	$ 100
Ohio Companies	150
Pennsylvania Companies	200
JCP&L	100
MP and PE	100
Transmission Companies	200

The 2021 Credit Facilities do not contain provisions that restrict the ability to borrow or accelerate payment of outstanding advances in the event of any change in credit ratings of the borrowers. Pricing is defined in "pricing grids," whereby the cost of funds borrowed under the 2021 Credit Facilities are related to the credit ratings of the company borrowing the funds. Additionally, borrowings under each of the 2021 Credit Facilities are subject to the usual and customary provisions for acceleration upon the occurrence of events of default, including a cross-default for other indebtedness in excess of $100 million.

As of March 31, 2023, the borrowers were in compliance with the applicable interest coverage and debt-to-total-capitalization ratio covenants in each case as defined under the 2021 Credit Facilities.

FirstEnergy Money Pools

FirstEnergy's utility operating subsidiary companies also have the ability to borrow from each other and FE to meet their short-term working capital requirements. Similar but separate arrangements exist among FirstEnergy's unregulated companies with AE Supply, FE, FET, FEV and certain other unregulated subsidiaries. FESC administers these money pools and tracks surplus funds of FE and the respective regulated and unregulated subsidiaries, as the case may be, as well as proceeds available from bank borrowings. Companies receiving a loan under the money pool agreements must repay the principal amount of the loan, together with accrued interest, within 364 days of borrowing the funds. The rate of interest is the same for each company receiving a loan from their respective pool and is based on the average cost of funds available through the pool. Interest rates have increased significantly, which has caused the rate and interest expense on borrowings under the 2021 Credit Facilities, as amended by the 2023 Amendments, to be significantly higher. The average interest rate for borrowings through the first quarter of 2023 and 2022 was 5.84% and 0.37%, respectively, per annum for the regulated companies' money pool and 5.19% and 0.52%, respectively, per annum for the unregulated companies' money pool.

Long-Term Debt Capacity

FE's and its subsidiaries' access to capital markets and costs of financing are influenced by the credit ratings of their securities. The following table displays FE's and its subsidiaries' credit ratings as of April 24, 2023:

	Corporate Credit Rating			Senior Secured			Senior Unsecured			Outlook/CreditWatch [1]		
Issuer	**S&P**	**Moody's**	**Fitch**	**S&P**	**Moody's**	**Fitch**	**S&P**	**Moody's**	**Fitch**	**S&P**	**Moody's**	**Fitch**
FE	BBB-	Ba1	BBB-	—	—	—	BB+	Ba1	BBB-	P	P	S
AGC	BB+	Baa2	BBB	—	—	—	—	—	—	P	S	S
ATSI	BBB	A3	BBB	—	—	—	BBB	A3	BBB+	P	S	S
CEI	BBB	Baa3	BBB	A-	Baa1	A-	BBB	Baa3	BBB+	P	S	S
FET	BBB-	Baa2	BBB-	—	—	—	BB+	Baa2	BBB-	P	S	S
JCP&L	BBB	A3	BBB	—	—	—	BBB	A3	BBB+	P	S	S
ME	BBB	A3	BBB	—	—	—	BBB	A3	BBB+	P	S	S
MAIT	BBB	A3	BBB	—	—	—	BBB	A3	BBB+	P	S	S
MP	BBB	Baa2	BBB	A-	A3	A-	BBB	Baa2	—	S	S	S
OE	BBB	A3	BBB	A-	A1	A-	BBB	A3	BBB+	P	S	S
PN	BBB	Baa1	BBB	—	—	—	BBB	Baa1	BBB+	P	S	S
Penn	BBB	A3	BBB	A-	A1	—	—	—	—	P	S	S
PE	BBB	Baa2	BBB	A-	A3	A-	—	—	—	S	S	S
TE	BBB	Baa2	BBB	A-	A3	A-	—	—	—	P	S	S
TrAIL	BBB	A3	BBB	—	—	—	BBB	A3	BBB+	P	S	S
WP	BBB	A3	BBB	A-	A1	A-	—	—	—	P	S	S

[1] S = Stable, P = Positive

The applicable undrawn and drawn margin on the 2021 Credit Facilities are subject to ratings based pricing grids. The applicable fee paid on the undrawn commitments under the 2021 Credit Facilities are based on each borrower's senior unsecured non-credit enhanced debt ratings as determined by S&P and Moody's. The fees paid on actual borrowings are determined based on each borrower's senior unsecured non-credit enhanced debt ratings as determined by S&P and Moody's.

The interest rates payable on approximately $2.1 billion in FE's senior unsecured notes are subject to adjustments from time to time if the ratings on the notes from any one or more of S&P, Moody's and Fitch decreases to a rating set forth in the applicable governing documents. Generally, a one-notch downgrade by the applicable rating agency may result in a 25 basis point coupon rate increase beginning at BB, Ba1, and BB+ for S&P, Moody's and Fitch, respectively, to the extent such rating is applicable to the series of outstanding senior unsecured notes, during the next interest period, subject to an aggregate cap of 2% from issuance interest rate.

Debt capacity is subject to the consolidated interest coverage ratio in the 2021 Credit Facilities. As of March 31, 2023, FirstEnergy could incur approximately $790 million of incremental interest expense or incur a $2.0 billion reduction to the consolidated interest coverage earnings numerator, as defined under the covenant, and FE would remain within the limitations of the financial covenant requirements by the 2021 Credit Facilities.

Cash Requirements and Commitments

FirstEnergy has certain obligations and commitments to make future payments under contracts. For an in-depth discussion of FirstEnergy's cash requirements and commitments, see "Capital Resources and Liquidity - Cash Requirements and

Commitments" in Item 7, "Management's Discussion and Analysis of Financial Condition and Results of Operations" within FirstEnergy's Form 10-K for the year ended December 31, 2022 (filed on February 13, 2023).

Changes in Cash Position

As of March 31, 2023, FirstEnergy had $177 million of cash and cash equivalents and $29 million of restricted cash compared to $160 million of cash and cash equivalents and $46 million of restricted cash as of December 31, 2022, on the Consolidated Balance Sheets.

Cash Flows From Operating Activities

FirstEnergy's most significant sources of cash are derived from electric service provided by its distribution and transmission operating subsidiaries. The most significant use of cash from operating activities is buying electricity to serve non-shopping customers, return of cash collateral associated with certain generation suppliers that serve shopping customers, and paying fuel suppliers, employees, tax authorities, lenders and others for a wide range of materials and services.

Cash provided from (used for) operating activities was $(112) million compared to $355 million in the first three months of 2023 and 2022, respectively. Cash flows from operating activities were a net outflow in the first quarter of 2023, primarily due to the timing of accounts payable payments for purchased power and the return of $144 million in net cash collateral to generation suppliers previously received due to changes in power prices. Compared to the same period of 2022, the decrease is primarily due to:

- Higher accounts payable payments, primarily on generation energy purchases for certain customers,
- The return of cash collateral to certain generation suppliers that serve shopping customers that was previously received as a result of changes in power prices, partially offset by
- Higher cash dividend distributions received by FEV from its equity investment in Global Holding, and
- Lower customer refunds and credits associated with the PUCO-approved Ohio Stipulation.

Cash Flows From Investing Activities

Cash used for investing activities in the first three months of 2023 principally represented cash used for capital investments. The following table summarizes investing activities for the first three months of 2023 and 2022:

	For the Three Months Ended March 31,		Increase
Cash Used for Investing Activities	**2023**	**2022**	**(Decrease)**
		(In millions)	
Capital investments:			
Regulated Distribution	$ 334	$ 336	$ (2)
Regulated Transmission	308	197	111
Corporate / Other	7	6	1
Asset removal costs	60	49	11
Other	7	4	3
	$ 716	$ 592	$ 124

Cash used for investing activities for the first three months of 2023 increased $124 million, compared to the same period of 2022, primarily due to capital investments.

Cash Flows From Financing Activities

In the first three months of 2023 and 2022, cash provided from (used for) financing activities was $828 million and $(964) million, respectively. The following table summarizes financing activities for the first three months of 2023 and 2022:

Financing Activities	For the Three Months Ended March 31, 2023	2022
	(In millions)	
New Issues:		
Unsecured notes	$ 900	$ —
FMBs	50	—
	$ 950	$ —
Redemptions / Repayments:		
Unsecured notes	$ (300)	$ (1,000)
FMBs	—	(25)
Senior secured notes	(21)	(21)
	$ (321)	$ (1,046)
Distributions to FET minority interest	$ (17)	$ —
Premiums on debt redemptions	—	(38)
Short-term borrowings, net	450	350
Common stock dividend payments	(223)	(222)
Other	(11)	(8)
	$ 828	$ (964)

FirstEnergy had the following redemptions and issuances during the three months ended March 31, 2023:

Company	Type	Redemption / Issuance Date	Interest Rate	Maturity	Amount (in Millions)	Description
				Redemptions		
ME	Unsecured Notes	March, 2023	3.50%	2023	$300	ME redeemed unsecured notes that became due.
				Issuances		
WP	FMBs	January, 2023	5.29%	2033	$50	Proceeds were used to repay borrowings outstanding under the regulated money pool, to finance capital expenditures and for other general corporate purposes.
MAIT	Unsecured Notes	February, 2023	5.39%	2033	$175	Proceeds were used to repay borrowings outstanding under the regulated money pool, to finance capital expenditures and for other general corporate purposes.
ME	Unsecured Notes	March, 2023	5.20%	2028	$425	Proceeds were used to repay short-term borrowings outstanding under the 2021 Revolving Credit Facility incurred to repay, at maturity, ME's $300M 3.50% notes due 2023, to finance capital expenditures and for other general corporate purposes.
PN	Unsecured Notes	March, 2023	5.15%	2026	$300	Proceeds were used to repay short-term borrowings outstanding under the 2021 Revolving Credit Facility, to finance capital expenditures and for other general corporate purposes.

On April 20, 2023, ATSI priced $150 million of 5.13% unsecured notes due 2033. The notes will be funded on May 16, 2023. Proceeds of the issuance will be used to refinance existing debt, including amounts outstanding under the regulated companies' money pool, for capital expenditures, and for other general corporate purposes.

FE or its affiliates may, from time to time, seek to retire or purchase outstanding debt through open-market purchases, privately negotiated transactions or otherwise. Such repurchases, if any, will be upon such terms and at such prices as FE or its affiliates may determine, and will depend on prevailing market conditions, liquidity requirements, contractual restrictions and other factors.

GUARANTEES AND OTHER ASSURANCES

FirstEnergy has various financial and performance guarantees and indemnifications, which are issued in the normal course of business. These contracts include performance guarantees, stand-by LOCs, debt guarantees, surety bonds and indemnifications. FirstEnergy enters into these arrangements to facilitate commercial transactions with third parties by enhancing the value of the transaction to the third party. The maximum potential amount of future payments FirstEnergy and its subsidiaries could be required to make under these guarantees as of March 31, 2023, was approximately $1 billion, as summarized below:

Guarantees and Other Assurances	Maximum Exposure
	(In millions)
FE's Guarantees on Behalf of its Consolidated Subsidiaries	
Deferred compensation arrangements	$ 443
Vehicle leases	75
Other	6
	524
FE's Guarantees on Other Assurances	
Surety Bonds	326
Deferred compensation arrangements	121
LOCs	4
	451
Total Guarantees and Other Assurances	$ 975

Collateral and Contingent-Related Features

In the normal course of business, FE and its subsidiaries may enter into physical or financially settled contracts for the sale and purchase of electric capacity, energy, fuel and emission allowances. Certain agreements contain provisions that require FE or its subsidiaries to post collateral. This collateral may be posted in the form of cash or credit support with thresholds contingent upon FE's or its subsidiaries' credit rating from each of the major credit rating agencies. The collateral and credit support requirements vary by contract and by counterparty.

As of March 31, 2023, $54 million of net cash collateral has been posted by FE or its subsidiaries and is included in "Prepaid taxes and other current assets" on FirstEnergy's Consolidated Balance Sheets. FE or its subsidiaries are holding $66 million of net cash collateral as of March 31, 2023, from certain generation suppliers, primarily due to the rise in power prices, and such amount is included in "Other current liabilities" on FirstEnergy's Consolidated Balance Sheets.

These credit-risk-related contingent features stipulate that if the subsidiary were to be downgraded or lose its investment grade credit rating (based on its senior unsecured debt rating), it would be required to provide additional collateral. The following table discloses the potential additional credit rating contingent contractual collateral obligations as of March 31, 2023:

Potential Collateral Obligations	Utilities and Transmission Companies	FE	Total
		(In millions)	
Contractual Obligations for Additional Collateral			
Upon further downgrade	$ 62	$ —	$ 62
Surety bonds (collateralized amount) [1]	62	249	311
Total Exposure from Contractual Obligations	$ 124	$ 249	$ 373

[1] Surety bonds are not tied to a credit rating. Surety bonds' impact assumes maximum contractual obligations, which is ordinarily 100% of the face amount of the surety bond except with respect to $39 million of surety bond obligations for which the collateral obligation is capped at 60% of the face amount, and typical obligations require 30 days to cure.

MARKET RISK INFORMATION

FirstEnergy uses various market risk sensitive instruments, including derivative contracts, primarily to manage the risk of price and interest rate fluctuations. FirstEnergy's Enterprise Risk Management Committee, comprised of members of senior management, provides general oversight for risk management activities throughout FirstEnergy.

Commodity Price Risk

FirstEnergy has limited exposure to financial risks resulting from fluctuating commodity prices, such as prices for electricity, coal and energy transmission. FirstEnergy's Risk Management Department and Enterprise Risk Management Committee are responsible for promoting the effective design and implementation of sound risk management programs and overseeing compliance with corporate risk management policies and established risk management practice.

The valuation of derivative contracts is based on observable market information. As of March 31, 2023, FirstEnergy has a net liability of $3 million in non-hedge derivative contracts that are related to FTRs at certain of the Utilities. FTRs are subject to regulatory accounting and do not impact earnings.

Equity Price Risk

As of March 31, 2023, the FirstEnergy pension plan assets were allocated approximately as follows: 36% in equity securities, 14% in fixed income securities, 10% in alternatives, 12% in real estate, 16% in private debt/equity, 9% in derivatives and 3% in cash and short-term securities. Under current assumptions, including an expected future annual return on assets of 8.0%, FirstEnergy does not currently expect to have a required contribution to the pension plan. However, a decline in the value of pension plan assets could result in additional funding requirements and FirstEnergy may elect to contribute to the pension plan voluntarily. As of March 31, 2023, FirstEnergy's OPEB plan assets were allocated approximately as follows: 47% in equity securities, 49% in fixed income securities and 4% in cash and short-term securities. See Note 4, "Pension and Other Post-Employment Benefits," of the Notes to Consolidated Financial Statements for additional details on FirstEnergy's pension and OPEB plans.

In the three months ended March 31, 2023, FirstEnergy's pension and OPEB plan assets have gained approximately 6.9% and 4.6%, respectively, as compared to an annual expected return on plan assets of 8% and 7%, respectively.

Interest Rate Risk

FirstEnergy recognizes net actuarial gains or losses for its pension and OPEB plans in the fourth quarter of each year and whenever a plan is determined to qualify for a remeasurement. A primary factor contributing to these actuarial gains and losses are changes in the discount rates used to value pension and OPEB obligations as of the measurement date and the difference between expected and actual returns on the plans' assets.

The remaining components of pension and OPEB expense, primarily service costs, interest cost on obligations, expected return on plan assets and amortization of prior service costs, are set at the beginning of the calendar year and are recorded on a monthly basis. Changes in asset performance and discount rates will not impact these pension costs for 2023, however, future years could be impacted by changes in the market.

FirstEnergy utilizes a spot rate approach in the estimation of the components of benefit cost by applying specific spot rates along the full yield curve to the relevant projected cash flows. As of March 31, 2023, the spot rate was 5.00% and 4.92% for pension and OPEB obligations, respectively, as compared to 5.23% and 5.16% as of December 31, 2022, respectively.

Estimating the final discount rate and return or loss on plan assets as of the year-end remeasurement date is difficult to predict based on the currently volatile equity markets and rising interest rate environment. As a result, FirstEnergy is unable to determine or meaningfully project the mark-to-market adjustment, or estimate a reasonable range of adjustment, that will be recorded as of December 31, 2023.

FirstEnergy's 2021 Credit Facilities, as amended by the 2023 Amendments, bear interest at fluctuating interest rates, primarily based on SOFR, including term SOFR and daily simple SOFR. FirstEnergy has not hedged its interest rate exposure with respect to its floating rate debt. Accordingly, FirstEnergy's interest expense for any particular period will fluctuate based on LIBOR and other variable interest rates. Interest rates have increased significantly, which has caused the rate and interest expense on borrowings under the 2021 Credit Facilities, as amended by the 2023 Amendments, to be significantly higher.

Economic Conditions

Economic conditions following the global pandemic, have increased lead times across numerous material categories, with some as much as doubling from pre-pandemic lead times. Some key suppliers have struggled with labor shortages and raw material availability, which along with increasing inflationary pressure, have increased costs and decreased the availability of certain materials, equipment and contractors. FirstEnergy has taken steps to mitigate these risks and does not currently expect service disruptions or any material impact on its capital spending plan. However, the situation remains fluid and a prolonged continuation or further increase in supply chain disruptions could have an adverse effect on FirstEnergy's results of operations, cash flow and financial condition.

CREDIT RISK

Credit risk is the risk that FirstEnergy would incur a loss as a result of nonperformance by counterparties of their contractual obligations. FirstEnergy maintains credit policies and procedures with respect to counterparty credit (including a requirement that counterparties maintain specified credit ratings) and require other assurances in the form of credit support or collateral in certain circumstance in order to limit counterparty credit risk. FirstEnergy has concentrations of suppliers and customers among electric utilities, financial institutions and energy marketing and trading companies. These concentrations may impact FirstEnergy's overall exposure to credit risk, positively or negatively, as counterparties may be similarly affected by changes in economic, regulatory or other conditions. In the event an energy supplier of the Ohio Companies, Pennsylvania Companies, JCP&L or PE defaults on its obligation, the affected company would be required to seek replacement power in the market. In general, subject to regulatory review or other processes, it is expected that appropriate incremental costs incurred by these entities would be recoverable from customers through applicable rate mechanisms, thereby mitigating the financial risk for these entities. FirstEnergy's credit policies to manage credit risk include the use of an established credit approval process, daily credit mitigation provisions, such as margin, prepayment or collateral requirements. FirstEnergy and its subsidiaries may request additional credit assurance, in certain circumstances, in the event that the counterparties' credit ratings fall below investment grade, their tangible net worth falls below specified percentages or their exposures exceed an established credit limit.

OUTLOOK

INCOME TAXES

On August 16, 2022, President Biden signed into law the IRA of 2022, which, among other things, imposes a new 15% corporate AMT based on AFSI applicable to corporations with a three-year average AFSI over $1 billion. The AMT is effective for the 2023 tax year and, if applicable, corporations must pay the greater of the regular corporate income tax or the AMT. Although NOL carryforwards created through the regular corporate income tax system cannot be used to reduce the AMT, financial statement net operating losses can be used to reduce AFSI and the amount of AMT owed. The IRA of 2022 as enacted requires the U.S. Treasury to provide regulations and other guidance necessary to administer the AMT, including further defining allowable adjustments to determine AFSI, which directly impacts the amount of AMT to be paid. Based on interim guidance issued by the U.S. Treasury in late December 2022, FirstEnergy continues to believe that it is more likely than not it will be subject to the AMT beginning in 2023. Accordingly, FirstEnergy made a first quarter estimated payment of AMT of approximately $49 million in April 2023. However, until final U.S. Treasury guidance is issued, the amount of AMT FirstEnergy pays could be significantly different than current estimates or it may not be a payer at all. The regulatory treatment of the impacts of this legislation will also be subject to the discretion of the FERC and state public utility commissions. Any adverse development in this legislation, including guidance from the U.S. Treasury and/or the IRS or unfavorable regulatory treatment, could reduce FirstEnergy's future cash flows and impact financial condition.

STATE REGULATION

Each of the Utilities' retail rates, conditions of service, issuance of securities and other matters are subject to regulation in the states in which it operates - in Maryland by the MDPSC, in New Jersey by the NJBPU, in Ohio by the PUCO, in Pennsylvania by the PPUC, in West Virginia by the WVPSC and in New York by the NYPSC. The transmission operations of PE in Virginia, ATSI in Ohio, and the Transmission Companies in Pennsylvania are subject to certain regulations of the VSCC, PUCO and PPUC, respectively. In addition, under Ohio law, municipalities may regulate rates of a public utility, subject to appeal to the PUCO if not acceptable to the utility. Further, if any of the FirstEnergy affiliates were to engage in the construction of significant new transmission facilities, depending on the state, they may be required to obtain state and/or local regulatory authorization to site, construct and operate the new transmission facility.

MARYLAND

PE operates under MDPSC approved base rates that were effective as of March 23, 2019. PE also provides SOS pursuant to a combination of settlement agreements, MDPSC orders and regulations, and statutory provisions. SOS supply is competitively procured in the form of rolling contracts of varying lengths through periodic auctions that are overseen by the MDPSC and a third-party monitor. Although settlements with respect to SOS supply for PE customers have expired, service continues in the same manner until changed by order of the MDPSC. PE recovers its costs plus a return for providing SOS.

On March 22, 2023, PE filed a base rate case with the MDPSC, utilizing a test year based on twelve months of actual 2022 data. The base rate case requests an annual net increase in distribution revenues of $44 million, plus a request to establish a regulatory asset (or liability) to recover (or refund) in a subsequent base rate case the net differences between the amount of pension and OPEB expense requested in the proceeding (based on average expense from 2018 to 2022) and the actual annual amount each year using the delayed recognition method. The rate case additionally requests approval to continue an Electric Distribution Investment Surcharge to fund three service reliability and resiliency programs, two new proposed programs to assist low-income customers and cost recovery of certain expenses associated with PE's pilot electric vehicle charger program and its COVID-19 pandemic response. PE expects that new rates will be effective in the fourth quarter of 2023.

The EmPOWER Maryland program requires each electric utility to file a plan to reduce electric consumption and demand 0.2% per year, up to the ultimate goal of 2% annual savings, for the duration of the 2021-2023 EmPOWER Maryland program cycles to the extent the MDPSC determines that cost-effective programs and services are available. PE's approved 2021-2023 EmPOWER Maryland plan continues and expands upon prior years' programs for a projected total investment of approximately $148 million over the three-year period. PE recovers program investments with a return through an annually reconciled surcharge, with most costs subject to recovery over a five-year period with a return on the unamortized balance. On October 28, 2022, PE submitted its plan, as ordered by the MDPSC, to recover all unamortized balances by the scheduled expiration of the EmPOWER program on December 31, 2029. At the further direction of the MDPSC, PE filed a revised plan on January 11, 2023. Maryland law only allows for the utility to recover lost distribution revenue attributable to energy efficiency or demand reduction programs through a base rate case proceeding.

On April 17, 2023, PE submitted a proposal to the MDPSC seeking approval to end its PPA with the Warrior Run generating station. The PPA for Warrior Run was a requirement of the Public Utility Regulatory Policies Act of 1978. PE’s Maryland customers currently pay a surcharge on their electric bill in connection with the Warrior Run PPA, which fluctuates from year to year based on the difference between what PE pays for the output of the plant and what PE is able to recover by reselling that output into PJM. PE negotiated a termination of the PPA requiring it to pay Warrior Run, subject to MDPSC approval, a fixed amount of $51 million annually through 2029, for a total of $357 million. Since the termination fee would be recovered through the current surcharge, there would be no impact to FirstEnergy’s or PE’s earnings. Based on the submitted proposal to the MDPSC, net of the termination fee, ending the PPA is expected to save PE’s Maryland customers approximately $80 million in total.

NEW JERSEY

JCP&L operates under NJBPU approved rates that took effect as of January 1, 2021, and were effective for customers as of November 1, 2021. JCP&L provides BGS for retail customers who do not choose a third-party EGS and for customers of third- party EGSs that fail to provide the contracted service. All New Jersey EDCs participate in this competitive BGS procurement process and recover BGS costs directly from customers as a charge separate from base rates.

On March 16, 2023, JCP&L filed a base rate case with the NJBPU, utilizing a test year based on six months of actual data for the second half of calendar year 2022, and six months of forecasted data for the first half of calendar year 2023. The rate case requests an annual net increase in base distribution revenues of approximately $185 million, plus a request to establish a regulatory asset (or liability) to recover (or refund) in a subsequent base rate case the net differences between the amount of pension and OPEB expense requested in the proceeding (based on 2023 expense) and the actual annual amount each year using the delayed recognition method. In addition to the above, JCP&L’s request includes, among other things, approval of two new proposed programs to assist low-income customers, cost recovery of certain investments and expenses associated with its electric vehicle and AMI programs, an update of its depreciation rates, modifications to its storm cost recovery, and tariff modifications to update standard construction costs. JCP&L expects that the revised rates will become effective by early 2024.

JCP&L has instituted energy efficiency and peak demand reduction programs in accordance with the New Jersey Clean Energy Act as approved by the NJBPU in April 2021. The NJBPU approved plans include recovery of lost revenues resulting from the programs and a three-year plan including total program costs of $203 million, of which $160 million of investment is recovered over a ten-year amortization period with a return as well as operations and maintenance expenses and financing costs of $43 million recovered on an annual basis.

On March 6, 2023, the NJBPU issued final rules modifying its regulations to reflect its CTA policy in base rate cases to: (i) calculate savings using a five-year look back from the beginning of the test year; (ii) allocate 100% of CTA savings to customers; and (iii) exclude transmission assets of EDCs in the savings calculation. The final rules of practice were applied by JCP&L in its most recent base rate case filing described above.

On October 28, 2020, the NJBPU approved a stipulated settlement between JCP&L and various parties, resolving JCP&L’s request for distribution base rate increase. The settlement provided for a $94 million annual base distribution revenues increase for JCP&L based on an ROE of 9.6%, which became effective for customers on November 1, 2021. The settlement additionally provided that JCP&L would be subject to a management audit, which began in May 2021. On April 12, 2023, the NJBPU accepted the final management audit report for filing purposes and ordered that interested stakeholders file comments on the report by May 22, 2023.

On July 2, 2020, the NJBPU issued an order allowing New Jersey utilities to track and create a regulatory asset for future recovery of all prudently incurred incremental costs arising from the COVID-19 pandemic beginning March 9, 2020 and continuing until the New Jersey Governor issues an order stating that the COVID-19 pandemic is no longer in effect. New Jersey utilities can request recovery of such regulatory asset in a stand-alone COVID-19 regulatory asset filing or future base rate case. On October 28, 2020, the NJBPU issued an order expanding the scope of the proceeding to examine all pandemic issues, including recovery of the COVID-19 regulatory assets, by way of a generic proceeding. No moratorium on residential disconnections remains in effect for investor-owned electric utilities such as JCP&L. Legislation was enacted on March 25, 2022, prohibiting utilities from disconnecting electric service to customers that have applied for utility bill assistance before June 15, 2022 until such time as the state agency administering the assistance program makes a decision on the application and further

requiring that all utilities offer a deferred payment arrangement meeting certain minimum criteria after the state agency's decision on the application has been made.

On September 17, 2021, in connection with Mid-Atlantic Offshore Development, LLC, a transmission company jointly owned by Shell New Energies US and EDF Renewables North America, JCP&L submitted a proposal to the NJBPU and PJM to build transmission infrastructure connecting offshore wind-generated electricity to the New Jersey power grid. On October 26, 2022, the JCP&L proposal was accepted, in part, in an order issued by NJBPU. The proposal, as accepted, included approximately $723 million in investments for JCP&L to both build new and upgrade existing transmission infrastructure. JCP&L's proposal projects an investment ROE of 10.2% and includes the option for JCP&L to acquire up to a 20% equity stake in Mid-Atlantic Offshore Development, LLC. The resulting rates associated with the project are expected to be shared among the ratepayers of all New Jersey electric utilities. On April 17, 2023, JCP&L applied for the FERC "abandonment" transmission rates incentive, which would provide for recovery of 100% of the cancelled prudent project costs that are incurred after the incentive is approved, and 50% of the costs incurred prior to that date, in the event that some or all of the project is cancelled for reasons beyond JCP&L's control. Construction is expected to begin in 2025.

OHIO

The Ohio Companies operate under PUCO-approved base distribution rates that became effective in 2009. The Ohio Companies currently operate under ESP IV, effective June 1, 2016 and continuing through May 31, 2024, that continues the supply of power to non-shopping customers at a market-based price set through an auction process. ESP IV also continues the Rider DCR, which supports continued investment related to the distribution system for the benefit of customers, with increased revenue caps of $20 million per year from June 1, 2019 through May 31, 2022; and $15 million per year from June 1, 2022 through May 31, 2024. In addition, ESP IV includes: (1) continuation of a base distribution rate freeze through May 31, 2024; (2) a goal across FirstEnergy to reduce CO_2 emissions by 90% below 2005 levels by 2045; and (3) contributions, totaling $51 million to: (a) fund energy conservation programs, economic development and job retention in the Ohio Companies' service territories; (b) establish a fuel-fund in each of the Ohio Companies' service territories to assist low-income customers; and (c) establish a Customer Advisory Council to ensure preservation and growth of the competitive market in Ohio.

On April 5, 2023, the Ohio Companies filed an application with the PUCO for approval of ESP V, for an eight-year term beginning June 1, 2024, and continuing through May 31, 2032. ESP V proposes to continue providing power to non-shopping customers at market-based prices set through an auction process, with process enhancements designed to reduce costs to customers. ESP V also proposes to continue riders supporting investment in the Ohio Companies' distribution system, including Rider DCR with annual revenue cap increases of $15 to $21 million per year, based on reliability performance, and Rider AMI for recovery of approved grid modernization investments. ESP V proposes new riders to support continued maintenance of the distribution system, including vegetation management and storm restoration operating expense. In addition, ESP V proposes four-year energy efficiency and peak demand reduction programs for residential and commercial customers, with cost recovery spread over eight years. ESP V further includes a commitment to spend $52 million in total over the eight-year term, without recovery from customers, on initiatives to assist low-income customers, education and incentives to help ensure customers have good experiences with electric vehicles, as well as investment in energy storage as a distribution asset if the Ohio Companies' application to the DOE for funding under the Grid Innovation Program of the federal Infrastructure Investment and Jobs Act is accepted.

On May 16, 2022, the Ohio Companies filed their application for determination of the existence of SEET under ESP IV for calendar year 2021, which demonstrated that each of the individual Ohio Companies did not have significantly excessive earnings.

On July 15, 2022, the Ohio Companies filed an application with the PUCO for approval of phase two of their distribution grid modernization plan that would, among other things, provide for the installation of an additional 700 thousand smart meters, distribution automation equipment on approximately 240 distribution circuits, voltage regulating equipment on approximately 220 distribution circuits, and other investments and pilot programs in related technologies designed to provide enhanced customer benefits. The Ohio Companies propose that phase two will be implemented over a four-year budget period with estimated capital investments of approximately $626 million and operations and maintenance expenses of approximately $144 million over the deployment period. Under the proposal, costs of phase two of the grid modernization plan would be recovered through the Ohio Companies' AMI rider, pursuant to the terms and conditions approved in ESP IV. On December 27, 2022, the Ohio Companies filed a motion with the PUCO requesting a procedural schedule that would facilitate the issuance of an order by year-end 2023.

On September 8, 2020, the OCC filed motions in the Ohio Companies' corporate separation audit and DMR audit dockets, requesting the PUCO to open an investigation and management audit, hire an independent auditor, and require FirstEnergy to show it did not improperly use money collected from consumers or violate any utility regulatory laws, rules or orders in its activities regarding HB 6. On December 30, 2020, in response to the OCC's motion, the PUCO reopened the DMR audit docket, and directed PUCO staff to solicit a third-party auditor and conduct a full review of the DMR to ensure funds collected from customers through the DMR were only used for the purposes established in ESP IV. On June 2, 2021, the PUCO selected an auditor and the auditor filed the final audit report on January 14, 2022, which made certain findings and recommendations. The report found that spending of DMR revenues was not required to be tracked, and that DMR revenues, like all rider revenues, are placed into the regulated money pool as a matter of routine, where the funds lose their identity. Therefore, the report could not

suggest that DMR funds were used definitively for direct or indirect support for grid modernization. The report also concluded that there was no documented evidence that ties revenues from the DMR to lobbying for the passage of HB 6, but also could not rule out with certainty uses of DMR funds to support the passage of HB 6. The report further recommended that the regulated companies' money pool be audited more frequently and the Ohio Companies adopt formal dividend policies. Final comments and responses were filed by parties during the second quarter of 2022.

On September 15, 2020, the PUCO opened a new proceeding to review the political and charitable spending by the Ohio Companies in support of HB 6 and the subsequent referendum effort, and directing the Ohio Companies to show cause, demonstrating that the costs of any political or charitable spending in support of HB 6, or the subsequent referendum effort, were not included, directly or indirectly, in any rates or charges paid by customers. The Ohio Companies initially filed a response stating that the costs of any political or charitable spending in support of HB 6, or the subsequent referendum effort, were not included, directly or indirectly, in any rates or charges paid by customers, but on August 6, 2021, filed a supplemental response explaining that, in light of the facts set forth in the DPA and the findings of the Rider DCR audit report further discussed below, political or charitable spending in support of HB 6, or the subsequent referendum effort, affected pole attachment rates paid by approximately $15 thousand. On October 26, 2021, the OCC filed a motion requesting the PUCO to order an independent external audit to investigate FE's political and charitable spending related to HB 6, and to appoint an independent review panel to retain and oversee the auditor. In November and December 2021, parties filed comments and reply comments regarding the Ohio Companies' original and supplemental responses to the PUCO's September 15, 2020, show cause directive. On May 4, 2022, the PUCO selected a third-party auditor to determine whether the show cause demonstration submitted by the Ohio Companies is sufficient to ensure that the cost of any political or charitable spending in support of HB 6 or the subsequent referendum effort was not included, directly or indirectly, in any rates or charges paid by ratepayers.

In connection with an ongoing audit of the Ohio Companies' policies and procedures relating to the code of conduct rules between affiliates, on November 4, 2020, the PUCO initiated an additional corporate separation audit as a result of the FirstEnergy leadership transition announcement made on October 29, 2020, as further discussed below. The additional audit is to ensure compliance by the Ohio Companies and their affiliates with corporate separation laws and the Ohio Companies' corporate separation plan. The additional audit is for the period from November 2016 through October 2020. The final audit report was filed on September 13, 2021. The audit report makes no findings of major non-compliance with Ohio corporate separation requirements, minor non-compliance with eight requirements, and findings of compliance with 23 requirements. Parties filed comments and reply comments on the audit report.

In connection with an ongoing annual audit of the Ohio Companies' Rider DCR for 2020, and as a result of disclosures in FirstEnergy's Form 10-K for the year ended December 31, 2020 (filed on February 18, 2021), the PUCO expanded the scope of the audit on March 10, 2021, to include a review of certain transactions that were either improperly classified, misallocated, or lacked supporting documentation, and to determine whether funds collected from customers were used to pay the vendors, and if so, whether or not the funds associated with those payments should be returned to customers through Rider DCR or through an alternative proceeding. On August 3, 2021, the auditor filed its final report on this phase of the audit, and the parties submitted comments and reply comments on this audit report in October 2021. Additionally, on September 29, 2021, the PUCO expanded the scope of the audit in this proceeding to determine if the costs of the naming rights for FirstEnergy Stadium have been recovered from the Ohio Companies' customers. On November 19, 2021, the auditor filed its final report, in which the auditor concluded that the FirstEnergy Stadium naming rights expenses were not recovered from Ohio customers. On December 15, 2021, the PUCO further expanded the scope of the audit to include an investigation into an apparent nondisclosure of a side agreement in the Ohio Companies' ESP IV settlement proceedings, but stayed its expansion of the audit until otherwise ordered by the PUCO.

On August 16, 2022, the U.S. Attorney for the Southern District of Ohio requested that the PUCO stay the above pending HB 6- related matters for a period of six months, which request was granted by the PUCO on August 24, 2022. Unless otherwise ordered by the PUCO, the four cases are stayed in their entirety, including discovery and motions, and all related procedural schedules are vacated. On February 22, 2023, the U.S. Attorney for the Southern District of Ohio again requested that the PUCO stay the above pending HB-6 related matters for a period of six months, which request was granted by the PUCO on March 8, 2023. A rehearing request with respect to the granting of the additional stay is currently pending before the PUCO.

In the fourth quarter of 2020, motions were filed with the PUCO requesting that the PUCO amend the Ohio Companies' riders for collecting the OVEC-related charges required by HB 6 to provide for refunds in the event such provisions of HB 6 are repealed. Neither the Ohio Companies nor FE benefit from the OVEC-related charges the Ohio Companies collect. Instead, the Ohio Companies are further required by HB 6 to remit all the OVEC-related charges they collect to non-FE Ohio electric distribution utilities. The Ohio Companies contested the motions, which are pending before the PUCO.

See below for additional details on the government investigations and subsequent litigation surrounding the investigation of HB 6.

PENNSYLVANIA

The Pennsylvania Companies operate under rates approved by the PPUC, effective as of January 27, 2017. On November 18, 2021, the PPUC issued orders to each of the Pennsylvania Companies directing they operate under DSPs for the June 1, 2019

through May 31, 2023 delivery period, which DSPs provide for the competitive procurement of generation supply for customers who do not receive service from an alternative EGS. Under the 2019-2023 DSPs, supply will be provided by wholesale suppliers through a mix of 3, 12 and 24-month energy contracts, as well as two RFPs for 2-year SREC contracts for ME, PN and Penn. On December 14, 2021, the Pennsylvania Companies filed proposed DSPs for provision of generation for the June 1, 2023 through May 31, 2027 delivery period, to be sourced through competitive procurements for customers who do not receive service from an alternative EGS. An evidentiary hearing was held on April 13, 2022, and on April 20, 2022, the parties filed a partial settlement with the PPUC resolving certain of the issues in the proceeding and setting aside the remainder of the issues to be resolved through briefing. The PPUC approved the partial settlement, without modification, on August 4, 2022. Under the 2023-2027 DSPs, supply is proposed to be provided through a mix of 12 and 24-month energy contracts, as well as long-term solar PPAs.

Pursuant to Pennsylvania Act 129 of 2008 and PPUC orders, the Pennsylvania Companies implemented energy efficiency and peak demand reduction programs with demand reduction targets, relative to 2007 to 2008 peak demands, at 2.9% MW for ME, 3.3% MW for PN, 2.0% MW for Penn, and 2.5% MW for WP; and energy consumption reduction targets, as a percentage of the Pennsylvania Companies' historic 2009 to 2010 reference load at 3.1% MWH for ME, 3.0% MWH for PN, 2.7% MWH for Penn, and 2.4% MWH for WP.

Pennsylvania EDCs are permitted to seek PPUC approval of an LTIIP for infrastructure improvements and costs related to highway relocation projects, after which a DSIC may be approved to recover LTIIP costs. On January 16, 2020, the PPUC approved the Pennsylvania Companies' LTIIPs for the five-year period beginning January 1, 2020 and ending December 31, 2024 for a total capital investment of approximately $572 million for certain infrastructure improvement initiatives. On June 25, 2021, the Pennsylvania Office of Consumer Advocate filed a complaint against Penn's quarterly DSIC rate, disputing the recoverability of the Companies' automated distribution management system investment under the DSIC mechanism. On January 26, 2022, the parties filed a joint petition for settlement that resolves all issues in this matter, which was approved by the PPUC without modification on April 14, 2022.

Following the Pennsylvania Companies' 2016 base rate proceedings, the PPUC ruled in a separate proceeding related to the DSIC mechanisms that the Pennsylvania Companies were not required to reflect federal and state income tax deductions related to DSIC-eligible property in DSIC rates. The decision was appealed to the Pennsylvania Supreme Court and in July 2021 the court upheld the Pennsylvania Commonwealth Court's reversal of the PPUC's decision and remanded the matter back to the PPUC for determination as to how DSIC calculations shall account for accumulated deferred income taxes and state taxes. The PPUC issued the order as directed.

On March 6, 2023, FirstEnergy filed applications with the PPUC, NYPSC and FERC seeking approval to consolidate the Pennsylvania Companies into a new, single operating entity. The PA Consolidation includes, among other steps: (a) the transfer of certain Pennsylvania-based transmission assets owned by WP to KATCo, (b) the contribution of Class B equity interests of MAIT currently held by PN and ME to FE (and ultimately transferred to FET as part of the FET Minority Equity Interest Sale), (c) the formation of FE PA and (d) the merger of each of the Pennsylvania Companies with and into FE PA, with FE PA surviving such mergers as the successor-in-interest to all assets and liabilities of the Pennsylvania Companies. Following completion of the PA Consolidation, FE PA will be FE's only regulated utility in Pennsylvania encompassing the retail utility operations previously conducted individually by the Pennsylvania Companies. Consummation of the PA Consolidation is contingent upon numerous conditions, including the approval of NYPSC, PPUC and FERC. On April 25, 2023, the PPUC's presiding officers held a prehearing conference, which, among other things, set evidentiary hearings on August 10 and 11, 2023. Subject to receipt of all regulatory approvals, FirstEnergy expects that the PA Consolidation will close by early 2024.

WEST VIRGINIA

MP and PE provide electric service to all customers through traditional cost-based, regulated utility ratemaking and operate under WVPSC-approved rates that became effective in February 2015. MP and PE recover net power supply costs, including fuel costs, purchased power costs and related expenses, net of related market sales revenue through the ENEC. MP's and PE's ENEC rate is updated annually.

On August 25, 2022, MP and PE filed with the WVPSC their annual ENEC case requesting an increase in ENEC rates of $183.8 million beginning January 1, 2023, which represents a 12.2% increase to the rates then in effect. The increase was driven by an underrecovery during the review period (July 1, 2021, to June 30, 2022) of approximately $145 million due to higher coal, reagent, and emission allowance expenses. This filing additionally addresses, among other things, the WVPSC's May 2022 request for a prudence review of current rates. At a hearing on December 8, 2022, the parties in the case presented a unanimous settlement to increase rates by approximately $92 million, effective January 1, 2023, and carry over to MP and PE's 2023 ENEC case, approximately $92 million at a carrying charge of 4%. In an order dated December 30, 2022, the WVPSC approved the settlement with respect to the proposed rate increase, but MP and PE rates remain subject to a prudence review in their 2023 ENEC case. The order also instructed MP to evaluate the feasibility of purchasing the 1,200 MW Pleasants Power Station and file a summary of the evaluation, which MP and PE filed on March 31, 2023. Among other things, the filing by MP and PE, noted that the final analysis to determine if the proposed transaction would be in the best interests of MP, PE and their customers would not be complete before the currently scheduled date for Pleasants Power Station to close, proposed an interim solution to preserve Pleasants' operations while MP and PE completed their analysis, and outlined certain WVPSC actions needed to facilitate the interim solution, including a temporary surcharge for costs to preserve its operations. Based on the

WVPSC procedural order, comments were filed on April 14, 2023, a public hearing was held on April 20, 2023, and an evidentiary hearing occurred on April 21, 2023. On April 24, 2023, the WVPSC issued an order approving MP and PE's interim solution request, authorizing negotiations with the owner of Pleasants for a letter of intent, the terms of which will provide, among other things, for the reimbursement of certain expenses necessary to keep Pleasants in operating condition, and directing MP and PE to file the letter of intent for approval with the WVPSC. Should the WVPSC approve the letter of intent, it is expected that MP and PE will be permitted to establish a surcharge to recover the costs incurred under the letter of intent. Also, MP and PE indicated that if a reasonable agreement cannot be reached, they will notify the WVPSC. The WVPSC requested an update by May 24, 2023.

On November 22, 2021, MP and PE filed with the WVPSC their plan to construct 50 MWs of solar generation at five sites in West Virginia. The plan includes a tariff to offer solar power to West Virginia customers and cost recovery for MP and PE from other customers through a surcharge for any solar investment not fully subscribed by their customers. A hearing was held in mid-March 2022 and on April 21, 2022, the WVPSC issued an order approving, effective May 1, 2022, the requested tariff and requiring MP and PE to subscribe at least 85% of the planned 50 MWs before seeking final tariff approval. MP and PE must seek separate approval from the WVPSC to recover any solar generation costs in excess of the approved tariff. On April 24, 2023, MP and PE sought final tariff approval from the WVPSC for three of the five solar sites, representing 30 MWs of generation, and requested approval of a surcharge to recover any costs above the final approved tariff. The first solar generation site is expected to be in-service by the end of 2023 and all construction completed at the other sites no later than the end of 2025 at a total investment cost of approximately $110 million.

On January 13, 2023, MP and PE filed a request with the WVPSC seeking approval of new depreciation rates for existing and future capital assets. Specifically, MP and PE are seeking to increase depreciation expense by $75.5 million per year, primarily for regulated generation-related assets. Any depreciation rates approved by the WVPSC would not become effective until new base rates were established. Evidentiary hearings have been set for August 23-25, 2023.

On March 2, 2023, the WVPSC ordered MP and PE to conduct a focused audit of the lobbying and image building expenses, including those related to HB 6, incurred by MP and PE from 2018 to 2022 and expenses included in the ENEC during the same time period. The WVPSC's order also requires MP and PE to review and report on the findings set forth in the FERC Audit described below. The audit is expected to begin in June 2023. See "Outlook - Environmental Matters - Clean Water Act" below, for additional details on the EPA's ELG.

FERC REGULATORY MATTERS

Under the Federal Power Act, FERC regulates rates for interstate wholesale sales and transmission of electric power, regulatory accounting and reporting under the Uniform System of Accounts, and other matters, including construction and operation of hydroelectric projects. With respect to their wholesale services and rates, the Utilities, AE Supply and the Transmission Companies are subject to regulation by FERC. FERC regulations require JCP&L, MP, PE, WP and the Transmission Companies to provide open access transmission service at FERC-approved rates, terms and conditions. Transmission facilities of JCP&L, MP, PE, WP and the Transmission Companies are subject to functional control by PJM and transmission service using their transmission facilities is provided by PJM under the PJM Tariff.

FERC regulates the sale of power for resale in interstate commerce in part by granting authority to public utilities to sell wholesale power at market-based rates upon showing that the seller cannot exert market power in generation or transmission or erect barriers to entry into markets. The Utilities and AE Supply each have been authorized by FERC to sell wholesale power in interstate commerce at market-based rates and have a market-based rate tariff on file with FERC, although in the case of the Utilities major wholesale purchases remain subject to review and regulation by the relevant state commissions.

Federally enforceable mandatory reliability standards apply to the bulk electric system and impose certain operating, record-keeping and reporting requirements on the Utilities, AE Supply, and the Transmission Companies. NERC is the Electric Reliability Organization designated by FERC to establish and enforce these reliability standards, although NERC has delegated day-to-day implementation and enforcement of these reliability standards to six regional entities, including RFC. All of the facilities that FirstEnergy operates are located within the RFC region. FirstEnergy actively participates in the NERC and RFC stakeholder processes, and otherwise monitors and manages its companies in response to the ongoing development, implementation and enforcement of the reliability standards implemented and enforced by RFC.

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

FERC Audit

FERC's Division of Audits and Accounting initiated a nonpublic audit of FESC in February 2019. Among other matters, the audit is evaluating FirstEnergy's compliance with certain accounting and reporting requirements under various FERC regulations. On February 4, 2022, FERC filed the final audit report for the period of January 1, 2015 through September 30, 2021, which included several findings and recommendations that FirstEnergy has accepted. The audit report included a finding and related recommendation on FirstEnergy's methodology for allocation of certain corporate support costs to regulatory capital accounts under certain FERC regulations and reporting. Effective in the first quarter of 2022 and in response to the finding, FirstEnergy had implemented a new methodology for the allocation of these corporate support costs to regulatory capital accounts for its regulated distribution and transmission companies on a prospective basis. With the assistance of an independent outside firm, FirstEnergy completed an analysis during the third quarter of 2022 of these costs and how it impacted certain FERC-jurisdictional wholesale transmission customer rates for the audit period of 2015 through 2021. As a result of this analysis, FirstEnergy recorded in the third quarter of 2022 approximately $45 million ($34 million after-tax) in expected customer refunds, plus interest, due to its wholesale transmission customers and reclassified approximately $195 million of certain transmission capital assets to operating expenses for the audit period, of which $90 million ($67 million after-tax) are not expected to be recoverable and impacted FirstEnergy's earnings since they relate to costs capitalized during stated transmission rate time periods. These reclassifications also resulted in a reduction to the Regulated Transmission segment's rate base by approximately $160 million, which is not expected to materially impact FirstEnergy or the segment's future earnings. The expected wholesale transmission customer refunds were recognized as a reduction to revenue, and the amount of reclassified transmission capital assets that are not expected to be recoverable were recognized within "Other operating expenses" at the Regulated Transmission segment and on FirstEnergy's Consolidated Statements of Income.

ATSI ROE – Ohio Consumers Counsel v. ATSI, et al.

On February 24, 2022, the OCC filed a complaint with FERC against ATSI, AEP's Ohio affiliates and AEPSC, and Duke Energy Ohio, LLC asserting that FERC should reduce the ROE utilized in the utilities' transmission formula rates by eliminating the 50 basis point adder associated with RTO membership, effective February 24, 2022. The OCC contends that this result is required because Ohio law mandates that transmission owning utilities join an RTO and that the 50 basis point adder is applicable only where RTO membership is voluntary. ATSI disagrees with the OCC's characterization and set forth its reasons for such disagreement in a combined motion to dismiss and answer that was filed with FERC on March 31, 2022. On that same date, AEP and Duke filed separate motions to dismiss and answers to the OCC complaint, and several other parties filed comments. ATSI filed a response to certain intervenors' filings on April 28, 2022. On December 15, 2022, FERC denied the complaint as to ATSI and Duke, but granted it as to AEP. On January 17, 2023, AEP and the OCC filed requests for rehearing, which were denied by FERC in orders dated February 17, and April 20, 2023. AEP and OCC have filed appeals of FERC's orders in the Sixth Circuit. FirstEnergy is unable to predict the outcome of this proceeding, but it is not expected to have a material impact.

Transmission ROE Methodology

On March 20, 2020, FERC initiated a rulemaking proceeding on the transmission rate incentives provisions of Section 219 of the 2005 Energy Policy Act. FirstEnergy submitted comments through the Edison Electric Institute and as part of a consortium of PJM Transmission Owners. In a supplemental rulemaking proceeding that was initiated on April 15, 2021, FERC requested comments on, among other things, whether to require utilities that have been members of an RTO for three years or more and that have been collecting an "RTO membership" ROE incentive adder to file tariff updates that would terminate collection of the incentive adder. Initial comments on the proposed rule were filed on June 25, 2021, and reply comments were filed on July 26, 2021. The rulemaking remains pending before FERC. FirstEnergy is a member of PJM and its transmission subsidiaries could be affected by the supplemental proposed rule. FirstEnergy participated in comments on the supplemental rulemaking that were submitted by a group of PJM transmission owners and by various industry trade groups. If there were to be any changes to FirstEnergy's transmission incentive ROE, such changes will be applied on a prospective basis.

Allegheny Power Zone Transmission Formula Rate Filings

On October 29, 2020, MP, PE and WP filed tariff amendments with FERC to implement a forward-looking formula transmission rate, to be effective January 1, 2021. In addition, on October 30, 2020, KATCo filed a proposed new tariff to establish a forward-looking formula rate and requested that the new rate become effective January 1, 2021. In its filing, KATCo explained that while it currently owns no transmission assets, it may build new transmission facilities in the Allegheny zone, and that it may seek required state and federal authorizations to acquire transmission assets from PE and WP by January 1, 2022. These transmission rate filings were accepted for filing by FERC on December 31, 2020, effective January 1, 2021, subject to refund, pending further hearing and settlement procedures and were consolidated into a single proceeding. MP, PE and WP, and KATCo filed uncontested settlement agreements with FERC on January 18, 2023. There is no timetable for FERC to rule on the settlement agreements. Also on January 18, 2023, MP, PE and WP filed a motion for interim rates to implement certain aspects of the settled rate. The interim rates were approved by the FERC Chief Administrative Law Judge and took effect on January 1, 2023. As a result of the filed settlement, FirstEnergy recognized a $25 million pre-tax charge during the fourth quarter of 2022, which reflects the difference between amounts originally recorded as assets and amounts which will ultimately be recovered from customers as a result of the pending settlement.

ENVIRONMENTAL MATTERS

Various federal, state and local authorities regulate FirstEnergy with regard to air and water quality, hazardous and solid waste disposal, and other environmental matters. While FirstEnergy's environmental policies and procedures are designed to achieve compliance with applicable environmental laws and regulations, such laws and regulations are subject to periodic review and potential revision by the implementing agencies. FirstEnergy cannot predict the timing or ultimate outcome of any of these reviews or how any future actions taken as a result thereof may materially impact its business, results of operations, cash flows and financial condition.

Clean Air Act

FirstEnergy complies with SO_2 and NOx emission reduction requirements under the CAA and SIP by burning lower-sulfur fuel, utilizing combustion controls and post-combustion controls and/or using emission allowances.

CSAPR requires reductions of NOx and SO_2 emissions in two phases (2015 and 2017), ultimately capping SO_2 emissions in affected states to 2.4 million tons annually and NOx emissions to 1.2 million tons annually. CSAPR allows trading of NOx and SO_2 emission allowances between power plants located in the same state and interstate trading of NOx and SO_2 emission allowances with some restrictions. On July 28, 2015, the D.C. Circuit ordered the EPA to reconsider the CSAPR caps on NOx and SO_2 emissions from power plants in 13 states, including West Virginia. This followed the 2014 U.S. Supreme Court ruling generally upholding the EPA's regulatory approach under CSAPR but questioning whether the EPA required upwind states to reduce emissions by more than their contribution to air pollution in downwind states. The EPA issued a CSAPR Update on September 7, 2016, reducing summertime NOx emissions from power plants in 22 states in the eastern U.S., including West Virginia, beginning in 2017. Various states and other stakeholders appealed the CSAPR Update to the D.C. Circuit in November and December 2016. On September 13, 2019, the D.C. Circuit remanded the CSAPR Update to the EPA citing that the rule did not eliminate upwind states' significant contributions to downwind states' air quality attainment requirements within applicable attainment deadlines.

Also in March 2018, the State of New York filed a CAA Section 126 petition with the EPA alleging that NOx emissions from nine states (including West Virginia) significantly contribute to New York's inability to attain the ozone National Ambient Air Quality Standards. The petition sought suitable emission rate limits for large stationary sources that are allegedly affecting New York's air quality within the three years allowed by CAA Section 126. On September 20, 2019, the EPA denied New York's CAA Section 126 petition. On October 29, 2019, the State of New York appealed the denial of its petition to the D.C. Circuit. On July 14, 2020, the D.C. Circuit reversed and remanded the New York petition to the EPA for further consideration. On March 15, 2021, the EPA issued a revised CSAPR Update that addressed, among other things, the remands of the prior CSAPR Update and the New York Section 126 petition. In December 2021, MP purchased NOx emissions allowances to comply with 2021 ozone season requirements. On April 6, 2022, the EPA published proposed rules seeking to impose further significant reductions in EGU NOx emissions in 25 upwind states, including West Virginia, with the stated purpose of allowing downwind states to attain or maintain compliance with the 2015 ozone National Ambient Air Quality Standards. On March 15, 2023, the EPA released a pre-publication version of the final rule, which would become effective 60 days after publication in the Federal Register. Depending on the outcome of any appeals and how the EPA and the states ultimately implement the final rule, the future cost of compliance may materially impact FirstEnergy's operations, cash flows and financial condition.

Climate Change

In September 2016, the U.S. joined in adopting the agreement reached on December 12, 2015, at the United Nations Framework Convention on Climate Change meetings in Paris to reduce GHGs. The Paris Agreement's non-binding obligations to limit global warming to below two degrees Celsius became effective on November 4, 2016. On June 1, 2017, the Trump Administration announced that the U.S. would cease all participation in the Paris Agreement. On January 20, 2021, President Biden signed an executive order re-adopting the agreement on behalf of the U.S. There are several initiatives to reduce GHG emissions at the state, federal and international level. Certain northeastern states are participating in the Regional Greenhouse Gas Initiative and western states led by California, have implemented programs, primarily cap and trade mechanisms, to control emissions of certain GHGs. Additional policies reducing GHG emissions, such as demand reduction programs, renewable portfolio standards and renewable subsidies have been implemented across the nation.

FirstEnergy has pledged to achieve carbon neutrality by 2050 and set an interim goal for a 30% reduction in GHGs within FirstEnergy's direct operational control (Scope 1) by 2030, based on 2019 levels. Future resource plans to achieve carbon reductions, including potential changes in operations or any determination of retirement dates of the regulated coal-fired generating facilities, will be subject to the West Virginia legislation effective March 7, 2023, which requires prior approval from the West Virginia Public Energy Authority to decommission MP's generating facilities, and may also be impacted by the potential acquisition of the Pleasants Power Station. FirstEnergy will work collaboratively with regulators in West Virginia to achieve its climate goals. Determination of the useful life of the regulated coal-fired generation could result in changes in depreciation, and/or continued collection of net plant in rates after retirement, securitization, sale, impairment, or regulatory disallowances. If MP is unable to recover these costs, it could have a material adverse effect on FirstEnergy's and/or MP's financial condition, results of operations, and cash flow. Furthermore, FirstEnergy cannot currently estimate the financial impact of climate change policies,

although potential legislative or regulatory programs restricting CO_2 emissions, or litigation alleging damages from GHG emissions, could require material capital and other expenditures or result in changes to its operations.

In December 2009, the EPA released its final "Endangerment and Cause or Contribute Findings for GHGs under the Clean Air Act," concluding that concentrations of several key GHGs constitute an "endangerment" and may be regulated as "air pollutants" under the CAA and mandated measurement and reporting of GHG emissions from certain sources, including electric generating plants. Subsequently, the EPA released its final CPP regulations in August 2015 to reduce CO_2 emissions from existing fossil fuel-fired EGUs and finalized separate regulations imposing CO_2 emission limits for new, modified, and reconstructed fossil fuel-fired EGUs. Numerous states and private parties filed appeals and motions to stay the CPP with the D.C. Circuit in October 2015. On February 9, 2016, the U.S. Supreme Court stayed the rule during the pendency of the challenges to the D.C. Circuit and U.S. Supreme Court. On March 28, 2017, an executive order, entitled "Promoting Energy Independence and Economic Growth," instructed the EPA to review the CPP and related rules addressing GHG emissions and suspend, revise or rescind the rules if appropriate. On June 19, 2019, the EPA repealed the CPP and replaced it with the ACE rule that established guidelines for states to develop standards of performance to address GHG emissions from existing coal-fired generation. On January 19, 2021, the D.C. Circuit vacated and remanded the ACE rule declaring that the EPA was "arbitrary and capricious" in its rule making and, as such, the ACE rule is no longer in effect and all actions thus far taken by states to implement the federally mandated rule are now null and void. Vacating the ACE rule had the unintended effect of reinstating the CPP because the repeal of the CPP was a provision within the ACE rule. The D.C. Circuit decision was appealed by several states and interested parties, including West Virginia, arguing that the EPA did not have the authorization under Section 111(d) of the CAA to require "generation shifting" as a way to limit GHGs. On June 30, 2022, the U.S. Supreme Court held that the EPA's regulation of GHGs under Section 111(d) of the CAA (the CPP) was not authorized by Congress and remanded the rule to the EPA for further reconsideration.

Clean Water Act

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

On September 30, 2015, the EPA finalized new, more stringent effluent limits for the Steam Electric Power Generating category (40 CFR Part 423) for arsenic, mercury, selenium and nitrogen for wastewater from wet scrubber systems and zero discharge of pollutants in ash transport water. The treatment obligations were to phase-in as permits are renewed on a five-year cycle from 2018 to 2023. However, on April 13, 2017, the EPA granted a Petition for Reconsideration and on September 18, 2017, the EPA postponed certain compliance deadlines for two years. On August 31, 2020, the EPA issued a final rule revising the effluent limits for discharges from wet scrubber systems, retaining the zero-discharge standard for ash transport water, (with some limited discharge allowances), and extending the deadline for compliance to December 31, 2025 for both. In addition, the EPA allows for less stringent limits for sub-categories of generating units based on capacity utilization, flow volume from the scrubber system, and unit retirement date. On March 29, 2023, the EPA published proposed revised ELGs applicable to coal-fired power plants that include more stringent effluent limitations for wet scrubber systems and ash transport water, and new limits on landfill leachate. Public hearings on the proposed rules will be held in April 2023 and comments will be accepted through May 30, 2023. In the interim, the rule issued on August 31, 2020, remains in effect. Depending on the outcome of appeals and how final rules are ultimately implemented, compliance with these standards, could require additional capital expenditures or changes in operation at the Ft. Martin and Harrison power stations from what was approved by the WVPSC in September 2022 to comply with the 2020 ELG rule.

Regulation of Waste Disposal

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

In April 2015, the EPA finalized regulations for the disposal of CCRs (non-hazardous), establishing national standards for landfill design, structural integrity design and assessment criteria for surface impoundments, groundwater monitoring and protection procedures and other operational and reporting procedures to assure the safe disposal of CCRs from electric generating plants. On September 13, 2017, the EPA announced that it would reconsider certain provisions of the final regulations. On July 29, 2020, the EPA published a final rule again revising the date that certain CCR impoundments must cease accepting waste and initiate closure to April 11, 2021. The final rule also allows for an extension of the closure deadline based on meeting identified site-specific criteria. On November 30, 2020, AE Supply submitted a closure deadline extension request to the EPA seeking to extend the cease accepting waste date for the McElroy's Run CCR impoundment facility until 2024, which request is pending technical review by the EPA. AE Supply continues to operate McElroy's Run as a disposal facility for EH's Pleasants Power Station.

FE or its subsidiaries have been named as potentially responsible parties at waste disposal sites, which may require cleanup under the CERCLA. Allegations of disposal of hazardous substances at historical sites and the liability involved are often unsubstantiated and subject to dispute; however, federal law provides that all potentially responsible parties for a particular site

may be liable on a joint and several basis. Environmental liabilities that are considered probable have been recognized on the Consolidated Balance Sheets as of March 31, 2023, based on estimates of the total costs of cleanup, FirstEnergy's proportionate responsibility for such costs and the financial ability of other unaffiliated entities to pay. Total liabilities of approximately $97 million have been accrued through March 31, 2023, of which, approximately $62 million are for environmental remediation of former MGP and gas holder facilities in New Jersey, which are being recovered by JCP&L through a non-bypassable societal benefits charge. FE or its subsidiaries could be found potentially responsible for additional amounts or additional sites, but the loss or range of losses cannot be determined or reasonably estimated at this time.

OTHER LEGAL PROCEEDINGS

United States v. Larry Householder, et al.

On July 21, 2020, a complaint and supporting affidavit containing federal criminal allegations were unsealed against the now former Ohio House Speaker Larry Householder and other individuals and entities allegedly affiliated with Mr. Householder. Also, on July 21, 2020, and in connection with the investigation, FirstEnergy received subpoenas for records from the U.S. Attorney's Office for the Southern District Ohio. FirstEnergy was not aware of the criminal allegations, affidavit or subpoenas before July 21, 2020.

On July 21, 2021, FE entered into a three-year DPA with the U.S. Attorney's Office that, subject to court proceedings, resolves this matter. Under the DPA, FE has agreed to the filing of a criminal information charging FE with one count of conspiracy to commit honest services wire fraud. The DPA requires that FirstEnergy, among other obligations: (i) continue to cooperate with the U.S. Attorney's Office in all matters relating to the conduct described in the DPA and other conduct under investigation by the U.S. government; (ii) pay a criminal monetary penalty totaling $230 million within sixty days, which shall consist of (x) $115 million paid by FE to the United States Treasury and (y) $115 million paid by FE to the ODSA to fund certain assistance programs, as determined by the ODSA, for the benefit of low-income Ohio electric utility customers; (iii) publish a list of all payments made in 2021 to either 501(c)(4) entities or to entities known by FirstEnergy to be operating for the benefit of a public official, either directly or indirectly, and update the same on a quarterly basis during the term of the DPA; (iv) issue a public statement, as dictated in the DPA, regarding FE's use of 501(c)(4) entities; and (v) continue to implement and review its compliance and ethics program, internal controls, policies and procedures designed, implemented and enforced to prevent and detect violations of the U.S. laws throughout its operations, and to take certain related remedial measures. The $230 million payment will neither be recovered in rates or charged to FirstEnergy customers nor will FirstEnergy seek any tax deduction related to such payment. The entire amount of the monetary penalty was recognized as expense in the second quarter of 2021 and paid in the third quarter of 2021. Under the terms of the DPA, the criminal information will be dismissed after FirstEnergy fully complies with its obligations under the DPA.

Legal Proceedings Relating to United States v. Larry Householder, et al.

On August 10, 2020, the SEC, through its Division of Enforcement, issued an order directing an investigation of possible securities laws violations by FE, and on September 1, 2020, issued subpoenas to FE and certain FE officers. On April 28, 2021, and July 11, 2022, the SEC issued additional subpoenas to FE, with which FE has complied. While no contingency has been reflected in its consolidated financial statements, FE believes that it is probable that it will incur a loss in connection with the resolution of the SEC investigation. Given the ongoing nature and complexity of the review, inquiries and investigations, FE cannot yet reasonably estimate a loss or range of loss that may arise from the resolution of the SEC investigation.

In addition to the subpoenas referenced above under "—United States v. Larry Householder, et. al." and the SEC investigation, certain FE stockholders and FirstEnergy customers filed several lawsuits against FirstEnergy and certain current and former directors, officers and other employees, and the complaints in each of these suits is related to allegations in the complaint and supporting affidavit relating to HB 6 and the now former Ohio House Speaker Larry Householder and other individuals and entities allegedly affiliated with Mr. Householder. The plaintiffs in each of the below cases seek, among other things, to recover an unspecified amount of damages (unless otherwise noted). Unless otherwise indicated, no contingency has been reflected in FirstEnergy's consolidated financial statements with respect to these lawsuits as a loss is neither probable, nor is a loss or range of a loss reasonably estimable.

- *In re FirstEnergy Corp. Securities Litigation* (S.D. Ohio); on July 28, 2020 and August 21, 2020, purported stockholders of FE filed putative class action lawsuits alleging violations of the federal securities laws. Those actions have been consolidated and a lead plaintiff, the Los Angeles County Employees Retirement Association, has been appointed by the court. A consolidated complaint was filed on February 26, 2021. The consolidated complaint alleges, on behalf of a proposed class of persons who purchased FE securities between February 21, 2017 and July 21, 2020, that FE and certain current or former FE officers violated Sections 10(b) and 20(a) of the Exchange Act by issuing misrepresentations or omissions concerning FE's business and results of operations. The consolidated complaint also alleges that FE, certain current or former FE officers and directors, and a group of underwriters violated Sections 11, 12(a)(2) and 15 of the Securities Act of 1933 as a result of alleged misrepresentations or omissions in connection with offerings of senior notes by FE in February and June 2020. On March 30, 2023, the court granted plaintiffs' motion for class certification. On April 14, 2023, FE filed a petition in the U.S Court of Appeals for the Sixth Circuit seeking to

appeal that order. FE believes that it is probable that it will incur a loss in connection with the resolution of this lawsuit. Given the ongoing nature and complexity of such litigation, FE cannot yet reasonably estimate a loss or range of loss.

- *MFS Series Trust I, et al. v. FirstEnergy Corp., et al. and Brighthouse Funds II – MFS Value Portfolio, et al. v. FirstEnergy Corp., et al.* (S.D. Ohio) on December 17, 2021 and February 21, 2022, purported stockholders of FE filed complaints against FE, certain current and former officers, and certain current and former officers of EH. The complaints allege that the defendants violated Sections 10(b) and 20(a) of the Exchange Act by issuing alleged misrepresentations or omissions regarding FE's business and its results of operations, and seek the same relief as the *In re FirstEnergy Corp. Securities Litigation* described above. FE believes that it is probable that it will incur losses in connection with the resolution of these lawsuits. Given the ongoing nature and complexity of such litigation, FE cannot yet reasonably estimate a loss or range of loss.
- *State of Ohio ex rel. Dave Yost, Ohio Attorney General v. FirstEnergy Corp., et al. and City of Cincinnati and City of Columbus v. FirstEnergy Corp.* (Common Pleas Court, Franklin County, OH, all actions have been consolidated); on September 23, 2020 and October 27, 2020, the OAG and the cities of Cincinnati and Columbus, respectively, filed complaints against several parties including FE, each alleging civil violations of the Ohio Corrupt Activity Act in connection with the passage of HB 6. On January 13, 2021, the OAG filed a motion for a temporary restraining order and preliminary injunction against FirstEnergy seeking to enjoin FirstEnergy from collecting the Ohio Companies' decoupling rider. On January 31, 2021, FE reached a partial settlement with the OAG and the cities of Cincinnati and Columbus with respect to the temporary restraining order and preliminary injunction request and related issues. In connection with the partial settlement, the Ohio Companies filed an application on February 1, 2021, with the PUCO to set their respective decoupling riders (Conservation Support Rider) to zero. On February 2, 2021, the PUCO approved the application of the Ohio Companies setting the rider to zero and no additional customer bills will include new decoupling rider charges after February 8, 2021. On August 13, 2021, new defendants were added to the complaint, including two former officers of FirstEnergy. On December 2, 2021, the cities and FE entered a stipulated dismissal with prejudice of the cities' suit. The cases had been stayed pending final resolution of the United States v. Larry Householder, et al. criminal proceeding described above. The OAG renewed its earlier motion to lift the agreed-upon stay on March 9, 2023, and in an order dated March 15, 2023, the stay was lifted.

On February 9, 2022, FE, acting through the SLC, agreed to a settlement term sheet to resolve the following shareholder derivative lawsuits relating to HB 6 and the now former Ohio House Speaker Larry Householder and other individuals and entities allegedly affiliated with Mr. Householder that were filed in the S.D. Ohio, the N.D. Ohio, and the Ohio Court of Common Pleas, Summit County:

- *Gendrich v. Anderson, et al. and Sloan v. Anderson, et al.* (Common Pleas Court, Summit County, Ohio, all actions have been consolidated); on July 26, 2020 and July 31, 2020, respectively, purported stockholders of FE filed shareholder derivative action lawsuits against certain current and former FE directors and officers, alleging, among other things, breaches of fiduciary duty.
- *Miller v. Anderson, et al.* (N.D. Ohio); *Bloom, et al. v. Anderson, et al.; Employees Retirement System of the City of St. Louis v. Jones, et al.; Electrical Workers Pension Fund, Local 103, I.B.E.W. v. Anderson et al.; Massachusetts Laborers Pension Fund v. Anderson et al.; The City of Philadelphia Board of Pensions and Retirement v. Anderson et al.; Atherton v. Dowling et al.; Behar v. Anderson, et al.* (S.D. Ohio, all actions have been consolidated); beginning on August 7, 2020, purported stockholders of FE filed shareholder derivative actions alleging the FE Board and officers breached their fiduciary duties and committed violations of Section 14(a) of the Exchange Act.

On March 11, 2022, the parties executed a stipulation and agreement of settlement, and filed a motion the same day requesting preliminary settlement approval in the S.D. Ohio, which the S.D. Ohio granted on May 9, 2022. Subsequently, following a hearing on August 4, 2022, the S.D. Ohio granted final approval of the settlement on August 24, 2022. The settlement agreement is expected to resolve fully these shareholder derivative lawsuits and included a series of corporate governance enhancements.

The settlement also includes a payment to FE of $180 million, to be paid by insurance after the judgment has become final, less $36 million in court-ordered attorney's fees awarded to plaintiffs. On September 20, 2022, a purported FE stockholder filed a motion for reconsideration of the S.D. Ohio's final settlement approval. The parties filed oppositions to that motion on October 11, 2022 and the motion is under consideration by the S.D. Ohio. The N.D. Ohio matter remains pending. On June 2, 2022, the N.D. Ohio entered an order to show cause why the court should not appoint new plaintiffs' counsel, and thereafter, on June 10, 2022, the parties filed a joint motion to dismiss the matter without prejudice, which the N.D. Ohio denied on July 5, 2022. On August 15, 2022, the N.D. Ohio issued an order stating its intention to appoint one group of applicants as new plaintiffs' counsel, and on August 22, 2022, the N.D. Ohio ordered that any objections to the appointment be submitted by August 26, 2022. The parties filed their objections by that deadline, and on September 2, 2022, the applicants responded to those objections. In the meantime, on August 25, 2022, a purported FE stockholder represented by the applicants filed a motion to intervene, attaching a proposed complaint-in-intervention purporting to assert claims that the FE Board and officers breached their fiduciary duties and committed violations of Section 14(a) of the Exchange Act as well as a claim against a third party for professional negligence and malpractice. The parties filed oppositions to that motion to intervene on September 8, 2022, and the proposed intervenor's reply in support of his motion to intervene was filed on September 22, 2022.

On August 24, 2022, the parties filed a joint motion to dismiss the action pending in the N.D. Ohio based upon and in light of the approval of the settlement by the S.D. Ohio. On August 30, 2022, the parties filed a joint motion to dismiss the state court action, which the court granted on September 2, 2022.

In letters dated January 26, and February 22, 2021, staff of FERC's Division of Investigations notified FirstEnergy that the Division is conducting an investigation of FirstEnergy's lobbying and governmental affairs activities concerning HB 6, and staff directed FirstEnergy to preserve and maintain all documents and information related to the same as such have been developed as part of an ongoing non-public audit being conducted by FERC's Division of Audits and Accounting. On December 30, 2022, FERC approved a Stipulation and Consent Agreement that resolves the investigation. The agreement includes a FirstEnergy admission of violating FERC's "duty of candor" rule and related laws, and obligates FirstEnergy to pay a civil penalty of $3.86 million, and to submit two annual compliance monitoring reports to FERC's Office of Enforcement regarding improvements to FirstEnergy's compliance programs. FE paid the civil penalty on January 4, 2023 and it will not be recovered from customers.

The outcome of any of these lawsuits, governmental investigations and audit is uncertain and could have a material adverse effect on FE's or its subsidiaries' reputation, business, financial condition, results of operations, liquidity, and cash flows.

Other Legal Matters

There are various lawsuits, claims (including claims for asbestos exposure) and proceedings related to FirstEnergy's normal business operations pending against FE or its subsidiaries. The loss or range of loss in these matters is not expected to be material to FE or its subsidiaries. The other potentially material items not otherwise discussed above are described under Note 7, "Regulatory Matters."

FirstEnergy accrues legal liabilities only when it concludes that it is probable that it has an obligation for such costs and can reasonably estimate the amount of such costs. In cases where FirstEnergy determines that it is not probable, but reasonably possible that it has a material obligation, it discloses such obligations and the possible loss or range of loss if such estimate can be made. If it were ultimately determined that FE or its subsidiaries have legal liability or are otherwise made subject to liability based on any of the matters referenced above, it could have a material adverse effect on FE's or its subsidiaries' financial condition, results of operations, and cash flows.

NEW ACCOUNTING PRONOUNCEMENTS

See Note 1, "Organization and Basis of Presentation," for a discussion of new accounting pronouncements.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

See "FirstEnergy Corp. Management's Discussion and Analysis of Financial Condition and Results of Operations — Market Risk Information" in Item 2 above.

ITEM 4. CONTROLS AND PROCEDURES

(a) Evaluation of Disclosure Controls and Procedures

The management of FirstEnergy, with the participation of the Interim Chief Executive Officer and Chief Financial Officer, have reviewed and evaluated the effectiveness of its disclosure controls and procedures, as defined under the Exchange Act, in Rules 13a-15(e) and 15d-15(e), as of the end of the period covered by this report. Based on that evaluation, the Interim Chief Executive Officer and Chief Financial Officer of FirstEnergy have concluded that its disclosure controls and procedures were effective as of the end of the period covered by this report.

(b) Changes in Internal Control over Financial Reporting

During the quarter ended March 31, 2023, there were no changes in internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) that have materially affected, or are reasonably likely to materially affect, FirstEnergy's internal control over financial reporting.

PART II. OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

Information required for Part II, Item 1 is incorporated by reference to the discussions in Note 7, "Regulatory Matters," and Note 8, "Commitments, Guarantees and Contingencies," of the Notes to Consolidated Financial Statements in Part I, Item 1 of this Form 10-Q.

ITEM 1A. RISK FACTORS

You should carefully consider the risk factors discussed in "Item 1A. Risk Factors" in FirstEnergy's Annual Report on Form 10-K for the year ended December 31, 2022, which could materially affect FirstEnergy's business, financial condition or future results.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

None.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

None.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

ITEM 5. OTHER INFORMATION

On April 27, 2023, FE, FET, the Utilities and the Transmission Companies entered into the 2023 Amendments to, among other things, (i) permit the sale from FE to Brookfield of an incremental 30% equity interest in FET for a purchase price of $3.5 billion, (ii) permit the consolidation of the Pennsylvania Companies into a new, single operating entity, FE PA, which will be FE's only regulated utility in Pennsylvania encompassing the operations previously conducted individually by the Pennsylvania Companies, and (iii) transition the benchmark interest rate for borrowings under the 2021 Credit Facilities from LIBOR to SOFR.

FE effectuated such 2023 Amendments by entering into the following:

- Amendment No. 1 and Consent and Limited Waiver to Credit Agreement, dated as of April 27, 2023, among FE and FET, as borrowers, the banks and other financial institutions party thereto, as lenders, and JPMorgan Chase Bank, N.A., as administrative agent;
- Amendment No. 1 and Consent and Limited Waiver to Credit Agreement, dated as of April 27, 2023, among The Cleveland Electric Illuminating Company, Ohio Edison Company and The Toledo Edison Company, as borrowers, the banks and other financial institutions party thereto, as lenders, and JPMorgan Chase Bank, N.A., as administrative agent;
- Amendment No. 1 and Consent and Limited Waiver to Credit Agreement, dated as of April 27, 2023, among Metropolitan Edison Company, Pennsylvania Electric Company, Pennsylvania Power Company and West Penn Power Company, as borrowers, the banks and other financial institutions party thereto, as lenders, and Mizuho Bank, Ltd., as administrative agent;
- Amendment No. 1 to Credit Agreement, dated as of April 27, 2023, among Jersey Central Power & Light Company, as borrower, the banks and other financial institutions party thereto, as lenders, and Mizuho Bank, Ltd., as administrative agent;
- Amendment No. 1 to Credit Agreement, dated as of April 27, 2023, among Monongahela Power Company and The Potomac Edison Company, as borrowers, the banks and other financial institutions party thereto, as lenders, and Mizuho Bank, Ltd., as administrative agent; and
- Amendment No. 1 and Consent and Limited Waiver to Credit Agreement, dated as of April 27, 2023, among American Transmission Systems, Incorporated, Mid-Atlantic Interstate Transmission, LLC and Trans-Allegheny Interstate Line Company, as borrower, the banks and other financial institutions party thereto, as lenders, and PNC Bank, National Association, as administrative agent

The foregoing descriptions of the 2023 Amendments above do not purport to be complete and are qualified in their entirety by reference to the agreements themselves.

ITEM 6. EXHIBITS

	Exhibit Number	Description
(A)	10.1	Purchase and Sale Agreement, dated as of February 2, 2023, among the FirstEnergy Corp., and FirstEnergy Transmission, LLC, and North American Transmission Company II L.P., and North American Transmission FINCO L.P., Brookfield Super-Core Infrastructure Partners L.P., Brookfield Super-Core Infrastructure Partners (NUS) L.P. and Brookfield Super-Core Infrastructure Partners (ER) SCSp, as guarantors.
(A)(B)	10.2	Offer letter, dated March 26, 2023, between FirstEnergy Corp. and Brian X. Tierney
(A)	31.1	Certification of interim chief executive officer, as adopted pursuant to Rule 13a-14(a)
(A)	31.2	Certification of chief financial officer, as adopted pursuant to Rule 13a-14(a)
(A)	32	Certification of interim chief executive officer and chief financial officer, pursuant to 18 U.S.C. Section 1350
	101	The following materials from the Quarterly Report on Form 10-Q of FirstEnergy Corp. for the period ended March 31, 2023, formatted in iXBRL (Inline Extensible Business Reporting Language): (i) Consolidated Statements of Income, (ii) Consolidated Statements of Comprehensive Income, (iii) Consolidated Balance Sheets, (iv) Consolidated Statements of Cash Flows, (v) related notes to these financial statements and (vi) document and entity information
	104	Cover Page Interactive Data File (the cover page XBRL tags are embedded within the Inline XBRL document contained in Exhibit 101)

(A) Provided herein in electronic format as an exhibit.
(B) Management contract or compensatory plan contract or arrangement filed pursuant to Item 601 of Regulation S-K.

Pursuant to paragraph (b)(4)(iii)(A) of Item 601 of Regulation S-K, FirstEnergy has not filed as an exhibit to this Form 10-Q any instrument with respect to long-term debt if the respective total amount of securities authorized thereunder does not exceed 10% of its respective total assets, but hereby agrees to furnish to the SEC on request any such documents.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

April 27, 2023

FIRSTENERGY CORP.
Registrant

/s/ Jason J. Lisowski
Jason J. Lisowski
Vice President, Controller and Chief Accounting Officer

Exhibit 10.1

EXECUTION VERSION
CONFIDENTIAL

PURCHASE AND SALE AGREEMENT

dated as of February 2, 2023

by and among

FIRSTENERGY CORP.,

FIRSTENERGY TRANSMISSION, LLC

NORTH AMERICAN TRANSMISSION COMPANY II L.P.,

NORTH AMERICAN TRANSMISSION FINCO L.P.,

BROOKFIELD SUPER-CORE INFRASTRUCTURE PARTNERS L.P.,

BROOKFIELD SUPER-CORE INFRASTRUCTURE PARTNERS (NUS) L.P.

and

BROOKFIELD SUPER-CORE INFRASTRUCTURE PARTNERS (ER) SCSP

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Exhibit

Exhibit A – Form of A&R Operating Agreement
Exhibit B – Form of Parent Note
Exhibit C – Form of Assignment and Assumption Agreement
Exhibit D – Note Guaranty

PURCHASE AND SALE AGREEMENT

This PURCHASE AND SALE AGREEMENT, dated as of February 2, 2023 (this "Agreement"), is entered into by and among FirstEnergy Corp., an Ohio corporation ("Parent"), FirstEnergy Transmission, LLC, a Delaware limited liability company (the "Company"), North American Transmission Company II L.P., a Delaware limited partnership ("Investor"), Brookfield Super-Core Infrastructure Partners L.P., a limited partnership organized under the laws of Ontario, Brookfield Super-Core Infrastructure Partners (NUS) L.P., a limited partnership organized under the laws of Ontario and Brookfield Super-Core Infrastructure Partners (ER) SCSp, a special limited partnership organized under the laws of Luxemburg (each, a "Guarantor" and collectively, the "Guarantors"), solely for the purposes of Sections 5.5, 5.6(c) and 8.1(a) and Article X, and North American Transmission FinCo L.P., a Delaware limited partnership ("NATFinCo"), solely for purposes of Section 1.4. The Company, Parent, Investor and (i) solely for the purposes of Sections 5.5, 5.6(c), and 8.1(a) and Article X, each Guarantor, and (ii) solely for the purposes of Section 1.4, NATFinCo, are each sometimes referred to herein as a "Party" and, collectively, as the "Parties". Defined terms used herein and not otherwise defined herein have the respective meanings set forth in Section 10.17.

W I T N E S S E T H

WHEREAS, pursuant to the Purchase and Sale Agreement, dated November 4, 2021 (the "Initial PSA"), by and among Parent, the Company, Investor, and Guarantors, Investor acquired 19.9% of the Membership Interests of the Company (such investment, the "Initial Investment"), and Parent owns the remaining 80.1% of the Membership Interests of the Company;

WHEREAS, pursuant to the Initial PSA, the Company, Parent and Investor entered into that certain Third Amended and Restated Limited Liability Company Agreement of the Company, dated May 31, 2022 (the "Original Operating Agreement"); and

WHEREAS, on the terms and subject to the conditions set forth herein, Parent wishes to sell to Investor, and Investor wishes to purchase, directly or indirectly, from Parent, additional Membership Interests equaling 30.0% of the Membership Interests of the Company (such Membership Interests, the "Purchased Interests") (the "Second Investment,)" such that, after giving effect to the transactions contemplated hereby, Investor will, directly or indirectly, own 49.9% of the Membership Interests of the Company, and Parent will own 50.1% of the Membership Interests of the Company.

NOW, THEREFORE, in consideration of the representations, warranties, covenants and agreements contained in this Agreement and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, and intending to be legally bound hereby, the Parties hereby agree as follows:

ARTICLE I

PURCHASE AND SALE TRANSACTION; PURCHASE PRICE; THE CLOSING

Section 1.1 **Purchase and Sale**. Upon the terms and subject to the conditions set forth in this Agreement, at the Closing, Investor shall purchase, directly or indirectly, from Parent, and

Parent shall sell to Investor, the Purchased Interests, free and clear of all Liens other than (a) those created pursuant to Contracts to which Investor or any of its Affiliates is a party and (b) those that may be deemed to exist pursuant to securities Laws of general applicability.

Section 1.2 Purchase Price. The aggregate purchase price to be paid by Investor for the Purchased Interests is an amount equal to $3,500,000,000.00 (the "Purchase Price"). The Purchase Price shall be payable in part by the issuance by NATFinCo to Parent of a promissory note substantially in the form attached hereto as Exhibit B (the "Parent Note"), having a principal amount on the Closing Date of equal to the lesser of (i) $1,750,000,000.00 minus the Equity Financing funded to Investor or its Affiliates from Co-Investors at or prior to the Closing that is available to be used to pay the Purchase Price, and (ii) any lesser amount as may be determined by Investor in its sole discretion (the actual principal amount of the Parent Note, the "Parent Note Amount"), and the balance of the Purchase Price not covered by the Parent Note Amount shall be payable in cash. At least twelve (12) Business Days prior to the Closing Date, Investor shall notify Parent of the Parent Note Amount.

Section 1.3 Closing.

The closing of the transactions contemplated hereby (the "Closing") shall take place remotely via the exchange of documents (and shall be deemed to be held at the offices of Jones Day, 901 Lakeside Avenue E., Cleveland, Ohio 44114) at 10:00 a.m., New York City time, on the final Business Day of the month in which the satisfaction or waiver (by the Party entitled to the benefit thereof, to the extent permitted by applicable Law) of the conditions set forth in Article VI (other than those conditions that by their terms or nature are to be first satisfied at the Closing, but subject to the satisfaction or waiver of those conditions at such time) occurs; provided that if such satisfaction or waiver occurs later than the twelfth (12) Business Day prior to the final Business Day of such month, the Closing shall take place on the final Business Day of the subsequent month. The date on which the Closing occurs is referred to herein as the "Closing Date." Notwithstanding anything in this Agreement to the contrary, the Closing may take place on or at such other date, time or place as is agreed to in writing by the Parties; provided that in no event shall the Closing occur prior to November 30, 2023.

Section 1.4 The Closing Transactions. Subject to the terms and conditions set forth in this Agreement, the Parties shall consummate the following transactions at the Closing:

(a) Investor shall pay, or cause to be paid, to Parent an amount equal to (i) the Purchase Price minus (ii) the Parent Note Amount, by wire transfer of immediately available funds to an account designated in writing to Investor prior to the Closing by Parent;

(b) Investor shall cause NATFinCo to, and NATFinCo shall, deliver and issue to Parent the Parent Note;

(c) Investor shall cause Brookfield Corporation to deliver and issue that certain Note Guaranty (the "Note Guaranty"), in the form attached hereto as Exhibit D;

(d) Parent shall transfer to Investor the Purchased Interests, evidenced by an assignment and assumption of the Purchased Interests substantially in the form attached hereto as Exhibit C (the "Assignment and Assumption Agreement"), duly executed by an authorized

representative of Parent, such that after giving effect to such transfer, Investor shall own all right, title and interest to a number of Membership Interests constituting an additional 30.0% ownership interest in the Company, such that, after giving effect to the transactions contemplated hereby, Investor will own 49.9% of the Membership Interests of the Company, and Parent will own 50.1% of the Membership Interests of the Company;

(e) the Company shall deliver, or cause to be delivered, to each of Parent and Investor, a copy of the A&R Operating Agreement, duly executed by an authorized representative of the Company, evidencing, effective as of the Closing, the transfer and sale of the Purchased Interests and the other amendments thereto contemplated therein;

(f) Parent shall deliver, or cause to be delivered, to each of the Company and Investor, a counterpart copy of the A&R Operating Agreement, duly executed by an authorized representative of Parent;

(g) Parent shall deliver to Investor a counterpart copy of the Assignment and Assumption Agreement, duly executed by an authorized representative of Parent;

(h) Investor shall deliver to Parent a counterpart copy of the Assignment and Assumption Agreement, duly executed by an authorized representative of Investor;

(i) Investor shall deliver, or cause to be delivered, to each of the Company and Parent, a counterpart copy of the A&R Operating Agreement, duly executed by an authorized representative of Investor;

(j) Parent shall deliver all documentation necessary to effect the MAIT Class B Contribution, which will become effective at 10:01 a.m. New York City time on the Closing Date; provided, that such documentation shall be in form and substance reasonably satisfactory to Investor; and

(k) the Company, Parent and Investor shall make such other deliveries as are required by Article VI.

ARTICLE II

REPRESENTATIONS AND WARRANTIES OF THE COMPANY

Except as set forth in the disclosure schedules of Parent and the Company attached to this Agreement (each, a "Schedule" and, collectively, the "Disclosure Schedules"), subject to Section 10.10, or as disclosed in the Parent SEC Reports (excluding any disclosures set forth in any risk factors section or any disclosure of risks included in any "forward-looking statements" disclaimer to the extent that such disclosures are general or cautionary in nature), the Company represents and warrants to Investor that as of the date of this Agreement and as of the Closing (unless the particular representation speaks expressly as of another date, in which case such representation is made as of such other date):

Section 2.1 Formation and Power; Authorization.

(a) The Company is a limited liability company duly organized, validly existing and in good standing under the Laws of the State of Delaware, and the Company and each of its

Subsidiaries has all requisite power and authority necessary to own, lease and operate its properties and to carry on its business as now conducted.

(b) The Company and each of its Subsidiaries is qualified to do business and is in good standing in every jurisdiction in which its ownership of property or the conduct of its business as now conducted requires it to qualify, except where the failure to be so qualified or in good standing would not reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect.

(c) Complete and correct copies of the Organizational Documents of the Company and its Subsidiaries, in each case as in effect as of the date of this Agreement, have been made available to Investor.

(d) The execution, delivery and performance of this Agreement by the Company and the consummation of the transactions contemplated hereby have been duly and validly authorized by all requisite company action by the Company, and no other company proceedings on the part of the Company is necessary to authorize the execution, delivery or performance of this Agreement by the Company. This Agreement has been duly and validly executed and delivered by the Company, and, assuming that this Agreement is a valid and binding obligation of the other Parties, this Agreement constitutes a valid and binding obligation of the Company, enforceable against the Company in accordance with its terms, except as limited by the application of bankruptcy, insolvency, reorganization, fraudulent conveyance, moratorium or other Laws relating to or affecting creditors' rights or general principles of equity (the "Bankruptcy and Equity Exception").

Section 2.2 Subsidiaries.

(a) Schedule 2.5(a) sets forth each Person in which the Company, directly or indirectly, owns any Equity Interests, including (i) the name of such Person, (ii) such Person's jurisdiction of organization and (iii) the name and amount of each such Equity Interests owned, directly or indirectly, by the Company. Other than the Subsidiaries of the Company, each of which are set forth on Schedule 2.5(a), the Company does not, directly or indirectly, own beneficially or of record, or hold the right to acquire, any Equity Interests in any Person.

(b) Each of the Company's Subsidiaries is duly organized, incorporated or formed (as applicable) and validly existing under the Laws of its jurisdiction of organization, incorporation, formation and operation (as applicable).

Section 2.3 No Violation. Assuming that (x) the notices, authorizations, approvals, Orders, Permits or consents set forth on Schedule 2.4 are made, given or obtained (as applicable), (y) the Regulatory Approvals are obtained, and (z) any filings required by any applicable federal or state securities or "blue sky" Laws are made, the execution, delivery and performance of this Agreement by the Company and the consummation of the transactions contemplated hereby do not (a) violate, conflict with or breach the Organizational Documents of the Company or any of its Subsidiaries, (b) result in the imposition or creation of any Lien on the Membership Interests, (c) violate or breach any Law applicable to the Company or any of its Subsidiaries or by which any property or asset of the Company or any of its Subsidiaries is bound, (d) result in any breach of, constitute a default (or an event that, with notice or lapse of time or both, would become a

default) under, create (or, with notice or lapse of time or both, would create) in any party thereto the right to accelerate, amend, terminate or cancel, require any consent under, or give rise to the creation of any Lien (other than a Permitted Lien) on any property or asset of the Company or any of its Subsidiaries under, any Material Contract or Lease (or any Interim Period Contract) or (e) violate, breach, contravene or conflict with the DPA, except, with respect to clauses (c) and (d) above, for any such violations, breaches, defaults or other occurrences that are not material to the Company and its Subsidiaries taken as a whole.

Section 2.4 Governmental Bodies; Consents. Neither the Company nor any of its Subsidiaries is required to file, seek or obtain any notice, authorization, approval, Order, Permit, filing or consent of or with any Governmental Body in connection with the execution, delivery and performance by the Company of this Agreement or the consummation of the transactions contemplated hereby, except (a) the requirement to obtain the Regulatory Approvals, (b) such filings as may be required by any applicable federal or state securities or "blue sky" Laws, (c) where failure to obtain such consent, approval, authorization or action, or to make such filing or notification, (i) is not material to the Company and its Subsidiaries taken as a whole, and (ii) would not reasonably be expected to prevent the consummation of transactions contemplated hereby prior to the Outside Date, (d) as may be necessary as a result of any facts or circumstances relating to Investor or any of its Affiliates, and (e) notices and filings required to be made or given after the Closing.

Section 2.5 Equity Interests.

(a) All of the outstanding Equity Interests of the Company and each of its Subsidiaries are owned legally and beneficially and of record by Parent, Investor, the Company or a Subsidiary of the Company as set forth on Schedule 2.5(a), free and clear of all Liens other than (i) those created pursuant to Contracts to which Investor or any of its Affiliates is a party, and (ii) those that may be deemed to exist pursuant to securities Laws of general applicability. The Membership Interests (including the Purchased Interests) constitute all of the issued and outstanding Equity Interests of the Company, and all of the outstanding Equity Interests of the Company and its Subsidiaries have been duly authorized and validly issued, in compliance with all applicable securities Laws and not in violation of the Organizational Documents of the Company or any of its Subsidiaries or any subscription rights, purchase options, call options, rights of first refusal or other similar rights of any Person, and (to the extent such concepts are applicable to such Equity Interests) are fully paid and nonassessable. Except as set forth in the Organizational Documents of the Company and except for this Agreement and the transactions contemplated hereby, there are no outstanding options, warrants, subscriptions, rights (including preemptive rights), purchase rights, calls or Contracts of any character relating to, or requiring, the issuance, transfer, acquisition, redemption, repurchase, delivery or sale of any issued or unissued shares of capital stock or other Equity Interests, convertible or exchangeable securities (including securities that upon conversion or exchange would require the issuance of any Equity Interest), "phantom" equity rights, equity appreciation rights, equity-based performance units, rights to subscribe, purchase rights, calls or commitments made by the Company or any of its Subsidiaries or similar rights relating to the issuance, purchase, sale or repurchase of any Equity Interests issued by the Company or any of its Subsidiaries containing any equity features, or Contracts by which the Company or any of its Subsidiaries is bound to issue, deliver or sell, or cause to be issued, delivered or sold, additional Equity Interests, or options, warrants, rights to

subscribe to, purchase rights, calls or commitments made by the Company or any of its Subsidiaries relating to any Equity Interests of the Company or any of its Subsidiaries.

(b) Upon consummation of the transfer and sale of the Purchased Interests by Parent to Investor, (i) Investor will hold good and valid title to all of the Purchased Interests free and clear of all Liens other than those created pursuant to Contracts to which Investor or any of its Affiliates is a party, and (ii) the Purchased Interests will constitute a 30.0% ownership interest in the Company.

Section 2.6 Financial Statements; No Undisclosed Liabilities.

(a) Schedule 2.6(a) sets forth true, correct and complete copies of the Company's and the Subsidiaries of the Company's (i) unaudited consolidated balance sheet as of September 30, 2022 (the "Balance Sheet Date") and the related unaudited consolidated statements of income, changes in stockholders' equity and cash flow for the one-year period then ended (the "Unaudited Financial Statements") and (ii) audited consolidated balance sheets and related audited consolidated statements of income, changes in stockholders' equity, and cash flow for the fiscal years ended 2021, 2020 and 2019 (together with the Unaudited Financial Statements, the "Financial Statements"). Each of the Financial Statements has been prepared in accordance with United States generally accepted accounting principles applied on a consistent basis during the periods involved ("GAAP"), except as may be otherwise specified in such Financial Statements and except that Unaudited Financial Statements may not contain footnotes required by GAAP, and fairly present in all material respects the financial position of the Company and its consolidated Subsidiaries as of and for the dates thereof and the results of operations and cash flows for the periods then ended, subject, in the case of Unaudited Financial Statements, to the absence of notes and normal year-end audit adjustments. The books and records of the Company and its Subsidiaries have been kept and maintained in all material respects in accordance with applicable Laws.

(b) The Company and its Subsidiaries do not have any liabilities or obligations, whether accrued, contingent, absolute or otherwise ("Liabilities"), except (i) Liabilities accrued on or reserved against, or otherwise expressly identified, in the Financial Statements, (ii) Liabilities that have arisen since the Balance Sheet Date in the Ordinary Course of Business, (iii) Liabilities arising after the date of this Agreement in connection with the transactions contemplated hereby, (iv) any executory obligations under Contracts (not including Liabilities arising from a breach thereof or default thereunder), and (v) other Liabilities that would not reasonably be expected to be, individually or in the aggregate, material to the Company and its Subsidiaries, taken as a whole.

(c) The Company and each of its Subsidiaries maintains, and at all times since January 1, 2019, has maintained, a system of internal controls over financial reporting sufficient in all material respects to provide reasonable assurances regarding the reliability of financial reporting related to the Company and its Subsidiaries and the preparation of the Financial Statements for external purposes in accordance with GAAP, and includes those policies and procedures that: (i) pertain to the maintenance of records that in reasonable detail accurately and fairly reflect in all material respects the transactions and disposition of the assets of the Company and its Subsidiaries; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in conformity with GAAP; and (iii) provide

reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the assets of the Company and its Subsidiaries that could have a material effect on its financial statements.

Section 2.7 Absence of Certain Developments.

(a) Since the Balance Sheet Date, (i) there has not occurred any event, occurrence or development that has had, or would reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect, and (ii) the business of the Company and its Subsidiaries has been conducted in the Ordinary Course of Business in all material respects.

(b) Without limiting the generality of Section 2.7(a), from the Balance Sheet Date until the date of this Agreement, neither the Company nor any of its Subsidiaries has:

(i) amended or modified its Organizational Documents;

(ii) adopted a plan of liquidation, dissolution, merger, consolidation or other reorganization;

(iii) (A) acquired (whether by merger, stock or asset purchase or otherwise) any assets for consideration in excess of $25,000,000 in the aggregate (excluding any capital expenditures or purchases of raw materials or other similar assets, in each case in the Ordinary Course of Business) or (B) sold, leased, licensed, abandoned, permitted to lapse, assigned to an unrelated third party, transferred or otherwise disposed of any of its tangible or intangible assets with a market value in excess of $25,000,000 in the aggregate, other than (1) purchases of equipment and sales of products of their respective business, or sales of services, in each case in the Ordinary Course of Business, and (2) the disposal of obsolete assets in the Ordinary Course of Business;

(iv) had any of its material properties suffer any casualty loss in excess of $10,000,000 (whether or not covered by insurance) or become subject to any condemnation proceedings;

(v) taken any of the other actions specified in Section 5.1(b)(i), (ii), (iv), (v) or (vi) that, if taken after the date of this Agreement, would require Investor's consent; or

(vi) agreed or committed in writing to do any of the foregoing.

Section 2.8 Real Property.

(a) Except as would not reasonably be expected to be material to the Company and its Subsidiaries, taken as a whole, the Company or its applicable Subsidiary has good, valid, indefeasible and marketable fee title to, or a valid and binding leasehold interest in (or has analogous property rights under applicable Law), all Owned Real Property, Leased Real Property and Ancillary Real Property, as the case may be, free and clear of all Liens other than Permitted Liens. Neither the Company nor any of its Subsidiaries has (i) leased or otherwise granted to any Person rights to use or occupy any of the Owned Real Property or the Leased Real Property that impairs or would reasonably be expected to impair in any material respect the value, use or

occupancy of the Owned Real Property or the Leased Real Property by the Company or any of its Subsidiaries and (ii) any option to acquire any real property or interest therein with respect to the business of the Company or any of its Subsidiaries.

(b) Each of the Leases and Ancillary Real Property Agreements in effect as of the date of this Agreement and each Lease and Ancillary Real Property Agreement executed during the Interim Period in accordance with the terms of this Agreement (if any), is legal, valid and binding on the Company or one of its Subsidiaries to the extent the Company or such Subsidiary is a party thereto, as applicable, and to the knowledge of the Company, each other party thereto, and is in full force and effect and enforceable in accordance with its terms, except (i) as limited by the Bankruptcy and Equity Exception and (ii) where such failure to be valid, binding, enforceable or in full force and effect would not reasonably be expected to be material to the Company and its Subsidiaries, taken as a whole. Neither the Company nor any of its Subsidiaries is in breach or violation of any Lease or Ancillary Real Property Agreement in effect as of the date of this Agreement or executed during the Interim Period in accordance with the terms of this Agreement, and, to the knowledge of the Company, no third party to any such Lease or Ancillary Real Property Agreement is in breach or violation of any such Lease or Ancillary Real Property Agreement, and no event has occurred which with the passage of time or the giving of notice or both would result in a default, breach or event of noncompliance by the Company or any of its Subsidiaries under any Lease or Ancillary Real Property Agreement, except in each case for any such breaches or violations that would not reasonably be expected to be material to the Company and its Subsidiaries, taken as a whole.

(c) As of the date of this Agreement, there are no Contracts, options or rights of first refusal or rights of first offer or similar rights in favor of a third party to purchase any parcel of Owned Real Property or any portion of or interest in it.

(d) Neither the Company nor any of its Subsidiaries or Affiliates has received written notice of an existing or pending condemnation, eminent domain or similar proceeding affecting any of the Owned Real Property or the Leased Real Property that would reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect.

(e) To the knowledge of the Company, there is no existing structural or other physical defect or deficiency in the condition of any Owned Real Property, or any component or portion thereof, and that has not been corrected in the Ordinary Course of Business, except, in each case, as would not have, or reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect.

(f) To the knowledge of the Company, current local zoning ordinances, general plans and other applicable land use regulations and all private covenants, conditions and restrictions, if any, affecting any Owned Real Property permit the use and operation of such Owned Real Property for its current use, except as would not have, or reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect. Neither the Company nor any of its Subsidiaries or Affiliates has at any time in the three years prior to the date of this Agreement received written notice of any violation of Law or pending or threatened proceedings for the rezoning of any Owned Real Property or Leased Real Property or any portion thereof, or the taking of any other action by Governmental Bodies concerning such Owned Real Property and

Leased Real Property that would materially hinder or prevent the use thereof for its current use, except as would not have, or reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect.

(g) Each of the Company and its Subsidiaries has good, valid and marketable title to, a valid leasehold interest in or a valid right to use all of its tangible assets and properties, other than Owned Real Property, Leased Real Property and Ancillary Real Property, free and clear of all Liens except Permitted Liens, other than any failure to own or hold such tangible property that would not have, and would not reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect. All such tangible property is in normal operating condition in all material respects for similar facilities of a similar age and in a state of reasonable maintenance and repair suitable for the purposes for which it is being used in the conduct of the business of the Company and its Subsidiaries, except as would not have, or reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect.

Section 2.9 Tax Matters.

(a) The Company and each of its Subsidiaries have duly and timely filed with the appropriate Tax authority all material Tax Returns that are required to be filed by them pursuant to applicable Laws, all such Tax Returns are true and complete in all material respects, and the Company and each of its Subsidiaries have timely paid all material Taxes due and payable by them regardless of whether shown as due and owing on a Tax Return, other than Taxes that are being contested in good faith through appropriate proceedings so long as adequate reserves are maintained in accordance with GAAP. Any material income Taxes due and payable by any consolidated, combined, unitary or similar income tax group of which Parent is the common parent have been timely paid.

(b) All material Taxes which the Company or any of its Subsidiaries is obligated to withhold from amounts owing (including any interest, expenses or fees) to any Person have been deducted, withheld, and timely paid to the appropriate Governmental Body.

(c) No deficiency or proposed adjustment which has not been paid or resolved for any amount of Tax has been asserted or assessed in writing by any Governmental Body against the Company or any of its Subsidiaries.

(d) Neither the Company nor any of its Subsidiaries has consented to extend the time in which any Tax may be assessed or collected by any Governmental Body, which extension is still in effect, other than pursuant to extensions of time to file Tax Returns obtained in the Ordinary Course of Business.

(e) There are no ongoing or pending Tax audits, examinations or other proceedings by any Governmental Body against the Company or any of its Subsidiaries, and no such dispute, audit, examination, claim or proceeding has been threatened in writing.

(f) Neither the Company nor any of its Subsidiaries has any liability for the Taxes of any Person (other than the Company or its Subsidiaries) (i) as a transferee or successor or (ii) under Treasury Regulations Section 1.1502-6 or any similar provision of state, local or non-U.S. Law (other than with respect to the U.S. federal consolidated income tax group of which Parent is the common parent).

(g) Neither the Company nor any of its Subsidiaries has been subject to any claim made in writing by any Governmental Body in a jurisdiction where such Company or Subsidiary does not file a particular type of Tax Return or has not paid a particular type of Tax to the effect that such Company or Subsidiary is required to file such Tax Return or pay such type of Tax in that jurisdiction.

(h) There are no Liens for Taxes (other than Permitted Liens of the type described in clause (a) of the definition of Permitted Liens) upon any of the assets of the Company or any of its Subsidiaries.

(i) Neither the Company nor any of its Subsidiaries has participated in any "reportable transaction" (other than a "loss transaction") within the meaning of Treasury Regulations Section 1.6011-4.

(j) Neither the Company nor any of its Subsidiaries has constituted either a "distributing corporation" or a "controlled corporation" in a distribution of stock qualifying for tax-free treatment under Section 355 of the Code in the prior three years.

(k) Neither the Company nor any of its Subsidiaries has executed or entered into any closing agreement pursuant to Section 7121 of the Code or is bound by any "private letter ruling" issued by the IRS.

(l) Neither the Company nor any of its Subsidiaries has any material liability for escheat or unclaimed property obligations.

(m) Neither the Company nor any of its Subsidiaries is, or has ever been, subject to Tax in a jurisdiction outside the country of its organization.

(n) Neither the Company nor any of its Subsidiaries is a party to, bound by, or has any obligation to any other Person under any Tax allocation, Tax sharing or Tax indemnification agreement (other than any such agreement entered into in the Ordinary Course of Business the primary purpose of which is unrelated to Taxes and other than the Intercompany Income Tax Allocation Agreement, dated as of January 26, 2023, among Parent and the other parties thereto).

(o) Neither the Company nor any of its Subsidiaries (nor any predecessor of the Company or any of its Subsidiaries) has waived any statute of limitations in respect of Taxes, nor has any request been made in writing for any such waiver.

(p) Neither the Company nor any of its Subsidiaries will be required to include any item of income in, or exclude any item of deduction from, taxable income for any taxable period (or portion thereof) ending after the Closing Date as a result of any: (i) change in method of accounting for a taxable period (or portion thereof) ending on or prior to the Closing Date and made prior to the Closing; (ii) ruling by, or written agreement with, a Governmental Body (including any closing agreement pursuant to Section 7121 of the Code or any similar provision of Law) issued or executed prior to the Closing; (iii) installment sale or open transaction disposition made prior to the Closing; or (iv) prepaid amount received prior to the Closing.

Section 2.10 Contracts.

(a) Except as set forth on Schedule 2.10 and other than (w) this Agreement, (x) the Original Operating Agreement, (y) the Leases and (z) the Benefit Plans, as of the date of this Agreement neither the Company nor any of its Subsidiaries is a party to any:

(i) Contract relating to any acquisition by the Company or such Subsidiary of any business (whether by asset or stock purchase or otherwise) or any merger, consolidation or similar business combination transaction, in each case, pursuant to which the Company or such Subsidiary has an outstanding obligation to make any payment in excess of $50,000,000 thereunder;

(ii) Contract relating to any disposition by the Company or such Subsidiary of any business (whether by asset or stock purchase or otherwise) or any merger, consolidation or similar business combination transaction, in each case, pursuant to which the Company or such Subsidiary has any outstanding or contingent liabilities in excess of $50,000,000 thereunder;

(iii) Contract that requires the Company or such Subsidiary to post any fidelity or surety bond, completion bond, guarantee, letter of credit or other collateral or credit support obligation, in each case for an amount in excess of $25,000,000;

(iv) Contract under which the Company or such Subsidiary has borrowed any money or issued any note, indenture or other evidence of Indebtedness or guaranteed Indebtedness or Liabilities of others (other than (A) intercompany Indebtedness solely among the Company and its Subsidiaries, (B) intercompany guarantees of Indebtedness of the Company or any of its Subsidiaries or (C) purchases of equipment or materials made under conditional sales Contracts entered into in the Ordinary Course of Business), in each case, having an outstanding principal amount in excess of $50,000,000;

(v) Contract that by its express terms would limit or restrict or otherwise adversely affect the ability of the Company or its Subsidiaries to pay dividends or distributions;

(vi) Contract that contains a non-compete, right of first refusal, right of first offer or most favored nations obligation or restriction binding on the Company or such Subsidiary or that would be binding on Investor, except for (A) any such Contract that can be terminated without material penalty by the Company or such Subsidiary upon notice of 90 days or less, and (B) any such restrictions that constitute only a *de minimis* restraint on the conduct of the business of the Company and its Subsidiaries;

(vii) interest rate or currency swap, exchange, option or hedging Contract which has (A) a notional amount on or after the date hereof in excess of $50,000,000 or (B) a term extending for a period of longer than one year after the date hereof;

(viii) Contract relating to any partnership, joint venture or other similar arrangement in which the Company or such Subsidiary holds equity interests;

(ix) Contract involving the resolution or settlement of any actual or threatened actions, suits or proceedings against or by the Company or such Subsidiary in an amount

greater than $25,000,000 in the aggregate that has not been fully performed by the Company or such Subsidiary or otherwise imposes continuing conduct obligations on the Company or such Subsidiary;

(x) Contract to which any Governmental Body is a party providing for payments by or to the Company or any of its Subsidiaries in excess of $10,000,000 per year or that otherwise impose material obligations on the Company or any of its Subsidiaries (excluding any (A) rights-of-ways, easements or similar Contracts entered into in the Ordinary Course of Business, and (B) Contracts relating to purchase or sale of services in the Ordinary Course of Business and that are immaterial to the Company and its Subsidiaries, taken as whole);

(xi) Contract relating to any outstanding commitment for capital expenditures in excess of either (A) $50,000,000 in the aggregate in the current (or any future) fiscal year, or (B) $100,000,000 over the remaining life of such Contract;

(xii) Contract not addressed in clauses (i) through (xi) of this Section 2.10(a) providing for payments by or to the Company or such Subsidiary (A) in excess of $100,000,000 in the aggregate during the term thereof or (B) in excess of $50,000,000 in any fiscal year, except for any such Contract that can be terminated without material penalty by the Company or such Subsidiary upon notice of 90 days or less; or

(xiii) Contract to enter into any of the foregoing.

(b) Each of the Contracts listed or required to be listed on Schedule 2.10 (a "Material Contract") and each Interim Period Contract (if any) is valid and binding on the Company or one of its Subsidiaries to the extent the Company or such Subsidiary is a party thereto, as applicable, and to the knowledge of the Company, on each other party thereto, and is in full force and effect and enforceable in accordance with its terms (subject to the Bankruptcy and Equity Exception), except where such failure to be valid, binding, enforceable and in full force and effect would not reasonably be expected to be material to the Company and its Subsidiaries, taken as a whole. True and complete copies of each Material Contract has been made available to Investor in the Data Room. Neither the Company nor any of its Subsidiaries is in breach or violation of (or, with notice or lapse of time or both, would become in violation of) any Material Contract or any Interim Period Contract and, to the knowledge of the Company, no third party to any such Contract is in breach or violation of any such Contract, except in either case for any such breaches or violations that would not reasonably be expected to be material to the Company and its Subsidiaries, taken as a whole. As of the date hereof, none of the Company or its Subsidiaries or Affiliates (as applicable) has received a written notice from the counterparty to any Material Contract of its intention to (i) terminate such Contract, (ii) modify such Contract in a manner adverse to the Company or any of its Subsidiaries, or (iii) make a claim of force majeure (except for (x) in each such case, such notices as have been withdrawn or otherwise resolved prior to the date hereof, and (y) in the case of clauses (ii) and (iii), as would not be material to the Company and its Subsidiaries, taken as a whole).

Section 2.11 Intellectual Property; IT; Data Security.

(a) The Company and its Subsidiaries own or have the licenses or rights to use all Intellectual Property that is used or held for use in the conduct of the business of the Company and its Subsidiaries as currently conducted, except for any such failures to own or have the right to use that would not reasonably be expected to be, individually or in the aggregate, material to the Company and its Subsidiaries taken as a whole.

(b) To the knowledge of the Company, neither the Company nor any of its Subsidiaries, nor the Company's nor any of its Subsidiaries' respective businesses infringes, misappropriates or otherwise violates any Intellectual Property of any other Person, except where such infringement, misappropriation or violation is not material to the Company and its Subsidiaries taken as a whole.

(c) To the knowledge of the Company, no third party infringes, misappropriates or otherwise violates any material Intellectual Property owned by the Company or any of its Subsidiaries.

(d) To the knowledge of the Company, all of the issued patents and registered trademarks that constitute Intellectual Property to which the Company and its Subsidiaries have rights are valid, subsisting and enforceable.

(e) The material IT Systems used in the operation of the business of the Company and its Subsidiaries are adequate in all material respects for their intended use and for the operation of the business of the Company and its Subsidiaries as currently conducted, and, to the knowledge of the Company, are free of all viruses, worms, Trojan horses and other known contaminants and do not contain any bugs, errors or problems of a nature that, in any case, would materially disrupt their operation or have a material adverse impact on the operation of such IT Systems.

(f) Except as would not be reasonably expected to result, individually or in the aggregate, in liability that would be material to the Company and its Subsidiaries, taken as a whole, during the past three years, to the knowledge of the Company, the Company and its Subsidiaries have not experienced any actual or alleged Security Incident or have been required under applicable Law to give notice to any Governmental Body of a Security Incident. The data, privacy, and security practices of the Company and its Subsidiaries are, and during the past three years, have been, in compliance, in all material respects, with applicable Laws. In the past three years neither the Company nor any of its Subsidiaries has received any written complaint concerning the collection, use or disclosure of any Personal Data, nor, to the knowledge of the Company, has the Company or any of its Subsidiaries been the subject of any investigation or proceeding by any Governmental Body in respect thereof.

Section 2.12 **Litigation**. There are no actions, suits or proceedings pending against or by, or to the knowledge of the Company, threatened by any Person against the Company or any of its Subsidiaries, at law or in equity, or before or by any Governmental Body, other than any action, suit, or proceeding where no injunctive or equitable relief (which, if granted, would be material to the operation of the business of the Company or of any of its Subsidiaries) is sought and where, if adversely determined would not reasonably be expected to be material to the Company and its Subsidiaries, taken as a whole, or prevent or materially impair the ability of the

Company to consummate the Closing. Neither the Company nor any of its Subsidiaries is subject to any outstanding Order, other than any such Order that would not reasonably be expected to be, individually or in the aggregate, material to the Company and its Subsidiaries, taken as a whole or prevent or materially impair the ability of the Company to consummate the Closing.

Section 2.13 Employees.

(a) None of the Company or any of its Subsidiaries have, nor within the past six (6) years have had, any employees or directly engaged any individuals as consultants.

(b) The Company and its Subsidiaries are neither party to, nor bound by, any labor agreement, collective bargaining agreement or any other labor-related agreements or arrangements with any labor union, labor organization or works council.

(c) With respect to each individual who directly or indirectly provides services to the Company or any of its Subsidiaries (including the provision of services to the Company and its Subsidiaries by employees of other Affiliates of Parent) (individually, a "Company Service Provider", and collectively, the "Company Service Providers"), the Company is in compliance with all applicable Laws relating to the employment of labor, except to the extent any non-compliance would not reasonably be expected to be, individually or in the aggregate, material to the Company and its Subsidiaries, taken as a whole. To the knowledge of the Company, each current and former Company Service Provider has been properly classified as an employee or independent contractor under all applicable Laws with respect to services provided to the Company. Except as would not reasonably be expected to be, individually or in the aggregate, material to the Company and its Subsidiaries, taken as a whole, there are no administrative charges or court complaints pending or, to the knowledge of the Company, threatened against the Company or any of its Subsidiaries before the U.S. Equal Employment Opportunity Commission or any other Governmental Body concerning alleged employment discrimination or any other matters relating to the employment or engagement of labor.

(d) Except as would not have, or reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect, there are no actions, suits or proceedings pending against, or to the knowledge of the Company, threatened by, any current or former Company Service Provider against the Company or any of its Subsidiaries, at law or in equity, or before any Governmental Body.

Section 2.14 Employee Benefit Plans.

(a) Neither the Company nor any of its Subsidiaries sponsors, maintains or contributes to (or is required to contribute to) any Benefit Plan. Neither the Company nor any of its Subsidiaries, nor any of their respective ERISA Affiliates currently maintains or contributes to, or has at any time in the six years prior to the date of this Agreement maintained or contributed to or been obligated to contribute to any plan, program or arrangement covered by Title IV of ERISA or subject to Section 412 of the Code or Section 302 of ERISA, in each case that would result in Liability to the Company or its Subsidiaries after the Closing. Neither the Company nor any of its Subsidiaries has any Liabilities under Title IV of ERISA.

(b) The consummation of the transactions contemplated hereby, either alone or in combination with any other event, will not (i) result in any payment or benefit becoming due or payable, or required to be provided, to any individual who currently provides, or formerly provided, services to the Company or any of its Subsidiaries; (ii) increase the amount or value of compensation or benefits due or payable to any individual who currently provides, or formerly provided, services to the Company or any of its Subsidiaries or accelerate the time of payment, vesting or funding of any such benefit or compensation; or (iii) result in any amount failing to be deductible by reason of Section 280G of the Code.

Section 2.15 Insurance. With respect to each material insurance policy currently in effect as of the date of this Agreement maintained by or for the benefit of the Company or any of its Subsidiaries on their properties, assets, products, businesses or personnel (true and complete copies of which have been made available to Investor) and each material insurance policy bound during the Interim Period in accordance with the terms of this Agreement: (a) the policy is legal, valid, binding, enforceable and in full force and effect, all premiums due and payable with respect thereto have been paid in full, and no notice of cancellation, termination, reservation of rights or dispute or denial of coverage for any material claim has been received with respect to any such insurance policy; (b) the Company and its Subsidiaries are not in breach or default of any of the terms or conditions of the policy; (c) none of the Company or its Subsidiaries have received a notice of non-renewal from any of the insurers and there has been no lapse in coverage; (d) the Company, its Subsidiaries, and their respective assets and properties are insured in amounts no less than as required by applicable Law or any Material Contract; and (e) there is no material claim pending or, to the knowledge of the Company, threatened under any such insurance policy that relates to the Company or its Subsidiaries and in respect of which coverage has been questioned, denied or disputed, or had rights reserved, by the underwriter of such policy. Except as would not reasonably be expected to (x) prevent or materially impede the consummation of the transactions set forth herein or (y) be materially adverse to the Company and its Subsidiaries (taken as a whole), the transactions set forth herein shall not result in a violation under any of such insurance policies and shall not give rise to any right of termination or cancellation in connection therewith.

Section 2.16 Environmental Matters.

(a) Except as would not be material to the Company and its Subsidiaries taken as a whole, the Company and each of its Subsidiaries and their operations are, and, except for matters that have been fully resolved, have been for the past three years, in compliance with all applicable Environmental Laws.

(b) Neither the Company nor any of its Subsidiaries is, or has during the prior three years been, subject to any pending or, to the knowledge of the Company, threatened claim regarding any actual or alleged violation of or liability under any Environmental Laws that is material to the Company and its Subsidiaries taken as a whole or that has not been cured without further obligations that would be material to the Company and its Subsidiaries taken as a whole.

(c) Except as would not be material to the Company and its Subsidiaries taken as a whole, no Hazardous Substances are present in or have been Released at, in, on or under any real property currently or, to the knowledge of the Company, formerly owned or operated by the

Company or any of its Subsidiaries, or, to the knowledge of the Company, at any other location where Hazardous Substances generated by the Company have been transported or disposed of, in each case above, such that the Company or any of its Subsidiaries is obligated to take investigative or remedial action with respect to such Releases of such Hazardous Substances pursuant to any Environmental Law or any Contract entered into with any other Person. Neither the Company nor any of its Subsidiaries are conducting any remedial action that is material to the Company and its Subsidiaries taken as a whole relating to any Release of Hazardous Substances pursuant to the requirements of any applicable Environmental Law or Permit or Contract, and there are no other such remedial actions at or affecting any of the operations or assets of the Company or any of its Subsidiaries.

(d) Except as would not be material to the Company and its Subsidiaries taken as a whole, neither the Company nor any of its Subsidiaries has entered into or agreed to any outstanding consent Order, or is subject to any outstanding Order, relating to compliance with Environmental Laws or the investigation, sampling, monitoring, treatment, remediation, removal or cleanup of Hazardous Substances.

(e) Except as would not be material to the Company and its Subsidiaries taken as a whole, neither the Company nor any of its Subsidiaries has assumed any liability, including any obligation for corrective or remedial action, of any other Person relating to Environmental Laws.

(f) To the knowledge of the Company, the Company has made available to Investor a copy of all material environmental assessment (including Phase I and Phase II) reports in the possession or control of the Company or any of its Affiliates relating to the Owned Real Property or Leased Real Property that have been issued at any point during the five years preceding the date hereof and, in each case, that is material to the Company and its Affiliates taken as whole.

Section 2.17 Permits; Compliance with Laws.

(a) Each of the Company and its Subsidiaries holds and is (and has been during the past three years) in compliance, in all material respects, with all permits, certificates, licenses, approvals, registrations, waivers, exemptions and other authorizations that are material to the Company or any of its Subsidiaries and required for the use, ownership and operation of the assets of the Company and its Subsidiaries and the conduct of their business under applicable Laws (the "Permits"). All of the Permits are valid and in full force and effect and, during the prior three years, neither the Company nor any of its Subsidiaries or Affiliates has received any written notice of, and to the knowledge of the Company, neither the Company nor any of its Subsidiaries is under investigation by, any Governmental Body with respect to, any material violation of, or any obligation to take material remedial action under, any Permits (other than any such violations that have been fully cured).

(b) The Company and its Subsidiaries are, and have been during the prior three years, in compliance, in all material respects, with all applicable Laws that are, in each case, material to the Company or any of its Subsidiaries, and during the prior three years, neither the Company nor any of its Subsidiaries or Affiliates has received any written notice of any action or proceeding against it alleging any failure to comply in any material respect with any such applicable Laws. No investigation by any Governmental Body with respect to the Company or any of its Subsidiaries is pending or, to the knowledge of the Company, threatened, and during the prior three years, neither the Company nor any of its Subsidiaries or Affiliates has received

any written notice of any such investigation, except, in each case, for any such investigation that would not reasonably be expected to be material to the Company and its Subsidiaries taken as a whole.

Section 2.18 Affiliated Transactions.

(a) Schedule 2.18(a) sets forth a complete and correct list of the Company affiliate transaction guidelines and cost allocation methodologies as of the date of this Agreement (the "Affiliate Guidelines"), other than those included in the Affiliate Contracts.

(b) Since the Balance Sheet Date, all transactions, charges, services, transfers, payments, accruals and other business or obligations between any member of the Parent Group (not including, for the avoidance of doubt, the Company), on the one hand, and the Company or any of its Subsidiaries, on the other hand, were in compliance in all material respects with the terms of the Affiliate Guidelines.

(c) Other than the Affiliate Contracts, there are no Contracts between the Company or one of its Subsidiaries, on the one hand, and Parent or any Affiliate of Parent (other than the Company or one of its Subsidiaries), on the other hand.

Section 2.19 Regulatory Matters.

(a) The Company and its Subsidiaries are in compliance in all material respects with the Orders and rules of each of the Governmental Bodies set forth on Schedule 10.17(e), except where the failure to so comply would not reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect or prevent or materially impair the ability of the Company to consummate the transactions contemplated hereby.

(b) To the Company's knowledge, neither the Company nor any of its Subsidiaries is the subject of any non-public investigation or audit by the Governmental Bodies listed in Schedule 10.17(e), except for any non-public investigation or audit that would not reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect or prevent or materially impair the ability of the Company to consummate the transactions contemplated hereby.

(c) The Company is not regulated as a "public utility" under the Federal Power Act ("FPA"). The Company is a "holding company" under the Public Utility Holding Company Act of 2005. Except as set forth on Schedule 2.19(c), none of the Company's Subsidiaries is regulated as a "public utility" under the FPA. Solely as a result of the execution, delivery and performance of this Agreement, Investor will not become subject to regulation as a "public utility" under the FPA.

Section 2.20 Anti-Corruption and Anti-Money Laundering Laws.

(a) Neither the Company nor any of its Subsidiaries, or, to the knowledge of the Company, any Representative acting for or on behalf of the Company or any of its Subsidiaries, (i) is the target of any Sanctions, (ii) is or is owned or controlled by a Sanctioned Person, (iii) is located, organized or resident in a Sanctioned Country, or (iv) engages in (or during the past

three years has engaged in) any dealings or transactions, or is (or during the past three years has been) otherwise associated, with any such Sanctioned Person in violation of any Sanctions.

(b) The Company and each of its Subsidiaries and, to the knowledge of the Company, any Representative acting for or on behalf of the Company or any of its Subsidiaries, is (and for the past three years have been) in compliance in all material respects with all Anti-Corruption Laws and Anti-Money Laundering Laws applicable to such Persons.

(c) To the knowledge of the Company, neither the Company nor any of its Affiliates is the subject of any investigation, inquiry or enforcement proceedings by any Governmental Body regarding any offense or alleged offense under any anti-terrorism Laws, Anti-Corruption Laws, Anti-Money Laundering Laws or Sanctions, and no such investigation, inquiry or proceeding is pending or, to the knowledge of the Company, has been threatened in writing.

(d) The Company and each of its Subsidiaries are subject to, and in compliance with in all material respects, policies and procedures instituted and maintained by an Affiliate thereof that are designed in accordance with applicable Laws to promote and achieve compliance by such Persons, and any Representatives acting on their behalf, with applicable Anti-Corruption Laws, Anti-Money Laundering Laws and Sanctions.

Section 2.21 Broker Fees. There is no investment banker, broker, finder or other such intermediary that has been retained by, or has been authorized to act on behalf of, the Company or any Subsidiary thereof, that is or would be entitled to a fee or commission in connection with the transactions contemplated hereby from the Company or any of its Subsidiaries.

ARTICLE III

REPRESENTATIONS AND WARRANTIES OF PARENT

Except as set forth in the Disclosure Schedules, subject to Section 10.10, or as disclosed in the Parent SEC Reports (excluding any disclosures set forth in any risk factors section or any disclosure of risks included in any "forward-looking statements" disclaimer to the extent that such disclosures are general or cautionary in nature), Parent represents and warrants to Investor that as of the date of this Agreement and as of the Closing (unless the particular representation speaks expressly as of another date, in which case such representation is made as of such other date):

Section 3.1 Formation and Power. Parent is a corporation duly organized, validly existing and in good standing under the Laws of the State of Ohio with full power and authority to enter into this Agreement and perform all of its obligations hereunder.

Section 3.2 Authorization. The execution, delivery and performance of this Agreement by Parent and the consummation of the transactions contemplated hereby have been duly and validly authorized by all requisite company action by Parent, and no other company proceedings on the part of Parent is necessary to authorize the execution, delivery or performance of this Agreement by Parent. This Agreement has been duly and validly executed and delivered by Parent, and, assuming that this Agreement is a valid and binding obligation of the other Parties, this Agreement constitutes a valid and binding obligation of Parent, enforceable

against Parent in accordance with its terms, except as limited by the Bankruptcy and Equity Exception.

Section 3.3 **No Violation**. Assuming that (x) the notices, authorizations, approvals, Orders, Permits or consents set forth on Schedule 3.5 are made, given or obtained (as applicable), (y) the Regulatory Approvals are obtained, and (z) any filings required by any applicable federal or state securities or "blue sky" Laws are made, the execution, delivery and performance of this Agreement by Parent and the consummation of the transactions contemplated hereby do not (a) violate, conflict with or breach the Organizational Documents of Parent, (b) result in the imposition or creation of any Lien on the Membership Interests, (c) violate or breach any Law applicable to Parent, or by which any of its properties or assets are bound, (d) result in any breach of, constitute a default (or an event that, with notice or lapse of time or both, would become a default) under any Contract to which Parent is a party or by which any of Parent's assets are bound or (e) violate, breach, contravene or conflict with the DPA, except, with respect to clauses (c) and (d) above, for any such violations, breaches, defaults or other occurrences which would not reasonably be expected to prevent or materially delay the ability of Parent to consummate the transactions contemplated hereby.

Section 3.4 **Title to the Purchased Interests**.

(a) The Purchased Interests are duly authorized, validly issued and free of, and were issued in compliance with, any preemptive rights in respect thereto. Parent is the sole lawful record and beneficial owner of, and has good, valid and marketable title to, the Purchased Interests, and Parent owns the Purchased Interests free and clear of all Liens other than (i) those created pursuant to Contracts to which Investor or any of its Affiliates is a party, and (ii) those that may be deemed to exist pursuant to securities Laws of general applicability.

(b) There are no Contracts to which any of the Company, Parent or any of their respective Affiliates is a party or by which either is bound to (i) repurchase, redeem or otherwise acquire any equity securities of, or other equity or voting interest in, the Company, (ii) vote or dispose of any equity securities of, or other equity or voting interest in the Company or (iii) provide funds to or make investments in any other Person. There are no outstanding options, warrants, convertible or exchangeable securities, "phantom" equity rights, equity appreciation rights, equity-based performance units, rights to subscribe to, purchase rights, calls or commitments made by any of the Company, Parent or any of their respective Affiliates relating to the issuance, purchase, sale or repurchase of any limited liability company interests or other equity interests issued by the Company containing any equity features, or Contracts by which any of the Company, Parent or any of their respective Affiliates is bound to issue, deliver or sell, or cause to be issued, delivered or sold, additional limited liability company interests or other equity interests of the Company, or options, warrants, rights to subscribe to, purchase rights, calls or commitments made by any of the Company, Parent or any of their respective Affiliates relating to any equity interests of the Company.

(c) As of the consummation of the Closing, the authorized, issued and outstanding equity interests, including the classes thereof, of the Company and each of its Subsidiaries, together with the name of each holder thereof and the number of interests, are as set forth on Schedule 3.4(c).

Section 3.5 **Consents**. Except as set forth on Schedule 3.5, no filing or registration with, notification to, or authorization, consent or approval of, any Governmental Body or any other Person (other than the Parties, their equity holders or their Affiliates) is required in connection with the execution and delivery by Parent of this Agreement, the performance of Parent's obligations hereunder or the consummation of the transactions contemplated hereby, except (a) the requirement to obtain the Regulatory Approvals, (b) such filings as may be required by any applicable federal or state securities or "blue sky" Laws, (c) where failure to obtain such consent, approval, authorization or action, or to make such filing or notification, would not, individually or in the aggregate, reasonably be expected to prevent or materially impair the ability of Parent to consummate the transactions contemplated hereby, (d) as may be necessary as a result of any facts or circumstances relating to Investor or any of its Affiliates or (e) notices and filings required to be made or given after the Closing.

Section 3.6 **Litigation**. There are no actions, suits or proceedings pending or, to the knowledge of Parent, threatened against or affecting Parent, before or by any Governmental Body, that would reasonably be expected to prevent or otherwise adversely affect Parent's performance of its covenants and obligations set forth in this Agreement or to otherwise prevent or materially impair the ability of Parent to consummate the Closing. There are no bankruptcy proceedings pending or, to the knowledge of Parent, threatened against Parent.

Section 3.7 **Anti-Corruption and Anti-Money Laundering Laws**.

(a) None of Parent or any of its Affiliates, nor any of their respective officers, directors, or employees, (i) is the target of any Sanctions, (ii) is or is owned or controlled by a Sanctioned Person, (iii) is located, organized or resident in a Sanctioned Country, or (iv) engages in (or during the past three years has engaged in) any dealings or transactions, or is (or during the past three years has been) otherwise associated, with any such Sanctioned Person in violation of any Sanctions.

(b) Parent and each of its Affiliates are (and for the past five years have been) in compliance in all material respects with all Anti-Corruption Laws and Anti-Money Laundering Laws applicable to such Persons.

(c) To the knowledge of Parent, neither Parent nor any of its Affiliates is the subject of any investigation, inquiry or enforcement proceedings by any Governmental Body regarding any offense or alleged offense under any anti-terrorism Laws, Anti-Corruption Laws, Anti-Money Laundering Laws or Sanctions, and no such investigation, inquiry or proceeding is pending or, to the knowledge of Parent, has been threatened in writing.

(d) Parent and its Affiliates have been and are in compliance with, and shall comply in all respects with, all relevant terms of the DPA. The execution, delivery and performance by Parent of this Agreement is not intended to, and will not, circumvent or frustrate the enforcement purposes of the DPA.

Section 3.8 **Broker Fees**. There is no investment banker, broker, finder or other such intermediary that has been retained by, or has been authorized to act on behalf of, Parent or any of its Affiliates, that is entitled to a fee or commission in connection with the transactions contemplated hereby from the Company or any of its Subsidiaries.

ARTICLE IV

REPRESENTATIONS AND WARRANTIES OF INVESTOR

Except as set forth in the disclosure schedules of Investor attached to this Agreement (each, an "Investor Disclosure Schedule" and, collectively, the "Investor Disclosure Schedules"), Investor hereby represents and warrants to the Company that as of the date of this Agreement and as of the Closing (unless the particular representation speaks expressly as of another date, in which case such representation is made as of such other date):

Section 4.1 Organization and Power. Investor is a limited partnership duly organized, validly existing and in good standing under the Laws of the State of Delaware, with full power and authority to enter into this Agreement and perform all of its obligations hereunder.

Section 4.2 Authorization. The execution, delivery and performance of this Agreement by Investor and the consummation of the transactions contemplated hereby have been duly and validly authorized by all requisite action by Investor, and no other proceedings on the part of Investor are necessary to authorize the execution, delivery or performance of this Agreement by Investor. This Agreement has been duly and validly executed and delivered by Investor, and, assuming that this Agreement is a valid and binding obligation of the other Parties, this Agreement constitutes a valid and binding obligation of Investor, enforceable against Investor in accordance with its terms, except as limited by the Bankruptcy and Equity Exception.

Section 4.3 No Violation. Assuming that (x) the notices, authorizations, approvals, Orders, permits or consents described in Section 4.4 are made, given or obtained (as applicable), (y) the Regulatory Approvals have been obtained, and (z) any filings required by any applicable federal or state securities or "blue sky" Laws are made, the execution, delivery and performance by Investor of this Agreement and the consummation of the transactions contemplated hereby, do not (a) violate, conflict with or breach its Organizational Documents, (b) violate any applicable Law to which Investor is subject or by which any of its assets are bound, or (c) result in any breach of or constitute a default (or an event that, with notice or lapse of time or both, would become a default) under any Contract to which Investor is a party or by which any of its assets are bound, except, with respect to clauses (b) and (c) above, for any such violations, breaches or defaults that would not, individually or in the aggregate, reasonably be expected to prevent or materially delay the ability of Investor to consummate the transactions contemplated hereby.

Section 4.4 Consents. No filing or registration with, notification to, or authorization, consent or approval of, any Governmental Body or any other Person (other than the Parties, their equity holders or their Affiliates) is required in connection with the execution and delivery by Investor of this Agreement, the performance of Investor's obligations hereunder or the consummation of the transactions contemplated hereby, except (a) the requirement to obtain the Regulatory Approvals, (b) such filings as may be required by any applicable federal or state securities or "blue sky" Laws, (c) where failure to obtain such consent, approval, authorization or action, or to make such filing or notification, would not, individually or in the aggregate, reasonably be expected to prevent or materially delay the ability of Investor to consummate the transactions contemplated hereby, (d) as may be necessary as a result of any facts or

circumstances relating to Parent, the Company or any of their respective Affiliates, or (e) notices and filings required to be made or given after the Closing.

Section 4.5 **Litigation**. There are no actions, suits or proceedings pending or, to the knowledge of Investor, threatened against or affecting Investor, before or by any Governmental Body, that would reasonably be expected to prevent or otherwise adversely affect Investor's performance of its covenants and obligations set forth in this Agreement or prevent or materially impair the ability of Investor or any of its Affiliates to consummate the transactions contemplated hereby. There are no bankruptcy proceedings pending or, to the knowledge of Investor, threatened against Investor or any of its Affiliates contemplated to be involved in the transactions contemplated hereby.

Section 4.6 **Broker Fees**. There is no investment banker, broker, finder or other intermediary which has been retained by, or is authorized to act on behalf of Investor or any of its Affiliates, that is entitled to any fee or commission in connection with the transactions contemplated hereby from Investor or any Affiliate thereof.

Section 4.7 **Investment Representation; Investigation**. Investor is acquiring the Purchased Interests for its own account with the present intention of holding the Purchased Interests for investment purposes and not with a view to, or for sale in connection with, any distribution thereof in violation of any applicable securities Laws. Investor is an "accredited investor" within the meaning of Regulation D promulgated pursuant to the Securities Act of 1933, as amended. Investor is knowledgeable about the industries in which the Company and its Subsidiaries operate, is capable of evaluating the merits and risks of the transactions contemplated hereby and is able to bear the substantial economic risk of such investment for an indefinite period of time. Investor has been afforded full access to the books and records, facilities and personnel of the Company and its Subsidiaries for purposes of conducting a due diligence investigation and has conducted a full due diligence investigation of the Company and its Subsidiaries.

Section 4.8 **Financial Capability**. Guarantors and Investor have access to, and will have at the Closing, sufficient immediately available funds to pay in full all amounts required to be paid by Investor under this Agreement, including (a) the amounts payable pursuant to Article I and (b) all of the fees, costs and expenses of Investor arising from or related to this Agreement or the consummation of the transactions contemplated hereby, and to otherwise consummate the transactions contemplated hereby in accordance with the terms hereof. Brookfield Corporation has access to, and will have at the Closing, sufficient immediately available funds to discharge its obligations under the Note Guaranty as and when required. Investor acknowledges and agrees that it is not a condition to the Closing or to any of its other obligations under this Agreement that Investor or the Company or any of its Subsidiaries obtain financing for or related to any of the transactions contemplated hereby, including any Debt Financing or Equity Financing. The structure chart set forth on Investor Disclosure Schedule 10.17(b) is, as of the Closing, true, complete and correct in all respects.

Section 4.9 **No Fraudulent Conveyance**. No transfer of property is being made and no obligation is being incurred in connection with the transactions contemplated hereby with the intent to hinder, delay or defraud either present or future creditors.

Section 4.10 Anti-Corruption and Anti-Money Laundering Laws.

(a) None of Investor, the Co-Investors or any of their Affiliates, nor any of their respective officers, directors, or employees, (i) is the target of any Sanctions, (ii) is or is owned or controlled by a Sanctioned Person, (iii) is located, organized or resident in a Sanctioned Country, or (iv) engages in any dealings or transactions, or is otherwise associated, with any such Sanctioned Person in violation of any Sanctions.

(b) Investor, the Co-Investors and each of their Affiliates are in compliance in all material respects with all Anti-Corruption Laws and Anti-Money Laundering Laws applicable to such Persons.

(c) To the knowledge of Investor, neither Investor, the Co-Investors nor any of their Affiliates is the subject of any investigation, inquiry or enforcement proceedings by any Governmental Body regarding any offense or alleged offense under any anti-terrorism Laws, Anti-Corruption Laws, Anti-Money Laundering Laws or Sanctions, and no such investigation, inquiry or proceeding is pending or, to the knowledge of Investor, has been threatened in writing.

Section 4.11 Regulatory.

(a) Except as set forth on Investor Disclosure Schedule 4.11, neither Investor nor any of its Affiliates has an interest greater than five percent in a Person that owns, manages, controls or operates any electricity transmission business operating in the United States.

(b) Investor is not a "public utility" as defined in the FPA.

ARTICLE V

COVENANTS

Section 5.1 Conduct of the Business.

(a) From the date of this Agreement until the earlier of the Closing or the termination of this Agreement pursuant to Section 7.1 (the "Interim Period"), except as (i) otherwise expressly contemplated or expressly permitted by this Agreement, (ii) set forth on Schedule 5.1(a), (iii) consented to in writing by Investor (such consent not to be unreasonably withheld, delayed or conditioned, and which consent shall be deemed to have been given if the applicable action or omission is approved or otherwise consented to by Investor or by one or more Investor Directors (as defined in the Original Operating Agreement) in accordance with the Original Operating Agreement), (iv) required by any Lease or Contract to which the Company or any of its Subsidiaries is a party that is disclosed in the Disclosure Schedules and made available to Investor prior to the date of this Agreement, (v) required by applicable Law, or (vi) in connection with any Extraordinary Event Response, but, in each case, without limiting any rights that Investor may have under the Original Operating Agreement, Parent shall cause the Company and each of the Company's Subsidiaries to use its commercially reasonable efforts to conduct its respective business in the Ordinary Course of Business (including with respect to the Company's and its Subsidiaries' management of their respective levels of working capital, levels of cash and cash equivalents, and capital expenditures, in each case in the Ordinary Course of Business), and Parent shall cause the Company and each of the Company's Subsidiaries to use their respective commercially reasonable efforts to (x) preserve in all material respects the goodwill, reputation

and present relationships with suppliers, customers, Governmental Bodies and others having significant business relationships with the Company or any of its Subsidiaries, and (y) maintain and renew in the Ordinary Course of Business their respective insurance policies (or obtain replacement or substitute insurance policies providing substantially similar coverage) and material Permits. The failure to take any action prohibited by Section 5.1(b) shall be deemed not a breach by Parent of this Section 5.1(a).

(b) During the Interim Period, except as (w) otherwise expressly contemplated or expressly permitted by this Agreement, (x) set forth on Schedule 5.1(b), (y) consented to in writing by Investor (such consent not to be unreasonably withheld, delayed or conditioned, and which consent shall be deemed to have been given if the applicable action or omission is approved or otherwise consented to by Investor or by one or more Investor Directors in accordance with the Original Operating Agreement) or (z) required by applicable Law, Parent shall cause the Company and each of the Company's Subsidiaries not to:

(i) amend or modify any of its Organizational Documents in a manner that would reasonably be expected to be adverse to Investor, the Company or any of its Subsidiaries;

(ii) create, issue, acquire, reclassify, combine, split, subdivide, redeem, sell, pledge, encumber or otherwise dispose of any of its Equity Interests or any options, warrants, convertible or exchangeable securities, subscriptions, rights, phantom equity, equity appreciation rights, calls or commitments with respect to its Equity Interests;

(iii) other than in the Ordinary Course of Business consistent with the Company's financing plan made available to Investor prior to the date hereof, create, incur, assume or guarantee any Indebtedness other than, in each case, (A) in connection with any Extraordinary Event Response, (B) Existing Indebtedness and guarantees under Existing Indebtedness or (C) intercompany Indebtedness solely among the Company and its Subsidiaries or intercompany guarantees of Indebtedness of the Company or any of its Subsidiaries;

(iv) merge or consolidate with any other Person or adopt a plan of liquidation, dissolution, merger, consolidation or other reorganization;

(v) (A) employ or retain any individual as an employee or consultant of the Company or any of its Subsidiaries, (B) adopt, enter into, or become required to contribute to, any Benefit Plan, (C) become subject to any collective bargaining agreement or (D) accelerate the vesting, funding or payment of any compensation or benefits, or materially increase the compensation payable to, any Company Service Provider;

(vi) (A) acquire (whether by merger, stock or asset purchase or otherwise) any assets for consideration in excess of $25,000,000 in the aggregate (excluding any capital expenditures incurred in the Ordinary Course of Business) or (B) sell, lease, sublease, license, encumber, grant any purchase options or rights with respect to, or otherwise dispose of, any of its assets with a market value in excess of $25,000,000 in the

aggregate, other than purchases of equipment and sales of products of their respective business, or sales of services, in each case in the Ordinary Course of Business;

(vii) make, change or revoke any material Tax election, settle or compromise any Tax claim or liability or claim for a refund of Taxes, change (or request any Governmental Body to change) any aspect of its method of accounting for Tax purposes, change its annual Tax accounting period, enter into any closing agreement or other binding written agreement relating to Taxes with any Governmental Body, file any amended Tax Return, surrender any claim for a refund of Taxes, file any Tax Return other than one prepared in a manner consistent with past practice, or consent to any extension or waiver of the limitation period applicable to any Tax claim or assessment (other than pursuant to an extension of time to file any Tax Return obtained in the Ordinary Course of Business); provided, however, that the foregoing limitations shall not apply with respect to any action (A) in respect of a consolidated, combined, unitary or similar income tax group of which Parent is the common parent or (B) that would not reasonably be expected to have a material adverse impact on Investor as compared to the other members of the Company; or

(viii) agree or commit to any of the foregoing.

(c) During the Interim Period, except as otherwise expressly contemplated or expressly permitted by this Agreement, the Company (and, as applicable, the Board) shall use its reasonable best efforts to consult in good faith with Investor (which consultation shall be deemed to include the participation of Investor Directors (as defined in the A&R Operating Agreement) in the meetings of the Board with respect to such matters) prior to the Company undertaking, or causing or permitting any of its Subsidiaries to undertake, any action set forth in Section 8.4(a)-(c), (e)-(j), (l)-(m), (o)-(q), or, to the extent contemplated by the foregoing, (r) of the A&R Operating Agreement that would require consent from Investor Member or an Investor Director (in each case, as such terms are defined in the A&R Operating Agreement) under the A&R Operating Agreement if the A&R Operating Agreement were in effect as of the date of this Agreement.

(d) Notwithstanding the foregoing, subject to Parent's and the Company's compliance with the Original Operating Agreement, Parent may cause or permit the Company during the Interim Period to take, and cause or permit the Company's Subsidiaries to take, reasonable actions in accordance with Good Utility Practice, as reasonably necessary (i) in connection with any Emergency Situations, and (ii) to undertake any Extraordinary Event Response; provided, that Parent shall, upon the occurrence of any of the circumstances described above, as promptly as reasonably practicable, inform Investor in writing of such occurrence. No such actions under this Section 5.1(c) taken in compliance with the foregoing shall be deemed to violate or breach this Agreement in any way, or serve as a basis for Investor to terminate this Agreement pursuant to Article VII or assert that any of the conditions to the Closing set forth in Article VI have not been satisfied.

(e) Notwithstanding anything herein to the contrary, during the Interim Period, (i) Parent shall cause the Company not to declare, set aside or pay any dividend or distribution not set forth on Schedule 5.1(e), and (ii) to the extent there are any such actions in violation of clause

(i), the Purchase Price shall be immediately and automatically reduced by an amount equal to 30.0% of the aggregate amount of any such dividends or distributions in violation of clause (i).

Section 5.2 Access.

(a) During the Interim Period, upon reasonable advance notice and subject to compliance with all applicable regulatory rules and regulations and other applicable Laws, Parent and the Company shall provide Investor and its authorized Advisors and Representatives with reasonable access during regular business hours to the properties, offices, assets, members of senior management of Parent or its Affiliates (to the extent related to the business of the Company or any of its Subsidiaries), facilities and books and records of the Company and its Subsidiaries; provided, that (i) such access does not unreasonably interfere with the normal operations of Parent, the Company or any of their respective Affiliates, (ii) such access shall occur in such a manner as the Company reasonably determines to be appropriate to protect the confidentiality of the transactions contemplated hereby, (iii) such access shall be subject to reasonable health and safety conditions and to reasonable limitations relating to the properties, offices and facilities, of the Company, as may be imposed by Parent, (iv) all requests for access shall be directed to such Person(s) as the Company may designate in writing from time to time, and (v) nothing herein shall require the Company or any of its Subsidiaries to provide access to, or to disclose any information to, Investor if such access or disclosure (A) would require the Company or any of its Subsidiaries to disclose any financial or proprietary information of or regarding the Affiliates of the Company or any of its Subsidiaries or otherwise disclose information regarding the Affiliates of the Company that the Company or any of its Subsidiaries reasonably deems to be commercially sensitive, (B) upon the written advice of counsel would waive any legal privilege or (C) would be in violation of applicable Laws or the provisions of any Contract to which Parent, the Company or any of its Subsidiaries is a party (provided, that Parent shall promptly notify Investor in writing if any information is withheld by reason of the exception under this clause (C), including a description of the general nature of such information and the reason for it being withheld, and Parent shall cause the Company or its applicable Subsidiary to use its reasonable best efforts to obtain the required consent of such third party to disclose such document or information). Notwithstanding anything to the contrary contained in this Agreement, none of the Parent, the Company or any of its Subsidiaries shall be required to (x) disclose to any Person any Tax information or Tax Return that does not relate solely to the Company or any of its Subsidiaries or (y) provide any information regarding the Company or any of its Subsidiaries in any format other than as then exists, or otherwise to manipulate or reconfigure any data regarding the Company's or any of its Subsidiaries' business, assets, financial performance or condition or operations. For the avoidance of doubt, nothing in this Section 5.2 shall be construed to permit Investor or any of its Advisors to have access to any files, records, agreements, communications or documents of Parent to the extent related to Parent or any of its Affiliates (other than the Company and its Subsidiaries), including any bids or offers received by Parent or any of its Affiliates for the sale of any Membership Interests, it being agreed that all such bids or offers shall be the sole property of Parent. No investigation by Investor or other information received by Investor shall operate as a waiver or otherwise affect any representation, warranty, covenant or agreement given or made by the Company or Parent in this Agreement. Notwithstanding anything in this Agreement to the contrary, nothing in this Section 5.2 shall limit any of the rights of Investor under the Original Operating Agreement.

(b) Investor agrees to indemnify, defend and hold harmless the Parent Group from and against any and all actual losses, damages, Liabilities, claims, demands, causes of action, legal proceedings, Orders, remedies, obligations, assessments, awards, payments, costs and expenses, interest, penalties, fines, judgments and settlements (collectively, "Losses") (including for loss or injury to or death of any Representative of Investor, and for any loss or damage to or destruction of any property owned by any member of the Parent Group or others (including for loss of use of any property)) resulting directly or indirectly from the action or inaction of Investor or any of its Representatives during any visit to the business or property sites of the Company or any of its Subsidiaries prior to the Closing Date, whether pursuant to this Section 5.2 or otherwise, except to the extent caused by the gross negligence or willful misconduct of the Company or its Affiliates or Representatives. During any visit to the business or property sites of the Company or any of its Subsidiaries, Investor shall, and shall cause its Affiliates and direct its other Representatives accessing such properties to, comply with all applicable Laws and all of the Company's or such Subsidiary's safety and security procedures and conduct itself in a manner that could not be reasonably expected to interfere with the operation, maintenance or repair of the assets of the Company or such Subsidiary. Neither Investor nor any of its Representatives shall conduct any environmental testing or sampling of soil, surface water, groundwater, indoor or outdoor air, soil, gas, surface or subsurface strata, sediments, other environmental media or building materials on any of the business or property sites of the Company or any of its Subsidiaries without the prior written consent of the Company which may be granted or denied in the Company's sole discretion.

Section 5.3 Regulatory Filings.

(a) As promptly as reasonably practicable following the 60th day after the date on which the final Consolidation Filing is made but in any event not later than the first Business Day immediately following the 90th day following the date of this Agreement, the Parties shall make the Second Investment Filings (other than the notice to CFIUS contemplated by Section 5.3(d)). Each of the Parties will furnish to each other's counsel such necessary information related to such Party or any of its Affiliates (in the case of Investor, limited to its Restricted Affiliates and the Co-Investors) and reasonable assistance as a Party may reasonably request in connection with its preparation of any filing or submission that is necessary in connection with the Regulatory Approvals, including by timely providing any additional or supplemental information or documentation (in either case related to such Party or any of its Affiliates (in the case of Investor, limited to its Restricted Affiliates and the Co-Investors)) requested by the relevant Governmental Body in connection therewith; provided, that materials provided by a Party to the other Parties' counsel may be redacted or subject to a confidentiality agreement (i) to remove or protect references concerning the valuation of the Company and its Subsidiaries; (ii) as necessary to comply with contractual arrangements or applicable Laws; and (iii) as necessary to address reasonable attorney-client or other privilege or confidentiality concerns, including concerns related to protecting personal identifying information or business confidential information. Subject to the terms of this Section 5.3, each of the Parties will comply as promptly as practicable with any reasonable requests made by any Party, or any requests made by any Governmental Body, for any additional information related to such Party or any of its Affiliates (in the case of Investor, limited to its Restricted Affiliates and the Co-Investors) in connection with such filings. Investor will be responsible for all filing fees payable in connection with the

Second Investment Filings. Otherwise, each Party shall pay its own costs and expenses associated with the Regulatory Approvals.

(b) In furtherance and not in limitation of their obligations under this Agreement, the Parties shall, and shall cause their Affiliates (in the case of Investor, limited to its Restricted Affiliates and the Co-Investors) to, use their respective reasonable best efforts to promptly obtain any clearance, consent or Order of any Governmental Body that may be, or become, required in connection with the Regulatory Approvals or otherwise necessary for the consummation of the Transactions prior to the Outside Date, and to avoid the entry of, or effect the dissolution of, any permanent, preliminary or temporary Order that would otherwise have the effect of preventing or materially delaying the Transactions or that would cause the Closing not to occur prior to the Outside Date. In furtherance of the foregoing, the Parties shall take, and not refrain from taking, and shall cause their Affiliates (in the case of Investor, limited to its Restricted Affiliates and the Co-Investors) to take and to not refrain from taking, any reasonable steps necessary to avoid or eliminate each material impediment in connection with obtaining the Regulatory Approvals that may be asserted by any Governmental Body so as to enable the Parties to consummate the transactions contemplated hereby as expeditiously as practicable (and in any event prior to the Outside Date), including (i) with the consent of the Company, opposing (including through litigation on the merits) any motion or action for a temporary, preliminary or permanent injunction or Order against or preventing or delaying the consummation of the transactions contemplated hereby, (ii) promptly complying with any requests for additional information or documentation in respect of the Parties or any of their Affiliates (in the case of Investor, limited to its Restricted Affiliates and the Co-Investors) (including promptly making available any such information and personnel that may be requested by a Governmental Body), (iii) proposing, negotiating, committing to, entering into a consent decree, consent agreement or other agreement or arrangement containing such Party's or its Affiliates (in the case of Investor, limited to its Restricted Affiliates and the Co-Investors) agreement to hold separate, license, sell or divest (pursuant to such terms as may be required by any Governmental Body) such assets or businesses of the Company, Investor and their respective Affiliates (in the case of Investor, limited to its Restricted Affiliates) and effecting such holding separate, license, sale or divestiture sufficiently prior to the Outside Date to permit the Closing to occur on the terms of this Agreement prior to the Outside Date, effective as of the Closing (including proposing, committing to, or entering into customary ancillary agreements relating to any such sale, divestiture, licensing or disposition of such assets or businesses), (iv) making material amendments or modifications to this Agreement and the other transaction documents contemplated hereby to the extent required by a Governmental Body (it being understood no such material amendments or modifications will be effective against any Party prior to the Closing), and (v) agreeing to such limitations on conduct or actions of members of the Parties and their Affiliates (in the case of Investor, limited to its Restricted Affiliates and the Co-Investors) effective as of the Closing, in each case, as may be required in order to obtain satisfaction of the closing conditions set forth in Sections 6.2(a) and Sections 6.3(a) prior to the Outside Date; provided, however, that any action contemplated by clauses (iii), (iv) and (v) above is conditioned upon consummation of the transactions contemplated hereby; provided further, however, that, notwithstanding anything herein to the contrary, the Parties' respective obligations under this Section 5.3(b) shall be subject in all respects to the provisions of Section 5.3(g); and provided further, however, that, subject to all of the foregoing (including the Parties' respective obligation to take applicable actions and use their respective applicable efforts to obtain the Regulatory Approvals without the application of an FET Burdensome Condition, Investor Burdensome Condition or Parent Burdensome Condition, and to consummate the

transactions contemplated hereby subject to the conditions set forth in Article VI), the Parties shall use their respective reasonable best efforts to procure that the actions and agreements contemplated by clauses (iii), (iv) and (v) above do not restrict, condition or otherwise limit Investor's ability to obtain Equity Financing from Co-Investors.

(c) The Parties shall (x) coordinate with each other on the plan and strategy for each filing made in connection with any Second Investment Filings and (y) instruct their respective counsel to cooperate with each other and use reasonable best efforts to facilitate and expedite the identification and resolution of any issues arising in connection with the Second Investment Filings as promptly as practicable. Such reasonable best efforts and cooperation include counsel's undertaking (i) to keep the other Party's counsel appropriately and reasonably informed of material communications from and to personnel of the reviewing Governmental Bodies and (ii) to confer with the other Party's counsel regarding appropriate material contacts with and response to personnel of such Governmental Bodies and the content of any such contacts or presentations, in each case in connection with the transactions contemplated by this Agreement. With respect to the Second Investment Filings, unless prohibited by applicable Law or by the applicable Governmental Body, and to the extent reasonably practicable, no Party shall participate in any substantive meeting or discussion with any Governmental Body with respect of any such filings, applications, investigation or other inquiry without giving the other Parties prior notice of the meeting or discussion and, to the extent permitted by the relevant Governmental Body or other Person, the opportunity to attend and participate in such meeting or discussion. In the event any Party or its Representatives are prohibited by applicable Law or by the applicable Governmental Body from participating in or attending any such meeting or engaging in any such discussion, such Party shall keep the other Parties reasonably and promptly apprised with respect thereto. With respect to the Second Investment Filings, each Party shall provide the other Parties with copies of all material correspondence, filings and communications between it and its Subsidiaries and Affiliates (in the case of Investor, limited to its Restricted Affiliates and the Co-Investors) and their respective Representatives, on the one hand, and any Governmental Body, on the other hand, with respect to this Agreement or the transactions contemplated hereby. Each Party will have the right to review (subject to appropriate redactions for confidentiality and attorney-client privilege concerns) and approve the content of any presentations, white papers, economic analysis or other written materials to be submitted by the other Party or Parties to any Governmental Body in advance of any such submission. In exercising the foregoing rights, each Party shall act reasonably and as promptly as practicable. No Party shall withdraw any filings in connection with the Regulatory Approvals or intentionally extend the waiting period in connection with the Regulatory Approvals without the prior written consent of the other Parties.

(d) The Parties shall as promptly as practicable and no later than the first Business Day immediately following the 180th day following the date of this Agreement, submit a draft joint voluntary notice regarding the transactions contemplated hereby to CFIUS in accordance with the CFIUS Regulations (the "Draft Voluntary Notice"). Promptly after receipt of comments from CFIUS on the Draft Voluntary Notice, the Parties shall prepare and submit a final joint voluntary notice of the transactions contemplated hereby to CFIUS in accordance with the CFIUS Regulations (the "Final Notice"). Following submission of the Final Notice, the Company and Investor shall cooperate in all respects (to the extent permitted by Law) to obtain CFIUS Clearance, including by (A) providing any additional or supplemental information or documentation requested by CFIUS or any other branch or agency of the U.S. government during the CFIUS review process as promptly as practicable, and in all cases within the amount of time allowed by CFIUS, (B) promptly informing each other of any communication received

by Investor or the Company, or given by Investor or the Company to, CFIUS by promptly providing copies to the other party of any such written communication, except for any exhibits to such communications providing the personal identifying information required by 31 C.F.R. §800.402(c)(6)(vi), information otherwise requested by CFIUS to remain confidential or information reasonably determined by Investor or the Company to be business confidential information and (C) permitting each other to review in advance any written or oral communication that Investor or the Company gives to CFIUS, and consult with the Company in advance of any meeting, telephone call or conference with CFIUS, and to the extent not prohibited by CFIUS, give each other the opportunity to attend and participate in any telephonic conferences or in-person meetings with CFIUS. Without limiting the Parties' respective obligations with respect to obtaining Regulatory Approvals set forth in the other provisions of this Agreement, Investor shall take, and not refrain from taking, and shall cause its Restricted Affiliates and the Co-Investors to take and to not refrain from taking, any and all steps necessary to obtain the CFIUS Clearance so as to enable the Parties to consummate the transactions contemplated hereby as expeditiously as practicable (and in any event prior to the Outside Date), including by the provision of all such assurances as may be requested or required by CFIUS, including entering into a mitigation agreement, letter of assurance, national security agreement, proxy agreement, trust agreement or other similar arrangement or agreement, in relation to the Company and its Subsidiaries.

(e) During the Interim Period, no Party or its Affiliates (in the case of Investor, limited to its Restricted Affiliates and Co-Investors) shall acquire or agree to acquire (by merging or consolidating with, or by purchasing a material portion of the assets of or equity in, or by any other manner), any Person or portion thereof, or otherwise acquire or agree to acquire any assets, licenses, rights (including governance or similar rights), operations or businesses of any Person, if the entering into a definitive agreement relating to, or the consummation of, such acquisition, merger or consolidation in the United States would be reasonably expected to impose any material delay in the obtaining of, or increase in any material respect the risk of not obtaining (or of not obtaining without an FET Burdensome Condition, Investor Burdensome Condition or Parent Burdensome Condition) the Regulatory Approvals or increase in any material respect the risk of entry of a Restraint or any other Order prohibiting the consummation of the transactions contemplated hereby.

(f) Each of the Parties further agrees that it shall, and shall cause its Affiliates (in the case of Investor, limited to its Restricted Affiliates and the Co-Investors) to, comply with any applicable post-Closing notification or requirements of any antitrust, trade competition, investment control reporting or similar Law of any Governmental Body with competent jurisdiction.

(g) For the avoidance of doubt, except as otherwise expressly provided in this Section 5.3 (including the final sentence in this Section 5.3(g) below), nothing in this Section 5.3 shall limit the generality of the Parties' covenants and agreements set forth in Section 5.4. The Parties expressly acknowledge that a Governmental Body may place conditions on a Regulatory Approval that may affect, impair or otherwise implicate the Parties' rights and obligations under the A&R Operating Agreement and require amendment thereto. Without limiting the other provisions set forth in this Section 5.3 or in Section 5.4 (and assuming that any Party seeking to enforce this Section 5.3(g) has complied therewith), the Parties shall use their respective reasonable best efforts to negotiate mutually acceptable and reasonable amendments to the form of the A&R Operating Agreement to permit the consummation of the transactions contemplated

hereby; provided that no Party shall be required to agree to any amendment to the A&R Operating Agreement that would materially and adversely impact, or would otherwise materially impair, the benefits (including economic benefits, governance rights or information rights) contemplated to be received by such Party in connection with the transactions contemplated hereby. In addition, notwithstanding any other provision of this Agreement to the contrary (including any other provision in this Section 5.3 or Section 5.4), in no event shall, in connection with obtaining or seeking to obtain the Regulatory Approvals, (i) (A) any Party be required to take or agree to take any action or agree to any measure that would constitute an FET Burdensome Condition, or take or permit to be taken such action without the consent of the other Parties, (B) Parent, or any of its Affiliates (other than the Company) be required to take or agree to take any action or agree to any measure that would constitute a Parent Burdensome Condition, or (C) a Guarantor, Investor or any of their respective Affiliates be required to take or agree to take any action or agree to any measure that would constitute an Investor Burdensome Condition.

Section 5.4 Efforts to Achieve Closing. Subject to, and not in limitation of, the other terms of this Agreement (including the separate obligations of the Parties under Section 5.3), during the Interim Period, each of the Parties agrees to use its reasonable best efforts to take or cause to be taken all action, to do or cause to be done, and to assist and cooperate with the other Parties in doing, all things necessary, proper or advisable under applicable Laws and regulations to satisfy the conditions to the Closing set forth in Article VI and to consummate and make effective, in the most expeditious manner practicable, the transactions contemplated hereby, including (a) obtaining consents, waivers or approvals of any third parties necessary under applicable Law to consummate the transactions contemplated hereby, (b) defending any lawsuits or other legal proceedings, whether judicial or administrative, initiated by a third party challenging this Agreement or any matter contemplated hereby, and (c) executing and delivering such instruments, and taking such other actions, as any other Party may reasonably require in order to carry out the intent of this Agreement. Without limiting the generality of the foregoing, no Party shall, and no Party shall permit any of its Affiliates (in the case of Investor, limited to its Restricted Affiliates and the Co-Investors) or Advisors to, take any action designed to prevent, impede or delay the Closing. For purposes of this Agreement, except as otherwise expressly contemplated by this Agreement, the "reasonable best efforts" of a Party shall not require such Party to expend any money to remedy any breach of any representation or warranty hereunder, to commence any litigation or arbitration proceeding, to modify any Lease or Contract, to offer or grant any accommodation or concession (financial or otherwise) to any third party or to otherwise suffer any detriment, to obtain any consent required for the consummation of the transactions contemplated hereby, to waive or forego any right, remedy or condition hereunder or to provide financing to any other Party or any of its Affiliates for the consummation of the transactions contemplated hereby.

Section 5.5 Investor Guaranty. Guarantors hereby unconditionally and irrevocably guarantee to the Company and Parent, until the earlier of (x) the valid termination of this Agreement in accordance with its terms or (y) the occurrence of the Closing and the complete consummation of the transactions contemplated hereby to occur at or substantially contemporaneously with the Closing, the due and punctual payment and performance by Investor (and any permitted assignees thereof) of Investor's obligations and liabilities under this Agreement, including to pay the portion of the Purchase Price and other amounts payable pursuant to this Agreement, which obligations and liabilities shall in no amount exceed individually or in the aggregate $1,750,000,000 (the "Guaranteed Obligations"). The foregoing sentence is an absolute, unconditional and irrevocable guaranty of the full and punctual discharge

and performance of the Guaranteed Obligations. Should Investor default in the discharge or performance of all or any portion of the Guaranteed Obligations, the obligations of Guarantors hereunder shall, upon the Company's or Parent's demand, become immediately due and, if applicable, payable; provided, that notwithstanding anything to the contrary in this Agreement, Guarantors shall retain all defenses under this Agreement available to Investor. Each Guarantor represents and warrants to the Company as follows: (a) Guarantor is duly organized and validly existing under the Laws of the jurisdiction recited in the Preamble hereto and has full power and authority to execute and deliver this Agreement and to perform its obligations hereunder; (b) the execution, delivery and performance of this Agreement by Guarantor have been duly authorized by all requisite action by Guarantor, and no other proceedings on the part of Guarantor are necessary therefor; (c) this Agreement constitutes a valid and binding obligation of Guarantor, and is enforceable against Guarantor in accordance with its terms, except as limited by the Bankruptcy and Equity Exception; (d) none of the execution, delivery or performance by Guarantor of this Agreement will result in a violation of any Laws to which Guarantor is subject or bound, and there is no action, suit, proceeding pending or, to its knowledge, threatened against it or affecting it with respect to any of the transactions contemplated by this Section 5.5; (e) it will have at the Closing sufficient funds immediately available to pay and perform all of its obligations under this Section 5.5 and (f) it is not relying upon, and will not rely upon, any representation or warranty, expressed or implied, at law or in equity, made by any Person in respect of the Company or any of its Subsidiaries or any of their respective businesses, assets, liabilities, operations, prospects or condition (financial or otherwise). Except for the Express Representations, neither Parent nor the Company nor any other Person on behalf of Parent or the Company makes any representation, warranty or statement of any kind or nature (whether in written, electronic or oral form) with respect to the Company, any of its Subsidiaries, Parent or otherwise, including any representation or warranty as to the quality, merchantability, fitness for a particular purpose or condition of the Company's or its Subsidiaries' businesses, operations, assets, Liabilities, prospects or any portion thereof. Except for the Express Representations, all representations, warranties and statements of any kind or nature (whether in written, electronic or oral form) are, in each case, specifically disclaimed by the Parent on behalf of themselves and the Parent Group. Neither the Parent nor the Company or any other Person shall have or be subject to any liability whatsoever to Guarantors or any other Person resulting from the distribution to any Person, or any Person's use of or reliance on, any information (whether in written, electronic or oral form) provided by or on behalf of the Parent other than the Express Representations, including in the Projections or otherwise in expectation of the transactions contemplated hereby or any discussions with respect to any of the foregoing information.

Section 5.6 Obligations in Respect of Financing

(a) Subject to Section 5.6(b), prior to the Closing, Parent and the Company shall use their respective commercially reasonable efforts to provide to Investor such customary cooperation that is reasonably requested by Investor in connection with any effort by Investor to obtain (A) debt financing, the proceeds of which will be used to consummate the transactions contemplated hereby (the "Debt Financing") and (B) equity financing, the proceeds of which will be used to consummate the transactions contemplated hereby or, as applicable, to satisfy the liabilities and obligations of the issuer of the Parent Note (the "Equity Financing", and together with the Debt Financing, the "Financing") (provided, in each such case, that such requests shall not unreasonably interfere with the ongoing operations of the Parent and the Company and their respective Subsidiaries), including (i) participation by senior management of Parent and the

Company in, and assistance with, the preparation of customary rating agency presentations and up to two meetings with each of the main rating agencies, at times and locations to be mutually agreed and upon reasonable notice; (ii) delivery to Investor of the Financing Information; (iii) assisting in the preparation of schedules to the definitive loan documentation, as may be reasonably requested and (iv) subject to Section 5.3, cooperating with and participating in obtaining any approval or consent from any applicable Governmental Body required in connection with the Equity Financing; provided, that in no event shall the Parties be required, in connection with the foregoing, to amend or modify any Second Investment Filing previously submitted to such applicable Governmental Body unless required by Law.

(b) Notwithstanding anything in Section 5.6(a) or this Agreement to the contrary, the cooperation requested by Investor pursuant to Section 5.6(a) shall not (i) unreasonably interfere with the ongoing operations of the Company and its Subsidiaries, or (ii) require any of Parent or any of its Subsidiaries to (A) pay any commitment or other similar fee, (B) have or incur any liability or obligation in connection with the Financing, including under any agreement or any document related to the Financing, (C) commit to taking any action (including entering into any Contract) whether or not contingent upon the Closing or to otherwise execute any document, agreement, certificate or instrument in connection with any Financing, (D) take any action that would conflict with, violate or breach or result in a violation or breach of or default under any Organizational Documents of Parent or any of its Affiliates, any Contract, this Agreement or any other document contemplated hereby or any Law, (E) take any action that could subject any director, manager, officer or employee of Parent or any of its Affiliates to any actual or potential personal liability, (F) provide access to or disclose information that the Company determines in good faith could jeopardize any attorney-client privilege of, or conflict with any confidentiality requirements applicable to, the Company or any of its Affiliates, (G) reimburse any expenses or provide any indemnities, (H) make any representation, warranty or certification, (I) adopt resolutions or otherwise approve agreements, documents or instruments in connection with the Financing or (J) provide any cooperation or information that does not pertain to the Company or its Subsidiaries. In no event shall Parent or the Company be in breach of Section 5.6(a) because of its failure to deliver any financial or other information that is not currently readily prepared in the Ordinary Course of Business at the time requested by Investor or for the failure to obtain review of any financial or other information by its accountants. Investor shall promptly reimburse Parent or the Company (as applicable) for all reasonable and documented out-of-pocket cost and expenses incurred by Parent, the Company or any of their Subsidiaries in connection with the cooperation contemplated by Section 5.6(a), including (i) reasonable and documented attorneys' fee and (ii) expenses of the Company's accounting firms engaged to assistance in connection with the Financing. Investor shall indemnify and hold harmless Parent, the Company and its Subsidiaries, and their respective Representatives, from and against any and all Losses suffered or incurred by them in connection with the arrangement of the Financing and any information utilized in connection therewith (except to the extent such Losses result from such Person's gross negligence or willful misconduct). In no event shall any failure on the part of Parent or the Company to comply with its obligations under Section 5.6(a) give rise to the failure of a condition set forth in Article VI or be grounds for termination of this Agreement under Article VII.

(c) For the avoidance of doubt, receipt of any third party financing (including any Debt Financing and Equity Financing) is not a condition precedent to the Closing, to a grant of

specific performance as contemplated in Section 10.12, to the full and timely performance of the Guaranteed Obligations by Guarantors, to the performance of obligations under and the satisfaction of amounts due under the Parent Note, or to any other matter hereunder or thereunder, and, subject to the express terms and conditions of this Agreement, Investor and the Guarantors hereby affirm their obligation to effect the Closing and the other transactions contemplated by this Agreement and by the Parent Note, regardless of whether any Person obtains any third party financing (including any Financing).

(d) Any information provided pursuant to this Section 5.6 shall be subject to the Confidentiality Agreement.

Section 5.7 Waiver of Transfer Restrictions. The Company, Parent and Investor acknowledge and agree that any and all restrictions against the transfer of the Membership Interests set forth in Article VI of the Original Operating Agreement are hereby waived with respect to the Second Investment, such that Parent has full power, right and authority to sell, assign, transfer, convey and deliver the Purchased Interests to Investor.

Section 5.8 Further Assurances. From and after the Closing, from time to time, as and when requested by any Party and at such Party's expense, any other Party shall execute and deliver, or cause to be executed and delivered, all such documents and instruments and shall take, or cause to be taken, all such further or other actions as such requesting Party may reasonably deem necessary or desirable to evidence and effectuate the transactions contemplated hereby.

Section 5.9 Provision Respecting Representation. Investor hereby agrees, on its own behalf and on behalf of its directors, members, partners, managers, members, officers, employees and Affiliates, that (a) Jones Day has been retained by, and may serve as counsel to, Parent and its respective Affiliates, on the one hand, and the Company and its Subsidiaries, on the other hand, in connection with the negotiation, preparation, execution, delivery and performance of this Agreement, and the consummation of the transactions contemplated hereby, (b) that Jones Day has not acted as counsel for any other Party in connection with the transactions contemplated hereby and that no other Party has the status of a client of Jones Day for conflict of interest or any other purposes as a result thereof and (c) that, following consummation of the transactions contemplated hereby, Jones Day (or any successor) may serve as counsel to Parent or any director, member, partner, manager, officer, employee or Affiliate of Parent or any of its respective Affiliates (including the Company and its Subsidiaries), in connection with any litigation, claim, action, suit, proceeding or obligation arising out of or relating to this Agreement or the transactions contemplated hereby. Notwithstanding such representation or any continued representation of the Company or any of its Subsidiaries, Investor (on its own behalf and on behalf of its Affiliates) hereby consents thereto and waives any conflict of interest arising therefrom, and Investor shall cause its Affiliates to consent to waive any conflict of interest arising from such representation. Investor and Parent hereby agree that, in the event that a dispute arises after the Closing between Investor or its Affiliates, on the one hand, and any member of Parent Group, on the other hand, Jones Day may represent such member in such dispute even though the interests of such member may be directly adverse to Investor or its Affiliates, and even though Jones Day may have represented, or may be handling ongoing matters for, Investor or its Affiliates. Investor agrees that (x) all communications among any member of the Parent Group, the Company and its Subsidiaries, any of their respective Affiliates, directors, officers, employees or Advisors, on the one hand, and Jones Day,

on the other hand, that relate in any way to the negotiation, preparation, execution, delivery and closing under, or any dispute arising in connection with, this Agreement, or otherwise relating to any potential sale of Equity Interests in the Company or the transactions contemplated hereby (the "Protected Parent Communications"), shall be deemed to be privileged and confidential communications, (y) all rights to such Protected Parent Communications, the expectation of client confidentiality, and the control of the confidentiality and privilege applicable thereto, belong to and shall be retained by the Parent Group and (z) to the extent Investor or any of its Affiliates should discover in its possession after the Closing any Protected Parent Communications, it shall take reasonable steps to preserve the confidentiality thereof and promptly deliver the same to Parent, keeping no copies, and shall not by reason thereof assert any loss of confidentiality or privilege protection. As to any such Protected Parent Communications prior to the Closing Date, Investor, together with any of its respective Affiliates, Subsidiaries, successors or assigns, further agree that none of the foregoing may use or rely on any of the Protected Parent Communications in any action against or involving the Parent Group or Jones Day after the Closing. The Protected Parent Communications may be used by the Parent Group in connection with any dispute that relates in any way to this Agreement or the transactions contemplated hereby.

Section 5.10 Pennsylvania Consolidation and MAIT Class B Contribution.

(a) Parent shall as promptly as practicable, and not later than the first business day immediately following the 30th day following the date of this Agreement, make the filings with the applicable regulatory authorities that are necessary for Parent and its relevant subsidiaries to consummate the Pennsylvania Consolidation (such filings, the "Consolidation Filings"). Parent will be responsible for all filings fees payable in connection with the Consolidation Filings. The Parties shall coordinate with each other on the plan and strategy for each Consolidation Filing, and, to the extent any portion of a Consolidation Filing specifically pertains to the MAIT Reorganization Plan, Parent shall provide drafts of such portion to Investor (provided that Parent shall not be required to provide access to or disclose information that the Company determines in good faith could jeopardize any attorney-client privilege of, or conflict with any Laws applicable to, Parent or any of its Affiliates, it being understood that the Parties will cooperate in good faith to enter into appropriate joint defense arrangements to resolve such concerns to the extent legally permissible), and will reasonably and in good faith consider Investor's input thereon. The Parties shall instruct their respective counsel to cooperate with each other and use reasonable best efforts to facilitate and expedite the identification and resolution of any issues arising in connection with the Consolidation Filings as promptly as practicable. Such reasonable best efforts and cooperation include counsel's undertaking (i) to the extent permitted by Law, to keep the other Party's counsel appropriately and reasonably informed of material communications from and to personnel of the reviewing Governmental Bodies and (ii) with respect to Parent's counsel, keep Investor reasonably and promptly apprised of all developments.

(b) Subsequent to the receipt of the Regulatory Approvals in respect of the Consolidation Filings as contemplated in Section 5.3 and the satisfaction or waiver of the conditions set forth in Section 6.2(a) and Section 6.3(a), Parent and the Company shall take all necessary actions to cause the MAIT Class B Contribution to be effectuated in accordance with the MAIT Reorganization Plan, and any amendment or modification of or deviation from (other than any such amendment, modification or deviation that is *de minimis* in nature) the MAIT Reorganization Plan shall not be permitted without the prior written consent of Investor.

Section 5.11 Investor Equity Financing.

(a) Investor shall, as promptly as practicable, notify Parent if Investor or any of its Affiliates enters into a definitive agreement with a Co-Investor providing for Equity Financing.

(b) The Parties acknowledge that Investor may, in connection with obtaining Equity Financing, enter into contracts or arrangements whereby a Co-Investor may obtain certain Co-Investor Rights; provided, however, that in no event shall Investor contractually grant to any Co-Investor the right to exercise any of the Second Investment Governance Rights.

ARTICLE VI

CONDITIONS PRECEDENT

Section 6.1 Conditions to All of the Parties' Obligations. The respective obligations of the Parties to consummate the Closing are subject to the satisfaction of the following conditions at or prior to the Closing:

(a) there shall not have been issued, enacted, entered, promulgated or enforced any Law or Order (that has not been vacated, withdrawn or overturned) restraining, enjoining or otherwise prohibiting the Closing, in each case by a Governmental Body of competent jurisdiction (a "Restraint"); and

(b) the Company shall have received the consent of the counterparties to those agreements listed on Schedule 2.3.

Section 6.2 Conditions to Investor's Obligations. The obligation of Investor to consummate the Closing is subject to the satisfaction (or waiver by Investor in writing, which may be given or withheld at Investor's sole discretion) of the following conditions at or prior to the Closing:

(a) the Regulatory Approvals shall have been obtained without any Investor Burdensome Condition or FET Burdensome Condition, and shall not, as of the Closing, have been rescinded;

(b) the representations and warranties set forth in Articles II and III shall be true and correct as of the Closing Date (disregarding all qualifications or limitations as to "materiality" or "Material Adverse Effect" (other than the use of "Material Adverse Effect" in Section 2.7(a)(i)) and words of similar import set forth therein), as though such representations and warranties had been made on and as of the Closing Date (except that representations and warranties that speak to a specified date or period need be true and correct only with respect to such specified date or period), except where the failure of such representations and warranties to be true and correct has not had, and would not reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect; provided, that the Fundamental Representations set forth in Article II and Article III shall be true and correct in all respects (except where the failure of such Fundamental Representations to be true and correct is *de minimis* in nature); provided, further, that the representation and warranty set forth in Section 2.7(a)(i) shall be true and correct in all respects;

(c) the Company and Parent shall have each performed in all material respects all of the covenants and agreements required to be performed by each of them under this Agreement at or prior to the Closing;

(d) Parent shall have delivered to Investor a properly completed and executed IRS Form W-9; and

(e) the Company and Parent shall have delivered to Investor a certificate of the Company and Parent signed by an authorized officer of each of the Company and Parent and dated as of the Closing Date, certifying that the conditions specified in Section 6.2(b) and Section 6.2(c) have been satisfied.

Section 6.3 Conditions to Parent's and the Company's Obligations. The obligation of Parent and the Company to consummate the Closing is subject to the satisfaction (or waiver by Parent or the Company, as applicable, in writing, which may be given or withheld at such Party's sole discretion) of the following conditions at or prior to the Closing:

(a) the Regulatory Approvals shall have been obtained without any Parent Burdensome Condition or FET Burdensome Condition, and shall not, as of the Closing, have been rescinded;

(b) the representations and warranties set forth in Article IV shall be true and correct as of the Closing Date (disregarding all qualifications or limitations as to "materiality" or words of similar import set forth therein), as though such representations and warranties had been made on and as of the Closing Date (except that representations and warranties that speak to a specified date or period need be true and correct only with respect to such specified date or period), except where the failure of such representations and warranties to be true and correct would not, individually or in the aggregate, reasonably be expected to prevent, materially delay or impair the ability of Investor to perform its obligations under this Agreement or consummate the transactions contemplated hereby; provided, that the Fundamental Representations set forth in Article IV shall be true and correct in all respects (except where the failure of such Fundamental Representations to be true and correct is *de minimis* in nature);

(c) Investor shall have performed in all material respects each of the covenants and agreements required to be performed by it under this Agreement at or prior to the Closing;

(d) Investor shall have delivered to the Company a properly completed and executed IRS Form W-9 or IRS Form W-8, as applicable; and

(e) Investor shall have delivered to Parent and the Company a certificate signed by an authorized representative of Investor and dated as of the Closing Date, certifying that the conditions specified in Section 6.3(b) and Section 6.3(c) have been satisfied.

Section 6.4 Waiver of Conditions. None of the Parties may rely, as a basis for not consummating the Closing, on the failure of any condition set forth in this Article VI (excluding the conditions set forth in Section 6.1(a)) to be satisfied if such failure was caused by the failure of such Party to perform any of its obligations under this Agreement.

ARTICLE VII

TERMINATION

Section 7.1 **Termination**. This Agreement may be terminated and the transactions contemplated hereby abandoned at any time prior to the Closing as set forth in this Article VII and in no other manner:

(a) by the mutual written consent of Parent, Investor and the Company;

(b) by Parent, by Investor or by the Company:

(i) if the Closing shall not have occurred on or before the date which is ten (10) months after the date of this Agreement (as such date may be extended pursuant to the terms of this Agreement, the "Outside Date"); provided, however, that the Outside Date shall automatically extend an additional ten (10) months if, as of the original Outside Date, all of the conditions to the Closing set forth in Article VI are satisfied, other than the conditions set forth in Section 6.2(a) or Section 6.3(a) (and other than such other conditions set forth in Article VI that by their nature are to be first satisfied at the Closing, if such conditions are capable of being satisfied at such time); provided, further, that if the conditions set forth in Section 6.2(a) or Section 6.3(a) are not satisfied as of such time solely by reason of the final and non-appealable imposition of a Parent Burdensome Condition, an Investor Burdensome Condition, or a FET Burdensome Condition, then such automatic extension shall not apply; and provided, further, that the right to terminate this Agreement pursuant to this Section 7.1(b)(i) shall not be available to a Party if the failure to consummate the Closing on or before the Outside Date was caused by the failure of such Party to perform any of its obligations under this Agreement; or

(ii) if any Restraint having the effect set forth in Section 6.1(a) shall be in effect and shall have become final and non-appealable; provided, however, that the right to terminate this Agreement under this Section 7.1(b)(ii) shall not be available to a Party if the issuance of such final, non-appealable Restraint was caused by the failure of such Party to perform any of its obligations under this Agreement;

(c) by Investor, if the Company or Parent shall have breached or failed to perform any of their respective representations, warranties, covenants or agreements set forth in this Agreement, which breach or failure to perform (i) would give rise to the failure of a condition set forth in Section 6.1 or Section 6.2, respectively, and (ii) cannot be cured such that the failure of the applicable condition set forth in Section 6.1 or Section 6.2 in respect thereof would be resolved or, if capable of being so cured, has not been so cured by the earlier of (A) 30 days following receipt of written notice from Investor stating Investor's intention to terminate this Agreement pursuant to this Section 7.1(c) and the basis for such termination and (B) the Outside Date; provided, that Investor shall not have the right to terminate this Agreement pursuant to this Section 7.1(c) if it is then in material breach of any representation, warranty, covenant or other agreement hereunder;

(d) by Investor, if (i) the conditions set forth in Sections 6.1 and 6.3 (other than those conditions that by their nature are to be first satisfied at the Closing) have been satisfied or

waived, (ii) the conditions set forth in Section 6.2 have been first satisfied (other than those conditions that by their nature are to be satisfied at the Closing) or waived by Investor and (iii) Parent or the Company fails to effect the Closing within two Business Days after the date on which the Closing was required to have occurred pursuant to Section 1.3 (or, if earlier, the Outside Date) (a "Company Closing Failure");

(e) by the Company if Investor shall have breached or failed to perform any of its representations, warranties, covenants or agreements set forth in this Agreement, which breach or failure to perform (i) would give rise to the failure of a condition set forth in Section 6.1 or Section 6.3, respectively, and (ii) cannot be cured such that the failure of the applicable condition set forth in Section 6.1 or Section 6.3 in respect thereof would be resolved or, if capable of being so cured, has not been so cured by the earlier of (A) 30 days following receipt of written notice from the Company stating its intention to terminate this Agreement pursuant to this Section 7.1(e) and the basis for such termination and (B) the Outside Date; provided, that the Company shall not have the right to terminate this Agreement pursuant to this Section 7.1(e) if the Company is then in material breach of any representation, warranty, covenant or other agreement hereunder; or

(f) by the Company, if (i) the conditions set forth in Sections 6.1 and 6.2 (other than those conditions that by their nature are to be first satisfied at the Closing) have been satisfied or waived, (ii) the conditions set forth in Section 6.3 have been first satisfied (other than those conditions that by their nature are to be satisfied at the Closing) or waived by the Company, and (iii) Investor fails to effect the Closing within two Business Days after the date on which the Closing was required to have occurred pursuant to Section 1.3 (or, if earlier, the Outside Date) (an "Investor Closing Failure").

Section 7.2 Effect of Termination. In the event of the termination of this Agreement as provided in Section 7.1, written notice thereof shall be given by the terminating Party to the other Party or Parties (except in the event of a termination pursuant to Section 7.1(a)), specifying the provision hereof pursuant to which such termination is made, and, thereafter, this Agreement shall forthwith become null and void (other than this Section 7.2, Section 8.2 and Article X (excluding Section 10.12 except in relation to enforcement of any Surviving Provision), and Investor's indemnification obligations under Section 5.2(b) (collectively, the "Surviving Provisions"), all of which shall survive termination of this Agreement), and there shall be no liability on the part of any Party under this Agreement other than in respect of the Surviving Provisions; provided, however, that no Party shall be relieved or released from any Losses (which the Parties acknowledge and agree shall not be limited to reimbursement of out-of-pocket expenses, and, in the case of Liabilities or damages payable by Investor, would include the benefits of the transactions contemplated hereby lost by the Company and Parent (taking into consideration all relevant matters, including other investment opportunities and the time value of money)) arising out of any Fraud or Willful Breach of this Agreement by such Party. Nothing in this Article VII shall prohibit any Party from seeking specific performance of the terms of this Agreement prior to the termination of this Agreement pursuant to, and on the terms and conditions of, Section 10.12.

ARTICLE VIII

NON-SURVIVAL OF REPRESENTATIONS AND WARRANTIES AND CERTAIN COVENANTS

Section 8.1 Non-Survival of Representations and Warranties and Certain Covenants; Certain Waivers.

(a) Except for Section 3.4, which shall survive for twenty (20) years following the Closing Date, each of the representations and warranties and the covenants and agreements (to the extent such covenant or agreement contemplates or requires performance by a Party prior to the Closing) of the Parties set forth in this Agreement or in any other document contemplated hereby (other than the A&R Operating Agreement), or in any certificate delivered hereunder or thereunder, will terminate effective immediately as of the Closing such that no claim for breach of any such representation, warranty, covenant or agreement, detrimental reliance or other right or remedy (whether in contract, in tort or at law or in equity) may be brought with respect thereto after the Closing, other than in respect of Fraud. With respect to any claim made in connection with the representations and warranties set forth in Section 3.4, in no event (other than in the case of Fraud claims made in connection therewith) shall any member of the Parent Group be liable for (and no Person or Persons in the aggregate may be entitled to recover) any loss, damage or liability of any kind whatsoever in excess of an amount equal to the amount in cash paid to Parent at the Closing plus amounts actually paid or that will become payable to Parent pursuant to the Parent Note. In no event shall any Person be liable for the Fraud of any other Person, and a claim for Fraud may only be asserted against the Person that committed such Fraud. Notwithstanding anything in this Agreement to the contrary (but without limiting the provisions hereof expressly addressing "Fraud" and Section 8.2), nothing in this Agreement shall limit the right of any Party with respect to any claims or remedies of a Party for Fraud.

(b) Each covenant and agreement that explicitly contemplates performance at or after the Closing, will, in each case and to such extent, expressly survive the Closing in accordance with its terms, and if no term is specified, then for twenty (20) years following the Closing Date, and nothing in this Section 8.1 will be deemed to limit any rights or remedies of any Person for breach of any such surviving covenant or agreement (it being understood that nothing herein will limit or affect Investor's or any of its Affiliates' liability, or Guarantors' liability, as the case may be, for the failure to pay the full Purchase Price and to pay any other amounts payable by it or them at or prior to the Closing as and when required by this Agreement).

(c) Investor and Parent acknowledge and agree, on their own behalf and on behalf of the Investor Group or the Parent Group, as the case may be, that the agreements contained in this Section 8.1 are an integral part of the transactions contemplated hereby and that, without the agreements set forth in this Section 8.1, none of the Parties would enter into this Agreement.

Section 8.2 No Additional Representations or Warranties; No Outside Reliance.

(a) Investor acknowledges and agrees, on behalf of itself and the Investor Group, that (i) the representations and warranties regarding the Company and its Subsidiaries expressly contained in Article II and regarding Parent expressly contained in Article III (collectively, the "Express Representations") are the sole and exclusive representations, warranties and statements of any kind or nature made to Investor, any member of the Investor Group or any other Person

related to them, (ii) except for the Express Representations, (A) none of Parent, the Company or any other Person on behalf of Parent or the Company makes, and neither Investor nor any member of the Investor Group has relied on or is relying on the accuracy or completeness of, or any other matter with respect to, any representation, warranty or statement of any kind or nature (whether in written, electronic or oral form) with respect to the Company, any of its Subsidiaries, Parent or otherwise, including any representation or warranty as to the quality, merchantability, fitness for a particular purpose or condition of the Company's or its Subsidiaries' businesses, operations, assets, liabilities, prospects or any portion thereof, (iii) except for the Express Representations, all representations, warranties and statements of any kind or nature (whether in written, electronic or oral form) are, in each case, specifically disclaimed by Parent and the Company on behalf of themselves and the Parent Group and (iv) none of Parent, the Company or any other Person shall have or be subject to any liability whatsoever to Investor or any other Person resulting from the distribution to any member of the Investor Group of, or any member of the Investor Group's use of or purported reliance on, any information (whether in written, electronic or oral form) provided by or on behalf of Parent or the Company other than the Express Representations, including the financial model, any information, statements, disclosures, documents or other materials made available in the Data Room or to Investor or any of its Affiliates or its or their respective Representatives in connection with Investor's acquisition or ownership of the Initial Investment or with such Representatives' service on the Board of the Company, any projections, forward-looking statements or other forecasts (including in the financial model, Data Room, management meetings and similar items) (collectively, "Projections") or otherwise in expectation of the transactions contemplated hereby or any discussions with respect to any of the foregoing information.

(b) Investor acknowledges and agrees, on behalf of itself and the Investor Group, that (i) Investor has conducted to its full satisfaction an independent investigation and verification of the business, financial condition, results of operations, assets, Liabilities, properties, Contracts and prospects of the Company and its Subsidiaries and (ii) in making its determination to proceed with the transactions contemplated hereby, Investor and the Investor Group have relied solely on the results of the Investor Group's own independent investigation and verification, and have not relied on and are not relying on any member of the Parent Group, any information, statements, disclosures, documents or other materials made available in the Data Room or to Investor or any of its Affiliates or its or their respective Representatives in connection with the Investor's acquisition or ownership of the Initial Investment or with such Representatives' service on the Board of the Company, the Projections or any other information (whether in written, electronic or oral form), except for the Express Representations. Without limiting the generality of the foregoing, Investor acknowledges and agrees, on its own behalf and on behalf of the Investor Group, that (A) the Projections are being provided solely for the convenience of Investor to facilitate its own independent investigation of the Company and its Subsidiaries, (B) there are uncertainties inherent in attempting to make such Projections, (C) Investor is familiar with such uncertainties and (D) Investor is taking full responsibility for making its own evaluation of the adequacy and accuracy of all Projections (including the reasonableness of the assumptions underlying such Projections).

(c) Except for the representations and warranties expressly contained in Article IV, each of the Company and Parent acknowledges and agrees, on behalf of itself and the Parent Group, that neither Investor nor any other Person on behalf of Investor makes, and none of the Company, Parent or any member of the Parent Group has relied on or is relying on the accuracy or completeness of, any other express or implied representation, warranty or statement of any

kind or nature with respect to Investor or any Affiliate of Investor or with respect to any other information provided to the Company and Parent by Investor or any of its Affiliates.

ARTICLE IX

CERTAIN TAX MATTERS

Section 9.1 Transfer Taxes. At the Closing or, if due thereafter, promptly when due, all transfer Taxes, real property transfer Taxes, sales Taxes, use Taxes, stamp Taxes, conveyance Taxes and any other similar Taxes applicable to, arising out of or imposed upon the sale of the Purchased Interests hereunder (collectively, "Transfer Taxes") shall be borne and paid by Investor. Investor shall prepare all necessary documentation and Tax Returns with respect to such Transfer Taxes, and Parent and the Company shall reasonably cooperate with Investor in the preparation and filing of such Tax Returns.

ARTICLE X

MISCELLANEOUS

Section 10.1 Press Releases and Communications. No press release or public announcement related to this Agreement (including any of the terms of this Agreement) or the transactions contemplated hereby (including any press release or other public announcement disclosing the transaction consideration (or any other amounts related thereto)) shall be issued or made without the approval of each of the Parties, unless required by Law or stock exchange rules or regulations, in which case the other Parties shall have the right to review and comment on such press release or announcement prior to publication.

Section 10.2 Confidentiality. The Confidentiality Agreement shall survive the termination of this Agreement in accordance with its terms, and upon the Closing, the Confidentiality Agreement shall terminate in accordance with its terms.

Section 10.3 Expenses. Whether or not the Closing takes place, except as otherwise expressly provided herein (including Sections 5.3(a) and 9.1), each Party shall bear its own fees, costs and expenses (including fees, costs and expenses of Advisors) incurred in connection with the evaluation of the transactions contemplated hereby and with the negotiation of this Agreement and the other agreements contemplated hereby; provided, that Parent shall be responsible for all Company Transaction Expenses.

Section 10.4 Notices. Except as otherwise expressly provided herein, all notices, demands and other communications to be given or delivered under or by reason of the provisions of this Agreement shall be in writing and shall be deemed to have been given (a) when personally delivered, (b) when transmitted by electronic mail (unless if transmitted after 5:00 p.m. Eastern time or other than on a Business Day, then on the next Business Day) to the address specified below in which case such notice shall be deemed to have been given when the recipient transmits manual written acknowledgment of successful receipt, which the recipient shall have an affirmative duty to furnish promptly after successful receipt, (c) sent by internationally-recognized courier, in which case it shall be deemed to have been given at the time of actual

recorded delivery, or (d) the third Business Day following the day on which the same is sent by certified or registered mail, postage prepaid, in each case, to the respective Party at the number, electronic mail address or street address, as applicable, set forth below, or at such other number, electronic mail address or street address as such Party may specify by written notice to the other Party.

Notices to Investor:

North American Transmission Company II L.P.
c/o Brookfield Infrastructure Group
1200 Smith Street, Suite 640
Houston, Texas 77002 Attention: Fred Day
Email: fred.day@brookfield.com

with a copy to (which shall not constitute notice):

Skadden, Arps, Slate, Meagher & Flom LLP
1000 Louisiana, Suite 6800
Houston, Texas 77002
Attention: Eric Otness
Email: eric.otness@skadden.com

Notices to Parent or the Company:

FirstEnergy Corp.
76 South Main St.
Akron, Ohio 44308
Attention: David W. Pinter
Email: dpinter@firstenergycorp.com

with copies to (which shall not constitute notice):

Jones Day
901 Lakeside Ave.
Cleveland, Ohio 44114 Attention: Peter Izanec; George Hunter
Email: peizanec@jonesday.com; ghunter@jonesday.com

Section 10.5 Assignment. This Agreement and all of the provisions hereof shall be binding upon and inure to the benefit of the Parties and their respective successors and permitted assigns; provided, that (a) neither this Agreement nor any of the rights, interests or obligations hereunder may be assigned or delegated without the prior written consent of all of the Parties (other than the right of NATFinCo to acquire certain of the Purchased Interests at the Closing, which right Investor may assign to NATFinCo), and (b) this Agreement shall not be assignable unless such prior written consent is so obtained, and any attempted or purported assignment hereof in the absence of such prior written consent shall be void *ab initio*.

Section 10.6 Amendment and Waiver. Any provision of this Agreement or the Disclosure Schedules or exhibits hereto may be (a) amended only in a writing signed by the Company, Investor and Parent or (b) waived only in a writing executed by the Person against

which enforcement of such waiver is sought. No waiver of any provision hereunder or any breach or default thereof shall extend to or affect in any way any other provision or prior or subsequent breach or default. No failure or delay by any Party in exercising any right, power or privilege hereunder shall operate as a waiver thereof nor shall any single or partial exercise thereof preclude any other or further exercise thereof or the exercise of any other right, power or privilege. Notwithstanding anything to the contrary contained herein, Sections 5.6, 10.7, 10.12(b), 10.14(b), 10.14(c) and this sentence of Section 10.6 (and any other provision of this Agreement to the extent an amendment, supplement, waiver or other modification of such provision would modify the substance of such provision) may not be amended, supplemented, waived or otherwise modified in any manner that is adverse in any respect to the Financing Sources without the prior written consent of the Financing Sources.

Section 10.7 Third Party Beneficiaries; Non-Recourse

(a) Except as otherwise expressly provided herein, nothing expressed or referred to in this Agreement shall be construed to give any Person other than the Parties any legal or equitable right, remedy or claim under or with respect to this Agreement or any provision of this Agreement, except that the Financing Sources, if any, shall be express third party beneficiaries of Sections 10.7, 10.12(b), 10.14(b), 10.14(c) and the last sentence of Section 10.6, in each case, to the extent contemplated thereby.

(b) This Agreement may only be enforced against, and any claim, action, suit, proceeding or investigation based upon, arising out of or related to this Agreement may only be brought against, the Persons that are expressly named as parties to this Agreement. Except to the extent named as a party to this Agreement, and then only to the extent of the specific obligations of such Parties set forth in this Agreement, no past, present or future shareholder, member, partner, manager, director, officer, employee, Affiliate, agent or Advisor of any Party, the Company or any Subsidiary of the Company shall have any liability (whether in contract, tort, equity or otherwise or by or through theories of equity, agency, control, instrumentality, alter ego, domination, sham, single business enterprise, piercing the veil, undercapitalization or any other attempt to avoid or disregard the entity form of any Person not a Party) for any of the representations, warranties, covenants, agreements or other obligations or Liabilities of any of the Parties or for any claim, action, suit, proceeding or investigation based upon, arising out of or related to this Agreement

Section 10.8 Severability. If any term, provision, covenant or restriction contained in this Agreement is held by a court of competent jurisdiction or other authority to be invalid, void, unenforceable or against its regulatory policy, the remainder of the terms, provisions, covenants and restrictions contained in this Agreement shall remain in full force and effect and shall in no way be affected, impaired or invalidated, and, to the extent permitted and possible, any invalid, void or unenforceable term shall be deemed replaced by a term that is valid and enforceable and that comes closest to expressing the intention of such invalid, void or unenforceable term.

Section 10.9 Construction. The language used in this Agreement shall be deemed to be the language chosen by the Parties to express their mutual intent, and no rule of strict construction shall be applied against any Person. The headings of the sections and paragraphs of

this Agreement have been inserted for convenience of reference only and shall in no way restrict or otherwise modify any of the terms or provisions hereof.

Section 10.10 Disclosure Schedules. The Disclosure Schedules have been arranged for purposes of convenience in separately numbered sections corresponding to the sections of this Agreement. Any item or matter disclosed in any section or subsection of the Disclosure Schedules shall be deemed disclosed with respect to any other section or subsection of the Disclosure Schedules to the extent that the relevance of such item or matter to such other section or subsection is reasonably apparent on the face of such disclosure. The specification of any dollar amount or the inclusion of any item in the representations and warranties contained in this Agreement, the Disclosure Schedules or the attached exhibits is not intended to imply that the amounts, or higher or lower amounts, or the items so included, or other items, are or are not required to be disclosed (including whether such amounts or items are required to be disclosed as material or threatened) or are within or outside of the Ordinary Course of Business, and no Party shall use the fact of the setting of the amounts or the fact of the inclusion of any item in this Agreement, the Disclosure Schedules or exhibits in any dispute or controversy between the Parties as to whether any obligation, item or matter not set forth or included in this Agreement, the Disclosure Schedules or exhibits is or is not required to be disclosed (including whether the amount or items are required to be disclosed as material or threatened) or are within or outside of the Ordinary Course of Business. In addition, matters reflected in the Disclosure Schedules are not necessarily limited to matters required by this Agreement to be reflected in the Disclosure Schedules. Such additional matters are set forth for informational purposes only and do not necessarily include other matters of a similar nature. No information set forth in the Disclosure Schedules shall be deemed to broaden in any way the scope of the Parties' representations and warranties. Any description of any agreement, document, instrument, plan, arrangement or other item set forth on any Disclosure Schedule is a summary only and is qualified in its entirety by the terms of such agreement, document, instrument, plan, arrangement or item to the extent made available to Investor. The information contained in this Agreement, in the Disclosure Schedules and exhibits hereto is disclosed solely for purposes of this Agreement, and no information contained herein or therein shall be deemed to be an admission by any Party to any third party of any matter whatsoever, including any violation of Law or breach of contract.

Section 10.11 Complete Agreement. This Agreement, together with the Confidentiality Agreement and any other agreements expressly referred to herein or therein, contains the entire agreement of the Parties respecting the sale and purchase of the Purchased Interests and the transactions contemplated hereby and supersedes all prior agreements among the Parties respecting the sale and purchase of the Purchased Interests.

Section 10.12 Specific Performance; No Recovery of Judgment Against Financing Sources.

(a) The Parties agree that irreparable damage, for which monetary relief, even if available, may not be an adequate remedy, may occur in the event that any provision of this Agreement is not performed in accordance with its specific terms or is otherwise breached, including if any Party fails to take any action required of it hereunder to consummate the transactions contemplated hereby. It is accordingly agreed that (a) the Parties shall be entitled to

seek an injunction or injunctions, specific performance or other equitable relief to prevent breaches of this Agreement and to enforce specifically the terms and provisions hereof in the courts described in Section 10.13 without proof of damages or otherwise, this being in addition to any other remedy to which they are entitled under this Agreement, and (b) the right of specific performance and other equitable relief is an integral part of the transactions contemplated hereby, and without that right, none of the Parties would have entered into this Agreement. The Parties acknowledge and agree that any Party pursuing an injunction or injunctions or other Order to prevent breaches of this Agreement and to enforce specifically the terms and provisions of this Agreement in accordance with this Section 10.12 shall not be required to provide any bond or other security in connection with any such Order. The remedies available to the Parties pursuant to this Section 10.12 shall be in addition to any other remedy to which they may be entitled at law or in equity, and the election to pursue an injunction or specific performance shall not restrict, impair or otherwise limit any Party from seeking to collect or collecting damages; provided, however, that in no event shall a Party be entitled to both specific performance and the collection of damages. Each of the Parties agrees that it shall not oppose the granting of an injunction, specific performance and other equitable relief on the basis that any other Party has an adequate remedy at law or that any award of specific performance is not an appropriate remedy for any reason at law or in equity. If, prior to the Outside Date, any Party brings any action, in each case in accordance with Section 10.13, to enforce specifically the performance of the terms and provisions hereof by any other Party, the Outside Date shall, solely for the benefit of the Party or Parties seeking relief and not for the benefit of the other Parties, automatically be extended (i) for the period during which such action is pending, plus 10 Business Days or (ii) by such other time period established by the court presiding over such action, as the case may be. The Parties further agree that nothing set forth in this Section 10.12 shall require any Party to institute any action for (or limit any Party's right to institute any action for) specific performance under this Section 10.12 prior or as a condition to exercising any termination right under Article VII (and pursuing available remedies, including damages, after such termination).

(b) In no event shall Parent or the Company be entitled to seek or obtain any recovery or judgment against the Financing Sources, including for any type of damage relating to this Agreement or the transactions contemplated hereby, whether at law or in equity, in contract, in tort or otherwise. No Financing Source shall be subject to any special, consequential, punitive or indirect damages or damages of a tortious nature under this Agreement.

Section 10.13 Jurisdiction and Exclusive Venue. Each of the Parties irrevocably agrees that any claim, action, suit, investigation or proceeding of any kind whatsoever, including a counterclaim, cross-claim or defense, regardless of the legal theory under which such liability or obligation may be sought to be imposed, whether sounding in contract or tort, or whether at law or in equity, or otherwise under any legal or equitable theory, that may be based upon, arising out of or related to this Agreement or the negotiation, execution or performance of this Agreement and the transactions contemplated hereby brought by any other Party or its successors or assigns shall be brought and determined only in the Delaware Chancery Court and any state court sitting in the State of Delaware to which an appeal from the Delaware Chancery Court may be validly taken (or, if the Delaware Chancery Court declines to accept jurisdiction over a particular matter, any state or federal court within the State of Delaware), and each of the Parties hereby irrevocably submits to the exclusive jurisdiction of the aforesaid courts for itself and with respect to its property, generally and unconditionally, with regard to any such claim, action, suit, proceeding or investigation arising out of or relating to this Agreement and the transactions contemplated hereby. Each of the Parties agrees not to commence any claim, action, suit,

proceeding or investigation relating thereto except in the courts described above in Delaware, other than actions in any court of competent jurisdiction to enforce any judgment, decree or award rendered by any such court in Delaware as described herein, and no Party shall file a motion to dismiss any action filed in a state or federal court in the State of Delaware, on any jurisdictional or venue-related grounds, including the doctrine of *forum non conveniens*. The Parties irrevocably agree that venue would be proper in any of the courts in Delaware described above, and hereby irrevocably waive any objection that any such court is an improper or inconvenient forum for the resolution of such suit, action or proceeding. Each of the Parties further irrevocably and unconditionally consents to service of process in the manner provided for notices in Section 10.4. Nothing in this Agreement shall affect the right of any Party to serve process in any other manner permitted by applicable Law.

Section 10.14 Governing Law; Waiver of Jury Trial.

(a) This Agreement, and any claim, action, suit, investigation or proceeding of any kind whatsoever, including a counterclaim, cross-claim or defense, regardless of the legal theory under which such liability or obligation may be sought to be imposed, whether sounding in contract or tort, or whether at law or in equity, or otherwise under any legal or equitable theory, that may be based upon, arising out of or related to this Agreement or the negotiation, execution or performance of this Agreement or the transactions contemplated hereby shall be governed by and construed in accordance with the internal Laws of the State of Delaware applicable to agreements executed and performed entirely within such State without regard to conflicts of law principles of the State of Delaware or any other jurisdiction that would cause the Laws of any jurisdiction other than the State of Delaware to apply.

(b) Notwithstanding anything herein to the contrary and without limiting Section 10.12(b), each Seller Related Party and each of the other Parties agrees that it will not bring or support any action, cause of action, claim, cross-claim or third-party claim of any kind or description, whether in law or in equity, whether in Contract or in tort or otherwise, against the Financing Sources in any way relating to this Agreement or any of the transactions contemplated by this Agreement, including any dispute arising out of or relating in any way to the Debt Financing or the performance thereof or the transactions contemplated thereby, in any forum other than exclusively in the Supreme Court of the State of New York, County of New York, or, if under applicable Law exclusive jurisdiction is vested in the federal courts, the United States District Court for the Southern District of New York (and appellate courts thereof).

(c) EACH PARTY ACKNOWLEDGES AND AGREES THAT ANY CONTROVERSY, PROCEEDING, COUNTERCLAIM OR ACTION (WHETHER BASED ON CONTRACT, TORT OR OTHERWISE) THAT MAY ARISE UNDER THIS AGREEMENT, THE DOCUMENTS AND AGREEMENTS CONTEMPLATED HEREBY AND THE TRANSACTIONS CONTEMPLATED HEREBY, IS LIKELY TO INVOLVE COMPLICATED AND DIFFICULT ISSUES AND THEREFORE HEREBY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY IN ANY CLAIM, ACTION, SUIT, INVESTIGATION OR PROCEEDING BASED ON, ARISING OUT OF OR RELATED TO THIS AGREEMENT, ANY DOCUMENT OR AGREEMENT CONTEMPLATED HEREBY OR THE TRANSACTIONS CONTEMPLATED HEREBY AND THEREBY, WHETHER BASED ON CONTRACT, TORT OR ANY OTHER LEGAL OR EQUITABLE THEORY. EACH OF THE PARTIES AGREES AND CONSENTS THAT ANY SUCH CLAIM, DEMAND, ACTION OR

PROCEEDING SHALL BE DECIDED BY COURT TRIAL WITHOUT A JURY AND THAT THE PARTIES MAY FILE AN ORIGINAL COUNTERPART OF A COPY OF THIS AGREEMENT WITH ANY COURT AS WRITTEN EVIDENCE OF THE CONSENT OF THE PARTIES TO THE IRREVOCABLE WAIVER OF THEIR RIGHT TO TRIAL BY JURY. EACH PARTY (I) CERTIFIES THAT NO ADVISOR OF ANY OTHER PARTY HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT SUCH OTHER PARTY WOULD NOT, IN THE EVENT OF LITIGATION, SEEK TO ENFORCE THE FOREGOING WAIVER AND (II) ACKNOWLEDGES THAT IT AND THE OTHER PARTIES HAVE BEEN INDUCED TO ENTER INTO THIS AGREEMENT BY, AMONG OTHER THINGS, THE MUTUAL WAIVERS AND CERTIFICATIONS IN THIS SECTION 10.14.

Section 10.15 No Right of Set-Off. Each Party, on its own behalf and on behalf of its successors and permitted assigns, hereby waives any rights of set-off, retention, netting, offset, recoupment or similar rights that such Party or any of its respective successors and permitted assigns has or may have with respect to any payments to be made by such Party pursuant to this Agreement or any other document or instrument delivered by or on behalf of such Party in connection herewith.

Section 10.16 Counterparts. This Agreement may be executed in counterparts, and any Party may execute any such counterpart, each of which when executed and delivered shall be deemed to be an original and all of which counterparts taken together shall constitute one and the same instrument. This Agreement shall become effective when each Party shall have received a counterpart hereof signed by the other Parties. The Parties agree that the delivery of this Agreement, and any other agreements and documents at the Closing, may be effected by means of an exchange of facsimile or electronically transmitted signatures.

Section 10.17 Definitions. As used in this Agreement, the following terms shall have the meanings ascribed to them below:

"A&R Operating Agreement" means the Fourth Amended and Restated Limited Liability Company Agreement of the Company, by and among the Company, Parent and Investor, to be executed, subject to the terms and conditions hereof, on the Closing Date, substantially in the form attached hereto as Exhibit A (as such form may be modified from time to time (without requiring any separate amendment to this Agreement) pursuant to the mutual agreement of the Parties as contemplated in Section 5.2(f)).

"Advisors" means, with respect to any Person, the accountants, attorneys, consultants, advisors, investment bankers or other representatives of such Person.

"Affiliate" of any particular Person means any other Person controlling, controlled by or under common control with such particular Person, where "control" means the possession, directly or indirectly, of the power to direct the management and policies of a Person whether through the ownership of voting securities, Contract or otherwise, and (i) with respect to Investor, the Guarantors and the Co-Investors, shall (for the avoidance of doubt) be deemed to exclude the Company or any of its Subsidiaries and (ii) with respect to the Company and its Subsidiaries, shall (for the avoidance of doubt) be deemed to exclude Investor, the Guarantors, the Co-Investors, or any of such Persons' respective Affiliates.

"Affiliate Contract" means, means, as may be amended from time to time, (i) that certain Service Agreement among FirstEnergy Service Company, certain Affiliates of the Parent and the Company, dated February 25, 2011, (ii) that certain Fifth Amended and Restated Non-Utility Money Pool Agreement among FirstEnergy Service Company, the Parent and certain non-utility Affiliates of the Parent, dated December 13, 2013, (iii) that certain Second Revised and Restated Utility Money Pool Agreement among FirstEnergy Service Company, the Parent and certain Affiliates of the Parent, dated January 31, 2017, (iv) that certain Revised Amended and Restated Mutual Assistance Agreement among certain Affiliates of the Parent and the Company and its Subsidiaries, dated January 31, 2017, (v) that certain Service Agreement among FirstEnergy Service Company, certain Affiliates of the Parent and certain Subsidiaries of the Company, dated January 31, 2017, (vi) that certain Income Tax Allocation Agreement among the Parent, certain Affiliates of the Parent and the Company and its Subsidiaries, dated January 26, 2023, (vii) ground leases between certain of the Company's Subsidiaries and Affiliates in the FE Outside Group, and (viii) (A) interconnection agreements, (B) operating agreements with respect to shared, co-located, or co-owned facilities and assets, and (C) other wholesale agreements entered into by the Company's Subsidiaries in the Ordinary Course of Business consistent with Good Utility Practice.

"Affiliate Guidelines" has the meaning set forth in Section 2.18(a).

"Agreement" has the meaning set forth in the Preamble.

"Ancillary Real Property" means all real property to which the Company or any of its Subsidiaries has rights pursuant to an easement, right of way, license, crossing agreement or other similar Contract for real property rights that are material to the Company or any of its Subsidiaries and their respective businesses.

"Ancillary Real Property Agreement" means each Contract pursuant to which rights in Ancillary Real Property are granted or otherwise provided to the Company or any of its Subsidiaries, together with all amendments, supplements and modifications relating thereto.

"Anti-Corruption Laws" means any Law concerning or relating to bribery or corruption imposed, administered or enforced by any Governmental Body.

"Anti-Money Laundering Laws" means any Law concerning or relating to money laundering, any predicate crime to money laundering or any record keeping, disclosure or reporting requirements related to money laundering imposed, administered or enforced by any Governmental Body.

"Assignment and Assumption Agreement" has the meaning set forth in Section 1.4(d).

"Balance Sheet Date" has the meaning set forth in Section 2.6(a).

"Bankruptcy and Equity Exception" has the meaning set forth in Section 2.1(d).

"Benefit Plan" means (a) all "employee benefit plans," as defined in Section 3(3) of ERISA, whether or not subject to ERISA and (b) all plans, contracts, agreements, programs or arrangements of any kind (whether written or oral, qualified or nonqualified, funded or unfunded, foreign or domestic) providing for workers' compensation, supplemental unemployment benefits, severance, terms of employment, salary continuation, retention,

retirement, pension, life, health, disability or accident benefits or for deferred compensation, bonuses, stock options, stock appreciation rights, phantom stock or other forms of incentive compensation, profit sharing or post retirement insurance, compensation or benefits.

"Board Observer" has the meaning set forth in the A&R Operating Agreement.

"Business Day" means any day other than a Saturday, Sunday or a day on which banking institutions located in New York, New York are closed generally.

"CFIUS" means the Committee on Foreign Investment in the United States, or any member agency thereof acting in its capacity as a member agency.

"CFIUS Clearance" means, after submission of a filing by the parties with respect to the transactions contemplated hereby in accordance with the requirements of the CFIUS Regulations: (a) that the parties shall have received written notice from CFIUS that the transactions contemplated hereby are not a "covered transaction" within the meaning of the CFIUS Regulations, (b) the parties shall have received written notice from CFIUS that it has concluded its review or investigation, as applicable, of the transactions contemplated hereby, determined that there are no unresolved national security concerns with respect to the transactions contemplated hereby, and concluded all action under the CFIUS Regulations, (c) that CFIUS is not able to complete action under section 721 and has notified the Parent, the Company, and Investor that they may file a written notice under 31 C.F.R. Part 800 or (d) if CFIUS has sent a report to the President of the United States (the "President") requesting the President's decision with respect to the transactions contemplated hereby, either (i) the President has announced a decision not to take any action to suspend, prohibit or place any limitations on the transactions contemplated hereby, or (ii) the time permitted under the CFIUS Regulations for the President to take action to suspend or prohibit the transactions contemplated hereby has lapsed.

"CFIUS Regulations" means Section 721 of Title VII of the Defense Production Act of 1950, as amended (50 U.S.C. § 4565), and all applicable rules and regulations issued and effective thereunder.

"Closing" has the meaning set forth in Section 1.3.

"Closing Date" has the meaning set forth in Section 1.3.

"Co-Investor Rights" means (i) all of the rights contained in Sections 8.1 and 8.2 of the A&R Operating Agreement and (ii) for so long as Investor is entitled under the A&R Operating Agreement to appoint one or more Board Observer(s), the right to appoint any such Board Observer(s).

"Co-Investors" has the meaning set forth on Investor Disclosure Schedule 10.17(c).

"Code" means the Internal Revenue Code of 1986, as amended.

"Company" has the meaning set forth in the Preamble.

"Company Closing Failure" has the meaning set forth in Section 7.1(d).

"Company Service Provider" has the meaning set forth in Section 2.13(c).

"Company Transaction Expenses" means, the legal, accounting, financial advisory, and other advisory, transaction or consulting fees and expenses incurred by the Company or any of its Subsidiaries (whether accrued or otherwise) in connection with the transactions contemplated by this Agreement.

"Confidentiality Agreement" means that certain Confidentiality Agreement between Parent and Brookfield Infrastructure Group L.P., dated as of November 3, 2022.

"Consolidation Filings" has the meaning set forth in Section 5.10(a).

"Contract" means any written agreement, arrangement, commitment, indenture, instrument, purchase order, license or other binding agreement.

"Data Room" means that certain "Project Hemera" datasite administered by SecureDocs.

"Debt Financing" has the meaning set forth in Section 5.6(a).

"Disclosure Schedules" has the meaning set forth in Article II.

"DPA" means the three-year Deferred Prosecution Agreement entered into by Parent with the Southern District of Ohio, dated July 20, 2021.

"Draft Voluntary Notice" has the meaning set forth in Section 5.3(d).

"Emergency Situation" means, with respect to the business of the Company and its Subsidiaries, any abnormal system condition or abnormal situation requiring immediate action to maintain system frequency, loading within acceptable limits or voltage or to prevent loss of firm load, material equipment damage or tripping of system elements that would reasonably be expected to materially and adversely affect reliability of an electric system or any other occurrence or condition that otherwise requires immediate action to prevent an immediate and material threat to the safety of Persons or the operational integrity of the assets and business of the Company or its Subsidiaries or any other condition or occurrence requiring prompt implementation of emergency procedures as defined by the applicable transmission grid operator or transmitting utility.

"Environmental Laws" means all applicable Laws concerning (a) the presence, use, production, generation, handling, labeling, transportation, treatment, recycling, storage, disposal, emission, discharge, Release, threatened Release, control or cleanup of Hazardous Substances, (b) public or worker/occupational health and safety (in each case to the extent related to exposure to Hazardous Substances), (c) pollution or (d) the preservation or protection of the environment or natural resources.

"Equity Financing" has the meaning set forth in Section 5.6(a).

"Equity Interest" means any stock, partnership interest, membership interest, joint venture interest or other equity ownership interest.

"ERISA" means the Employee Retirement Income Security Act of 1974.

"ERISA Affiliate" means, with respect to any Person, any other Person that is, or was at the relevant time, a member of a group described in Section 414(b), (c), (m) or (o) of the Code or Section 4001 of ERISA that includes or included the first Person, or any Person that is, or was at the relevant time, a member of the same "controlled group" as the first Person pursuant to Section 4001(a)(14) of ERISA.

"Existing Indebtedness" means the Indebtedness set forth on Schedule 10.17(d).

"Express Representations" has the meaning set forth in Section 8.2(a).

"Extraordinary Event Response" means any action otherwise prohibited by Section 5.1 to the extent determined in good faith by the Company or such Subsidiary to be reasonably necessary to avoid or mitigate a material risk of immediate physical injury to any human Person.

"FET Burdensome Condition" means any requirement(s) or condition(s) that, individually or in the aggregate, (i) adversely impacts the Company and its Subsidiaries, taken as a whole and including after giving effect to the MAIT Class B Contribution, in an amount in excess of $75,000,000 (determined on a Net Present Value basis), or (ii) requires the holding separate, license, sale or divestiture of the assets of the Company or any of its Subsidiaries, including after giving effect to the MAIT Class B Contribution, which assets have a fair market value in excess of $75,000,000 or (iii) otherwise has a material adverse impact on the Company and its Subsidiaries taken as a whole.

"Final Notice" has the meaning set forth in Section 5.3(d).

"Financial Statements" has the meaning set forth in Section 2.6(a).

"Financing Information" means all information with respect to the business, operations, financial condition, projections and prospects of the Company or any of its Subsidiaries as may be reasonably required by the Financing Sources, including (a) financial statements, and (b) such other information relating to the Company and its subsidiaries as is reasonably requested in connection with the Debt Financing, in each case, to enable Investor to prepare pro forma financial statements to the extent customary and reasonably required pursuant to the Debt Financing and to the extent reasonably available and prepared in past practice.

"Financing Sources" means the agents, arrangers, lenders and other entities that may commit to provide or arrange or otherwise enter into agreements in connection with all or any part of the Debt Financing in connection with the transactions contemplated hereby, including the parties to any joinder agreements, indentures or credit agreements entered into in connection therewith, together with their respective Affiliates and their and their respective Affiliates' officers, directors, employees, controlling persons, agents and representatives and their respective successors and assigns. For the avoidance of doubt, in no event will any Party hereto be deemed to constitute a "Financing Source," it being understood that the provisions herein referring to Financing Sources (or to their Affiliates or other related persons) shall not apply in any way to the Parties.

"FPA" has the meaning set forth in Section 2.19(c).

"Fraud" means an act, committed by a Person, with intent to deceive another Person, or to induce such Person to enter into this Agreement, or otherwise act or refrain from acting, and

requires (a) the making of a false Express Representation in Article II (in the case of the Company), or Article III (in the case of Parent) or Article IV (in the case of Investor), in the Disclosure Schedules or in any certificate delivered pursuant to this Agreement by the applicable Party; (b) with knowledge that such Express Representation is false; (c) with an intention to induce reliance by the Party to whom such Express Representation is made; and (d) justifiable reliance by the Party to whom the representation is made on such Express Representation; provided, however, that any reckless or similar misrepresentation of a material fact will not be deemed "Fraud" for purposes of this Agreement or any other agreements, instruments or certificates to be entered into or delivered by the Parties pursuant to the terms of this Agreement, it being the intention of the Parties that "reckless fraud" and other forms of constructive fraud shall not constitute "Fraud" for any purpose under this Agreement.

"Fundamental Representations" means the representations and warranties set forth in Section 2.1(a) (*Formation and Power; Authorization*), Section 2.2 (*Subsidiaries*), Section 2.5 (*Equity Interests*), Section 2.21 (*Broker Fees*), Section 3.1 (*Formation and Power*), Section 3.2 (*Authorization*), Section 3.4 (*Title to the Purchased Interests*), Section 3.8 (*Broker Fees*), Section 4.1 (*Organization and Power*), Section 4.2 (*Authorization*), Section 4.6 (*Broker Fees*), Section 4.8 (*Financial Capability*) and Section 4.9 (*No Fraudulent Conveyance*).

"GAAP" has the meaning set forth in Section 2.6(a).

"Good Utility Practice" means (a) any of the practices, methods and acts engaged in or approved by a significant portion of the electricity transmission industry operating in the United States during the relevant time period or (b) any of the practices, methods or acts that, in the exercise of reasonable judgment in light of the facts known at the time the decision was made, could have been expected to accomplish the desired result at a reasonable cost consistent with applicable Law, good business practices, reliability, safety and expedience. Good Utility Practice is not intended to be limited to optimum practices, methods or acts to the exclusion of all others, but rather to be acceptable practices, methods or acts generally accepted in the United States of the performance of such practice, method or act.

"Governmental Body" means any national, foreign, federal, state, local, municipal or other governmental authority of any nature (including any division, department, agency, commission or other regulatory body thereof) and any court or arbitral tribunal.

"Guaranteed Obligations" has the meaning set forth in Section 5.5.

"Guarantor" has the meaning set forth in the Preamble.

"Hazardous Substances" means any pollutant, contaminant or hazardous or toxic substance, material or waste, including petroleum, petroleum byproducts and all derivatives thereof, asbestos, per- or polyfluoroalkyl substances, polychlorinated biphenyls, explosive substances or pesticides, regulated by, defined under or that would reasonably be expected to give rise to liability under Environmental Laws.

"Indebtedness" means, with respect to any Person, (a) all indebtedness of such Person, whether or not contingent, for borrowed money or in respect of any loans or advances, (b) all other indebtedness of such Person evidenced by bonds, debentures, notes or other similar instruments or debt securities (excluding trade account payables constituting short term

Liabilities under GAAP), (c) any obligation of such Person evidenced by any letter of credit or bankers' acceptance (whether or not drawn), (d) any accrued interest, premiums, penalties, related expenses, commitment and other fees, sale or liquidity participation amounts, reimbursements, indemnities and other obligations relating to the foregoing and (e) all indebtedness of others referred to in clause (a) through (d) above guaranteed directly or indirectly in any manner by such Person.

"Initial Investment" has the meaning set forth in the Recitals.

"Initial PSA" has the meaning set forth in the Recitals.

"Intellectual Property" means all of the following: (a) patents, patent applications and patent disclosures; (b) trademarks, service marks, trade dress, corporate names and Internet domain names, together with all goodwill associated with each of the foregoing; (c) copyrights; (d) registrations and applications for any of the foregoing; (e) trade secrets; (f) computer software; (g) drawings, schematics and other technical plans; and (h) all other intellectual property.

"Interim Period" has the meaning set forth in Section 5.1(a).

"Interim Period Contract" means any Contract entered into by the Company or any of its Subsidiaries during the Interim Period that would have been required to be set forth on Schedule 2.10 had such Contract been entered into as of the date of this Agreement.

"Investor" has the meaning set forth in the Preamble.

"Investor Burdensome Condition" means any requirement or condition (A) requiring (i) the holding separate, license, sale or divestiture of any businesses or assets of Investor or any Affiliate of Investor or (ii) any limitation on conduct or actions of Investor or any Affiliate of Investor (other than with respect to identified matters of national security related to the Company or any of its Subsidiaries), that, in either such case, materially adversely impacts the existing businesses and operations of Investor or such Affiliate of Investor, (B) that materially adversely impacts, or otherwise materially impairs, the benefits (including economic benefits, governance rights or information rights) contemplated to be received by Investor or any of its Affiliates in connection with the transactions contemplated hereby, or (C) to commence or participate in any action, suit or other litigation proceeding that contests (x) the final decision of any Governmental Body not to grant a Regulatory Approval or (y) the final decision of any Governmental Body to grant a Regulatory Approval that contains an FET Burdensome Condition, an Investor Burdensome Condition (without giving effect to this clause (C)), or a Parent Burdensome Condition (it being understood that the initiation of and participation in proceedings in connection with or arising from the Parties' efforts to obtain a Regulatory Approval generally, in the absence of a final decision from a Governmental Body that would cause the conditions in Section 6.2(a) or Section 6.3(a) to not be satisfied, shall not constitute an Investor Burdensome Condition).

"Investor Closing Failure" has the meaning set forth in Section 7.1(f).

"Investor Disclosure Schedule" has the meaning set forth in Article IV.

"Investor Group" means Investor and Brookfield Super-Core Infrastructure Partners L.P., together with its controlled investment vehicles (excluding, for the avoidance of doubt, after the Closing, the Company and its Subsidiaries) and each of their respective former, current or future officers, directors, employees, partners, members, managers, agents, successors or permitted assigns.

"IRS" means the United States Internal Revenue Service.

"IT Systems" means all material information systems, including material electronic data processing, information, recordkeeping, communications, telecommunications, account management, inventory management and other computer systems (including all computer programs, software, databases, firmware, hardware and related documentation) to the extent used by or on behalf of the Company or any of its Subsidiaries in the conduct of the business of the Company or any of its Subsidiaries.

"knowledge of Investor" means the actual knowledge (as opposed to any constructive or imputed knowledge) of Eduardo Salgado and Natalie Hadad, in each case after reasonable due inquiry.

"knowledge of Parent" means the actual knowledge (as opposed to any constructive or imputed knowledge) of Hyun Park, Antonio Fernandez, Samuel Belcher, Olenger Pannell, Carl Bridenbaugh and Mark Mroczynski, in each case after reasonable due inquiry.

"knowledge of the Company" means the actual knowledge (as opposed to any constructive or imputed knowledge) of Milorad Pokrajac, Olenger Pannell, Carl Bridenbaugh and Mark Mroczynski, in each case after reasonable due inquiry.

"Law" means any law (statutory, common or otherwise), rule, regulation, code or ordinance enacted, adopted, promulgated or applied by any Governmental Body.

"Leased Real Property" means all land, buildings, structures, improvements or other real property material to the Company or any of its Subsidiaries and their respective businesses, other than Ancillary Real Property or Owned Real Property, which the Company or any of its Subsidiaries has the right to use pursuant to leases, subleases or other similar Contracts.

"Leases" means any Contract pursuant to which any Leased Real Property is leased, subleased, licensed or occupied, together with all modifications, amendments, extensions, guarantees, assignments and supplement thereto, other than Ancillary Real Property Agreements.

"Liabilities" has the meaning set forth in Section 2.6(b).

"Liens" means all liens, encumbrances, mortgages, deeds of trust, leases, subleases, licenses, sublicenses, pledges, security interests, hypothecations, options, right-of-way, servitude, easements, encroachments, conditional or contingent sales or other title retention agreements, defects in title, charges, claims, proxy, voting trust or transfer restrictions, including rights of first refusal, rights of first offer or preemptive rights, under any stockholder or similar agreement or Organizational Document, and in each case, including any contract to give any of the foregoing in the future.

"Losses" has the meaning set forth in Section 5.2(b).

"MAIT Class B Contribution" means the contribution of the Class B interests of Mid-Atlantic Interstate Transmission, LLC from Parent to the Company, in consideration for the issuance of Special Purpose Membership Interests (as such term is defined in the A&R Operating Agreement) as contemplated in the A&R Operating Agreement.

"MAIT Reorganization Plan" means slides six (6) and fifteen (15) of the reorganization plan attached hereto as Schedule 10.17(a).

"Material Adverse Effect" means any change, circumstance, development, state of facts, effect or condition that, individually or in the aggregate, with any such other changes, circumstances, developments, states of facts, effects or conditions, is or would reasonably be expected to have a material adverse effect on the business, operations, assets or financial condition or operating results of the Company and its Subsidiaries, taken as a whole; provided, that none of the following, either alone or taken together with other changes, circumstances, developments, states of facts, effects or conditions, shall constitute, or be taken into account in determining whether there has been or would be expected to be, a Material Adverse Effect: (a) changes in, or effects arising from or relating to, general business or economic conditions affecting the industry in which Parent, the Company and its Subsidiaries operate; (b) changes in, or effects arising from or relating to, national or international political or social conditions, including the engagement by any country in hostilities or the escalation thereof, whether or not pursuant to the declaration of a national emergency or war, or the occurrence or the escalation of any military, cyber or terrorist attack upon any country, or any of its territories, possessions or diplomatic or consular offices or upon any military installation, asset, equipment or personnel of any country; (c) changes in, or effects arising from or relating to, financial, banking or securities markets (including (i) any disruption of any of the foregoing markets, (ii) any change in currency exchange rates, (iii) any decline or rise in the price of any security, commodity, contract or index and (iv) any increased cost, or decreased availability, of capital or pricing or terms related to any financing for the transactions contemplated hereby); (d) changes in, or effects arising from or relating to changes in, GAAP; (e) changes in, or effects arising from or relating to changes in, Laws, Orders or other binding directives or determinations issued or made by or agreements with or consents of any Governmental Body (including any such items related to Section 5.2); (f) changes or effects arising from or relating to (i) the taking of any action expressly permitted or expressly contemplated by this Agreement or at the written request of Investor or its Affiliates, (ii) the failure to take any action if such action is expressly prohibited by this Agreement or (iii) the announcement of this Agreement or the transactions contemplated hereby or the identity, nature or ownership of Investor, including the impact thereof on the relationships, contractual or otherwise, of the Company or any of its Subsidiaries with employees, customers, lessors, suppliers, vendors or other commercial partners; (g) strikes, work stoppages or other labor disputes; (h) any failure, in and of itself, to achieve any budgets, projections, forecasts, estimates, plans, predictions, performance metrics or operating statistics or the inputs into such items (but not the underlying causes of any such failure to the extent such underlying cause is not otherwise excluded from the definition of Material Adverse Effect); (i) the effect of any action taken by Investor or its Affiliates with respect to the transactions contemplated hereby; (j) the matters expressly set forth on the Disclosure Schedules; or (k) any effects or consequences of, or Extraordinary Event Response to, any epidemic, pandemic or disease outbreak (including any coronavirus) or any civil protests, riots or other civil unrest, except in the case of the foregoing clause (a), (b), (c), (d) or (e), to the extent such changes or effects have a materially disproportionate impact on the Company and its Subsidiaries, taken as a whole, as compared to other market participants engaged in the same industry and geographic region.

"Material Contract" has the meaning set forth in Section 2.10(b).

"Membership Interests" means the outstanding membership interests of the Company.

"NATFinCo" has the meaning set forth in the preamble, and it is an indirect subsidiary of Brookfield Corporation and a direct or indirect equityholder of Investor, as evidenced by the Brookfield structure chart set forth on Schedule 10.17(b).

"Net Present Value" means the net present value of the aggregate future cash flows of FET and its Subsidiaries (taken as a whole, but without duplication) for the five-year period beginning January 1, 2024, discounted by the nominal annual discount rate of 5.75%.

"Note Guaranty" has the meaning set forth in Section 1.4(c).

"Order" means any order, ruling, decision, verdict, decree, writ, subpoena, mandate, precept, command, directive, consent, approval, award, judgment, injunction, or other similar determination or finding by, before, or under the supervision of any Governmental Body.

"Ordinary Course of Business" with respect to a Person means the ordinary course of business of such Person, consistent with past practice (including, for the avoidance of doubt, past practice concerning the effects of any responses to COVID-19).

"Organizational Documents" means, with respect to any corporation, its articles or certificate of incorporation, memorandum or articles of association and by-laws or documents of similar substance; with respect to any limited liability company, its articles of association, articles of organization or certificate of organization, formation or association and its operating agreement or limited liability company agreement or documents of similar substance; with respect to any limited partnership, its certificate of limited partnership and partnership agreement or documents of similar substance; and with respect to any other entity, documents of similar substance to any of the foregoing, in each case, including any member agreements, shareholders agreements, voting agreements or documents of similar substance relating to ownership or governance matters.

"Original Operating Agreement" has the meaning set forth in the Recitals.

"Outside Date" has the meaning set forth in Section 7.1(b)(i).

"Owned Real Property" means all real property owned by the Company or any of its Subsidiaries.

"Parent" has the meaning set forth in the Preamble.

"Parent Burdensome Condition" means any requirement or condition that materially adversely impacts, or otherwise materially impairs, (i) the existing businesses and operations of Parent and its Affiliates (other than the Company or its Subsidiaries), or (ii) the benefits (including economic benefits) contemplated to be received by Parent or any of its Affiliates (other than the Company or its Subsidiaries) in connection with the transactions contemplated hereby (including, for the avoidance of doubt, in connection with the Pennsylvania Consolidation).

"Parent Group" means Parent, any Affiliate of Parent (excluding, for the avoidance of doubt, the Company and its Subsidiaries) and each of their respective former, current or future Affiliates, officers, directors, employees, partners, members, managers, agents, Advisors, successors or permitted assigns.

"Parent Note" has the meaning set forth in Section 1.2.

"Parent Note Amount" has the meaning set forth in Section 1.2.

"Parent SEC Reports" means the forms, reports, schedules, statements and other documents required to be filed or furnished under the U.S. Securities Exchange Act of 1934 filed or furnished with the U.S. Securities and Exchange Commission by Parent since January 1, 2021.

"Parties" or "Party" has the meaning set forth in the Preamble.

"Pennsylvania Consolidation" means the corporate restructuring of various of Parent's subsidiaries in the manner set forth on Schedule 10.17(a), including the distribution of the Class B interests of Mid-Atlantic Interstate Transmission, LLC from subsidiaries of Parent to Parent.

"Permits" has the meaning set forth in Section 2.17(a).

"Permitted Liens" means (a) Liens for Taxes not yet delinquent or for Taxes that the taxpayer is contesting in good faith through appropriate proceedings so long as adequate reserves are maintained in accordance with GAAP, (b) Liens of lessors, lessees, sublessors, sublessees, licensors or licensees to the extent arising under and in accordance with the terms of the disclosed Leases arising or incurred in the Ordinary Course of Business, (c) Liens arising under the Existing Indebtedness, (d) mechanics Liens and similar Liens for labor, materials, or supplies relating to obligations as to which there is no breach or default on the part of the Company or any of its Subsidiaries, as the case may be, or the validity or amount of which is being contested in good faith through appropriate proceedings so long as adequate reserves are maintained on the Financial Statements in accordance with GAAP, (e) zoning, building codes, and other land use Laws regulating the use or occupancy of real property or the activities conducted thereon that are imposed by any Governmental Body having jurisdiction over such real property, in each case that do not adversely impact in any material respect the current use, occupancy or operation of the Owned Real Property or the Leased Real Property, and are not violated by the current use, occupancy or activity conducted thereon by the Company or any of its Subsidiaries, as applicable, which does not in any material respect affect the value or current use thereof, (f) easements, servitudes, covenants, conditions, restrictions, and other similar matters of record affecting title to any assets of the Company or any of its Subsidiaries and other title defects that do not or would not reasonably be expected to, individually or in the aggregate, materially impair the use or occupancy of such assets in the operation of the business of the Company and its Subsidiaries, (g) all matters set forth on title policies or surveys made available by or on behalf of the Parent Group to Investor other than those Liens that, individually or in the aggregate, impair in any material respect the current use or occupancy of the subject real property to which they relate, and (h) Liens arising under Laws of general applicability, other than to the extent such Liens arise from or relate to any applicable Person's failure to comply with any such Law.

"Personal Data" means any data or other information that, alone or in combination with other data or information, can be reasonably used to identify (directly or indirectly) an

individual, household, computer or device, including any personally identifiable data (*e.g.*, name, address, phone number, email address, financial account number, payment card data, and government issued identifier).

"Persons" means an individual, a partnership, a corporation, a limited liability company, an association, a joint stock company, a trust, a joint venture, an unincorporated organization or a Governmental Body.

"Projections" has the meaning set forth in Section 8.2(a).

"Protected Parent Communications" has the meaning set forth in Section 5.9.

"Purchase Price" has the meaning set forth in Section 1.2(a).

"Purchased Interests" has the meaning set forth in the Recitals.

"Regulatory Approvals" means the CFIUS Clearance and each consent, approval or authorization of, permit or license issued or granted by, Order, waiver or exemption by, negative clearance from, or the expiration or early termination of any waiting period imposed by, any Governmental Body, in each case with respect to the Laws (or, as applicable, the Governmental Bodies) set forth on Schedule 10.17(e).

"Release" means any depositing, spilling, leaking, pumping, pouring, emitting, emptying, discharging, injecting, escaping, leaching, dumping, disposing, migrating or other release of any Hazardous Substance into the environment.

"Representatives" means the directors, officers, employees, agents and Advisors of a Party.

"Restraint" has the meaning set forth in Section 6.1(a).

"Restricted Affiliate" means (i) Brookfield Super-Core Infrastructure Partners L.P., together with its controlled investment vehicles (excluding, for the avoidance of doubt, after the Closing, the Company and its Subsidiaries) and (ii) solely for the purpose of Section 5.3, Co-Investors.

"Sanctioned Country" means any country or territory that is subject to, or the target of, comprehensive Sanctions (as of the date of this Agreement, Crimea, Cuba, Iran, North Korea, Syria, and the so-called Donetsk People's Republic and Luhansk People's Republic).

"Sanctioned Person" means any individual or entity that is (or is directly or indirectly owned 50% or more or controlled by Persons that are): (a) the target of any Sanctions, or (b) located, organized or resident in a Sanctioned Country.

"Sanctions" means any sanctions imposed, administered or enforced from time to time by the U.S. Department of the Treasury's Office of Foreign Assets Control, the U.S. Department of State, the U.S. Department of Commerce, Her Majesty's Treasury, the United Nations, the European Union or any agency or subdivision of any of the foregoing, including any regulations, rules and executive orders issued in connection therewith.

"Schedule" has the meaning set forth in Article II.

"Second Investment" has the meaning set forth in the Recitals.

"Second Investment Filings" means the filings required to obtain the Regulatory Approvals (other than the Consolidation Filings) required for the Second Investment.

"Second Investment Governance Rights" means (i) all of the rights contained in Section 8.4 of the A&R Operating Agreement, and (ii) any other rights or privileges associated with Investor having at least a 30.0% Percentage Interest (as such term is defined in the A&R Operating Agreement) under the A&R Operating Agreement, in each case of (i) and (ii), that are not provided for in the other sections of the A&R Operating Agreement.

"Security Incident" means an occurrence that materially impairs the confidentiality, integrity or availability of any of the IT Systems or any material information that the IT Systems process, store or transmit.

"Seller Related Party" shall mean Parent, the Company and each of their respective Affiliates and their respective Affiliates' officers, directors, employees, controlling persons, agents and representatives.

"Subsidiary" means, with respect to any Person, any entity of which a majority of the total voting power of shares of stock entitled (without regard to the occurrence of any contingency) to vote in the election of directors, managers or trustees thereof is at the time owned or controlled, directly or indirectly, by such Person or one or more of the other Subsidiaries of such Person or a combination thereof or any partnership, association or other entity of which a majority of the partnership or other similar ownership interest is at the time owned or controlled, directly or indirectly, by such Person or one or more Subsidiaries of such Person or a combination thereof. For purposes of this definition, a Person is deemed to have a majority ownership interest in a partnership, limited liability company, association or other business entity if such Person is allocated a majority of the gains or losses of such partnership, limited liability company, association or other entity or is or controls the managing director, managing member or general partner of such partnership, limited liability company, association or other business entity.

"Surviving Provisions" has the meaning set forth in Section 7.2.

"Tax" or "Taxes" means (a) any federal, state, local, foreign or other income, gross receipts, capital stock, capital gains, franchise, profits, withholding, payroll, social security, unemployment, disability, real property, ad valorem/personal property, stamp, excise, occupation, sales, use, excise, escheat, unclaimed property, transfer, value added, import, export, alternative minimum, estimated or other tax, duty, assessment or governmental charge of any kind whatsoever, including any interest, penalty or addition thereto and (b) any amount described in clause (a) payable by reason of Contract, assumption, transferee or successor liability, operation of Law, Treasury Regulations Section 1.1502-6 or otherwise.

"Tax Return" means any return, claim for refund, report, election, form, statement or information return relating to Taxes, including any schedule or attachment thereto, and including any amendments thereof.

"Transactions" means the Second Investment and the Pennsylvania Consolidation, collectively.

"Transfer Taxes" has the meaning set forth in Section 9.1.

"Unaudited Financial Statements" has the meaning set forth in Section 2.6(a).

"Willful Breach" means a material breach or failure to perform that is the consequence of an act or omission of a Party, with the knowledge that the taking of, or failure to take, such act would, or would be reasonably expected to, cause a breach of this Agreement. For the avoidance of doubt, "Willful Breach" includes an Investor Closing Failure and a Company Closing Failure.

Section 10.18 Other Definitional Provisions. The following shall apply to this Agreement, the Disclosure Schedules and any other certificate, instrument, agreement or other document contemplated hereby or delivered hereunder.

(a) Accounting terms which are not otherwise defined in this Agreement have the meanings given to them under GAAP. To the extent that the definition of an accounting term defined in this Agreement is inconsistent with the meaning of such term under GAAP, the definition set forth in this Agreement shall control.

(b) The terms "hereof," "herein" and "hereunder" and terms of similar import are references to this Agreement as a whole and not to any particular provision of this Agreement. Section, clause, schedule and exhibit references contained in this Agreement are references to sections, clauses, schedules and exhibits in or to this Agreement, unless otherwise specified.

(c) Whenever the words "include," "includes" or "including" are used in this Agreement, they shall be deemed to be followed by the words "without limitation." Where the context permits, the use of the term "or" shall be equivalent to the use of the term "and/or."

(d) When calculating the period of time before which, within which or following which any act is to be done or step taken pursuant to this Agreement, the date that is the reference date in calculating such period shall be excluded. If the last day of such period is a day other than a Business Day, the period in question shall end on the next succeeding Business Day.

(e) Words denoting any gender shall include all genders, including the neutral gender. Where a word is defined herein, references to the singular shall include references to the plural and vice versa.

(f) The word "will" will be construed to have the same meaning and effect as the word "shall." The words "shall," "will," or "agree(s)" are mandatory, and "may" is permissive.

(g) All references to "$" and dollars shall be deemed to refer to United States currency unless otherwise specifically provided.

(h) All references to a day or days shall be deemed to refer to a calendar day or calendar days, as applicable, unless otherwise specifically provided.

(i) Any document or item shall be deemed "delivered", "provided" or "made available" by Parent within the meaning of this Agreement and the Disclosure Schedules if such

document or item (i) is included in the Data Room as of the close of business on February 1, 2023, immediately preceding the date hereof, or (ii) actually delivered or provided to Investor or any of its Advisors prior to the close of business on the Business Day immediately preceding the date hereof.

(j) Any reference to any Contract shall be a reference to such Contract, as amended, amended and restated, modified, supplemented or waived.

(k) Any reference to any particular Code section or any Law shall be interpreted to include any amendment to, revision of or successor to that section or Law regardless of how it is numbered or classified; provided, that, for the purposes of the representations and warranties contained herein, with respect to any violation of or non-compliance with, or alleged violation of or non-compliance, with any Code section or Law, the reference to such Code section or Law means such Code section or Law as in effect at the time of such violation or non-compliance or alleged violation or non-compliance.

[*signature pages follow*]

IN WITNESS WHEREOF, the Parties have caused this Agreement to be duly executed and delivered as of the date first above written.

PARENT:

FIRSTENERGY CORP.

By: /s/ K. Jon Taylor
Name: K. Jon Taylor
Title: Senior Vice President, Chief Financial Officer, and Strategy

THE COMPANY:

FIRSTENERGY TRANSMISSION, LLC

By: /s/ Jason J. Lisowski
Name: Jason J. Lisowski
Title: Vice President and Controller

IN WITNESS WHEREOF, the Parties have caused this Agreement to be duly executed and delivered as of the date first above written.

INVESTOR:

NORTH AMERICAN TRANSMISSION COMPANY II L.P.

By: Brookfield Super-Core Infrastructure Partners GP LLC, its general partner
By: Brookfield Super-Core Infrastructure Partners GP of GP LLC, its manager

By: /s/ Fred Day
Name: Fred Day
Title: Vice President

GUARANTORS:

BROOKFIELD SUPER-CORE INFRASTRUCTURE PARTNERS L.P.

By: Brookfield Super-Core Infrastructure Partners GP LLC, its general partner
By: Brookfield Super-Core Infrastructure Partners GP of GP LLC, its manager

By: /s/ Fred Day
Name: Fred Day
Title: Vice President

BROOKFIELD SUPER-CORE INFRASTRUCTURE PARTNERS (NUS) L.P.

By: Brookfield Super-Core Infrastructure Partners GP LLC, its general partner
By: Brookfield Super-Core Infrastructure Partners GP of GP LLC, its manager

By: /s/ Fred Day
Name: Fred Day
Title: Vice President

BROOKFIELD SUPER-CORE INFRASTRUCTURE PARTNERS (ER) SCSP

By: BSIP GP, S.À.R.L., its general partner

By: /s/ Carolina Parisi
Name: Carolina Parisi
Title: Manager

By: /s/ Luc Leroi
Name: Luc Leroi
Title: Manager

NORTH AMERICAN TRANSMISSION FINCO L.P.
By: Brookfield Super-Core Infrastructure Partners GP LLC, its general partner
By: Brookfield Super-Core Infrastructure Partners GP of GP LLC, its manager

By: /s/ Fred Day
Name: Fred Day
Title: Vice President

Exhibit A

Form of A&R Operating Agreement

[attached]

FORM

OF

FOURTH AMENDED AND RESTATED
LIMITED LIABILITY COMPANY AGREEMENT
OF
FIRSTENERGY TRANSMISSION, LLC

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FOURTH AMENDED & RESTATED
LIMITED LIABILITY COMPANY AGREEMENT

This FOURTH AMENDED & RESTATED LIMITED LIABILITY COMPANY AGREEMENT (this "Agreement") of FirstEnergy Transmission, LLC (the "Company") is made and entered into as of [●] (the "Effective Date"), by and among the Company, FirstEnergy Corp., an Ohio corporation (the "FE Member") and North American Transmission Company II L.P. (formerly known as North American Transmission Company II LLC), a Delaware limited partnership (the "Investor Member"). The Company, the FE Member and the Investor Member are each sometimes referred to herein as a "Party" and, together, as the "Parties".

RECITALS

1. Immediately prior to the execution and delivery of the Third Amended and Restated Limited Liability Company Agreement of the Company, dated as of May 31, 2022 (the "Third A&R LLC Agreement"), the FE Member was the owner of 100% of the Membership Interests.

2. On November 6, 2021, the Company, the FE Member, the Investor Member and, solely for the purposes of Sections 5.5, 5.6(c) and 8.1(a) and Article X thereof, the Guarantors (as defined therein) entered into the Initial PSA.

3. On May 31, 2022, the Company, the FE Member, the Investor Member and the Guarantors closed the transactions contemplated under the Initial PSA, including the issuance to the Investor Member of Membership Interests constituting, at the time of such issuance, a 19.9% Percentage Interest.

4. On February 2, 2023, the Company, the FE Member, the Investor Member, solely for the purposes of Sections 5.5, 5.6(c) and 8.1(a) and Article X thereof, the Guarantors (as defined therein) and, solely for the limited purposes described therein, North American Transmission FinCo L.P., entered into a Purchase and Sale Agreement, pursuant to which the FE Member, concurrently with the execution and delivery of this Fourth A&R LLC Agreement, sold to the Investor Member Membership Interests constituting, at the time of such sale, a 30.0% Percentage Interest (the "Second PSA").

5. On the date hereof, substantially concurrently with but immediately following the consummation of the sale of the 30% Percentage Interest by the FE Member to the Investor Member described in the immediately preceding recital, the FE Member has contributed all of the MAIT Class B Interests held by the FE Member to the Company (the "MAIT Class B Contribution") and, in respect of the MAIT Class B Contribution, the Company has, concurrently with the execution and delivery of this Agreement, issued to the FE Member certain additional Membership Interests that, in accordance with the terms of this Agreement, shall be classified as Special Purpose Membership Interests.

6. The Parties desire to, and by the execution and delivery of this Agreement hereby do, amend and restate in its entirety the Third A&R LLC Agreement, in order to provide for, among other things, the rights and responsibilities of the Parties with respect to the governance,

financing and operation of the Company, and certain other matters relating to the business arrangements between the Parties with respect to the Company.

Therefore, in consideration of the mutual covenants and agreements contained in this Agreement and other good and valid consideration the receipt of which is hereby acknowledged by each Party, and intending to be legally bound hereby, the Parties hereby agree as follows:

ARTICLE I
GENERAL MATTERS

Section 1.1 Formation. The FE Member formed the Company as a limited liability company pursuant to the Act.

Section 1.2 Name. The name of the Company is "FirstEnergy Transmission, LLC".

Section 1.3 Purpose.

(a) The purpose of the Company is to engage in all lawful business for which limited liability companies may be formed under the Act and the Laws of the State of Delaware in furtherance of the following activities (the "Company Business"):

(i) making direct or indirect investments in, or directly or indirectly developing, constructing, commercializing, operating, maintaining or owning, electric transmission assets and facilities (including ownership of the Company's Subsidiaries);

(ii) undertaking any business activities presently conducted by the Company.

(iii) undertaking other activities that are eligible to earn recovery through cost-based transmission rates approved by FERC; and

(iv) engaging in such other activities as the Board deems necessary, convenient or incidental to the conduct, promotion or attainment of the activities described in the foregoing sub-clauses (i), (i) and (ii).

(b) The Company shall not engage in any activity or conduct inconsistent with the Company Business or any reasonable extensions thereof.

Section 1.4 Registered Office. The address of the registered office of the Company in the State of Delaware is Corporation Trust Center, 1209 Orange Street, Wilmington, New Castle County, Delaware 19801.

Section 1.5 Registered Agent. The name and address of the registered agent of the Company for service of process on the Company in the State of Delaware is The Corporation Trust Company, Corporation Trust Center, 1209 Orange Street, Wilmington, New Castle County, Delaware 19801.

Section 1.6 Classes of Membership Interests. Upon the effectiveness of this Agreement:

(a) The authorized Membership Interests shall consist of Membership Interests classified as Common Membership Interests (the "Common Membership Interests") and Membership Interests classified as Special Purpose Membership Interests (the "Special Purpose Membership Interests"). The Common Membership Interests and Special Purpose Membership Interests shall have the terms set forth in this Agreement. All Membership Interests outstanding hereunder shall be validly issued, fully paid and non-assessable, to the fullest extent permitted by Law.

(b) (i) Each outstanding Membership Interest (other than those issued to the FE Member concurrently with the execution and delivery of this Agreement on account of the MAIT Class B Contribution) shall be automatically (without further action by the Members or the Company) classified as a Common Membership Interest and (ii) each outstanding Membership Interest issued to the FE Member concurrently with the execution and delivery of this Agreement on account of the MAIT Class B Contribution shall be automatically (without further action by any Member or the Company) classified as a Special Purpose Membership Interest.

(c) By executing and delivering this Agreement, the Company, the FE Member and the Investor Member hereby acknowledge and agree that any and all restrictions and other requirements set forth in the Third A&R LLC Agreement against, that would prohibit or would otherwise be applicable to the MAIT Class B Contribution and the issuance of Membership Interests to the FE Member in respect thereto are hereby waived to the extent necessary to make such contribution and issuance effective as of the effectiveness of this Agreement.

Section 1.7 Members.

(a) Each of the FE Member and the Investor Member is hereby or was heretofore admitted to the Company as a Member, and hereby continues as such. Unless admitted to the Company as a Member as provided in this Agreement, no Person shall be, in fact or for any other purpose, a Member.

(b) No Member shall have any right to withdraw from the Company except as expressly set forth herein. No Membership Interest is redeemable or repurchasable by the Company at the option of a Member. Except as expressly set forth in this Agreement, no event affecting a Member (including dissolution, bankruptcy or insolvency) shall affect its obligations under this Agreement or affect the Company.

(c) The Members' names, addresses and Common Percentage Interests (if any) and Special Percentage Interests (if any) are set forth on the Schedule of Members attached to this Agreement as Schedule 1.

(d) No Member, acting in its capacity as a Member, shall be entitled to vote on any matter relating to the Company other than as specifically required by the Act or as expressly set forth in this Agreement.

(e) Except as otherwise expressly set forth in this Agreement, any matter requiring the action, consent, vote or other approval of the Members hereunder shall require action, consent, vote or approval of the Members owning at least a majority of the Common Membership Interests unless such matter expressly requires a vote of the Members owning the Special Purpose Membership Interests, in which event, such action, consent, vote or approval shall require the requisite vote of the Members owning the Special Purpose Membership Interests as expressly set forth herein with respect to such action, consent or other approval.

(f) A Member shall automatically cease to be a Member upon Transfer of all of such Member's Membership Interests made pursuant to and in accordance with the terms of this Agreement. Immediately upon any such permissible Transfer, the Company shall cause such Member to be removed from Schedule 1 to this Agreement and to be substituted by the transferee or transferees in such Transfer, and, except as otherwise expressly provided for herein, such transferee or transferees shall be deemed to be a "Party" for all purposes hereunder and all references to the FE Member or the Investor Member, as the case may be, shall be deemed to be references to such transferee or transferees (notwithstanding, in the case that more than one Person is a transferee of such Membership Interests, that such defined terms as used herein are singular in number).

Section 1.8 Powers. The Company shall have the power and authority to do any and all acts necessary or convenient to or in furtherance of the purposes described in Section 1.3, including all power and authority, statutory or otherwise, possessed by, or which may be conferred upon, limited liability companies under the Laws of the State of Delaware.

Section 1.9 Limited Liability Company Agreement. This Agreement shall constitute the "limited liability company agreement" of the Company for the purposes of the Act. The rights, powers, duties, obligations and liabilities of the Members shall be determined pursuant to the Act and this Agreement. To the extent that the rights, powers, duties, obligations and liabilities of any Member are different by reason of any provision of this Agreement than they would be under the Act in the absence of such provision, this Agreement shall control to the fullest extent permitted by the Act and other applicable Law.

Section 1.10 Issuance of Additional Membership Interests. Except for (a) the issuance of any Excluded Membership Interests or (b) the issuance of Membership Interests made pursuant to and in accordance with Section 5.1(c), Section 5.1(d) or Article VII, the Company shall not issue any new Membership Interests, or any securities convertible into Membership Interests or other equity interests of the Company, to any Third Party or to the Members other than in accordance with their respective Percentage Interests.

Section 1.11 Deadlocks. In the event of a Deadlock, the provisions of this Section 1.10 shall apply.

(a) For purposes of this Agreement, a "Deadlock" means a situation in which consent has been requested with respect to any matter requiring the action, consent, vote or other approval of the Investor Member or Investor Directors but such consent, vote or other approval has been withheld by the Investor Member or one or both of the Investor Directors .

(b) In any case of Deadlock, the Deadlock shall be initially referred to a working group comprised of managerial-level representatives of the Investor Member, on the one hand, and the FE Member, on the other hand (the "Member Managers"), who shall discuss the Deadlock in good faith to reach resolution. Except as otherwise provided on Schedule 4, if the Member Managers cannot reach resolution within fifteen (15) Business Days, then the Members shall form a senior executive group comprised of senior executive members of the Investor Member, on the one hand, and the FE Member, on the other hand (the "Member Executives") to engage in additional good faith discussions for an additional twenty (20) Business Days. If the Member Executives cannot reach resolution, then Deadlocks of a type identified on Schedule 4 shall be resolved in accordance with the procedures set forth thereon and with respect to any other Deadlocks, the action sought to be taken will not be taken.

(c) The arbitration provisions in Section 13.13 do not apply to any Deadlock except to the extent that it (i) relates to the interpretation of this Agreement or the respective rights and obligations of the Parties pursuant to this Agreement or (ii) is made applicable pursuant to Schedule 4.

ARTICLE II
MANAGEMENT

Section 2.1 Directors. Subject to the provisions of the Act and any limitations in this Agreement as to action required to be authorized or approved by the Members, the business and affairs of the Company shall be managed and all its powers shall be exercised by or under the direction of a board of directors (the "Board" and each duly appointed and continuing member thereof from time to time, a "Director"), and no Member, by virtue of having the status of a Member, shall have any management power over the business and affairs of the Company or any actual or apparent authority to enter into Contracts on behalf of, or to otherwise bind, the Company. Without prejudice to such general powers, but subject to the same limitations, the Board shall be empowered to conduct, manage and control the business and affairs of the Company and to make such rules and regulations therefor not inconsistent with applicable Law or this Agreement, as the Board shall deem to be in the best interest of the Company. Each Director is hereby designated as a "manager" of the Company within the meaning of Section 18-101 of the Act.

Section 2.2 Number of Directors; Director Appointment Rights.

(a) The authorized number of Directors constituting the Board shall be five (5) Directors, subject to any decrease effected pursuant to Section 2.2(c) or Section 2.2(e).

(b) The Investor Member shall, as of the Effective Date, be entitled to appoint or reappoint annually two (2) Directors. Directors appointed by the Investor Member are referred to herein as "Investor Directors." The appointment of any Investor Director shall be subject to the FE Member's prior written consent of the identity of such individual prior to his or her appointment (such consent not to be unreasonably withheld, delayed or conditioned); provided that the FE Member shall not have any such consent right over the appointment of any proposed Investor Director that is a Qualified Designee.

(c) Notwithstanding anything to the contrary in this Agreement, in the event that (i) the Investor Member's Common Percentage Interest decreases below 19.8% but is at least 9.9%, the Investor Member shall, concurrently with such decrease, designate one Investor Director for removal from the Board such that there is one (1) remaining Investor Director, and (ii) the Investor Member's Common Percentage Interest decreases below 9.9%, the remaining Investor Director shall be automatically removed from the Board concurrently with such decrease. If the Investor Member fails to so act concurrently with such decrease as set forth in clause (i), then the FE Member may designate (in the FE Member's sole discretion) for removal from the Board one Investor Director, such removal being effective immediately upon such designation.

(d) Subject to Section 2.2(e), the FE Member shall be entitled to appoint or reappoint annually three (3) Directors. Directors appointed by the FE Member are referred to herein as "FE Directors". The FE Member shall further be entitled to designate an FE Director to serve as the chairperson of the Board for so long as the FE Member is directly or indirectly the beneficial owner of at least a majority of the Common Membership Interests. Notwithstanding anything herein to the contrary, until the fifth (5th) anniversary of the Effective Date for so long as during such time period any Special Purpose Membership Interests remain outstanding and the FE Member remains entitled to appoint at least one (1) Director, at least one (1) of the FE Directors shall be annually designated for appointment to the Board collectively by the holders of the FE Member's Common Membership Interests and the holders of the Special Purpose Membership Interests based on the results of a vote of the FE Member's Common Membership Interests and the Members that are holders of the Special Purpose Membership Interests then outstanding (acting in their capacity as such), voting together as a single class, which vote shall be calculated in the manner set forth on Schedule 6.

(e) Notwithstanding anything to the contrary in this Agreement, in the event that (i) the FE Member is no longer directly or indirectly the beneficial owner of at least a majority of the Common Membership Interests but is the beneficial owner of at least 19.8% of the Common Membership Interests, the FE Member shall, concurrently with such decrease, designate one FE Directors for removal from the Board such that there are two (2) remaining FE Directors, (ii) the FE Member is no longer directly or indirectly the beneficial owner of at least 19.8% of the Common Membership Interests but is the beneficial owner of at least 9.9% of the Common Membership Interests, the FE Member shall, concurrently with such decrease, designate one or more FE Directors for removal from the Board such that there is one (1) remaining FE Director, and (iii) the FE Member is no longer directly or indirectly the beneficial owner of at least 9.9% of the Common Membership Interests, the remaining FE Director shall be automatically removed from the Board concurrently with such decrease. If the FE Member fails to so act concurrently with such decrease as set forth in clauses (i) and (ii), then the Investor Member may designate (in the Investor Member's sole discretion) for removal the number of FE Directors required to be removed from the Board had the FE Member elected the actions set forth in the immediately foregoing sentence, such removal or removals being effective immediately upon such designation.

(f) For so long the Investor Member is entitled to appoint an Investor Director, the Investor Member shall be further entitled to identify an individual (a "Designated Alternate") who is authorized to attend meetings of the Board (or meetings of Board committees)

in lieu of each Investor Director in the event that an Investor Director is unable to attend such meeting. A Designated Alternate will be entitled to exercise the powers of such Investor Director at such meetings, and will be subject to all of the responsibilities and obligations of an Investor Director hereunder at such meeting as if they were an Investor Director. The appointment of such Designated Alternate shall be subject to the FE Member's prior written consent of the identity of such individual prior to his or her appointment (such consent not to be unreasonably withheld, delayed or conditioned); provided that the FE Member shall not have any such consent right over the appointment of any proposed Designated Alternate that is a Qualified Designee. If a Designated Alternate is serving in lieu of an Investor Director at any Board or committee meeting, the Investor Member shall provide notice to the FE Member of this fact prior to the commencement of such meeting (which notice may be in the form of written notice, including by way of an email to the FE Directors, or an oral announcement by such Designated Alternate of such fact at the commencement of such meeting), and such notice shall be recorded in the minutes of such meeting. For the avoidance of doubt, (i) an Investor Director and its Designated Alternate may not both function as a Director at any meeting of the Board (or committee thereof), and (ii) any references to approval or notice by an Investor Director in this Agreement will be deemed to refer to an Investor Director, and not its Designated Alternate, except in respect of the voting on matters presented at the meeting at which such Designated Alternate is attending. In the event that a Designated Alternate is also a Board Observer, at any Board or committee meeting in which he or she is serving as an Investor Director pursuant to this Section 2.2(f), he or she shall be deemed to be serving only as an Investor Director and not as a Board Observer at such meeting.

Section 2.3 Removal of Directors. Any one or more Directors may be removed at any time, with or without cause, by the Member that appointed such Director, and except as provided in Section 2.2(c) and Section 2.2(e) may not be removed by any other means. If a Director is convicted by a court or equivalent tribunal of any felony (or equivalent crime in the applicable jurisdiction), or of any misdemeanor (or equivalent crime in the applicable jurisdiction) that involves financial dishonesty or moral turpitude, then the Member that appointed such Director shall, unless consented to by the other Member, promptly remove such Director. Delivery of a written notice to the Company by a Member designating for removal a Director appointed by such Member shall conclusively and with immediate effect constitute the removal of such Director, without the necessity of further action by the Company, the Board, or by the applicable removed Director. Each Director duly appointed by a Member pursuant to and in accordance with the provisions of Section 2.2 shall hold office until his or her resignation, death, permanent disability, removal pursuant to and in accordance with Section 2.2 or with this Section 2.3, or until a successor Director is duly appointed by the Member that appointed (and continues to be entitled to appoint) such Director.

Section 2.4 Vacancies. A vacancy shall be deemed to exist in case of the resignation, death, permanent disability or removal (other than due to any reduction in the size of the board pursuant to Section 2.2) of any Director. The Member entitled to appoint a Director to the vacant directorship may appoint or elect a Director thereto to take office (a) immediately, (b) effective upon the departure of the vacating Director, in the case of a resignation, or (c) at such other later time as may be determined by such Member.

Section 2.5 Acts of the Board. Except as otherwise expressly set forth in this Agreement (including Sections 8.1, 8.2 and 8.4), a vote of a majority of the Directors present at a duly called and noticed meeting of the Board at which a quorum is present shall be required to authorize or approve any action of the Board. Every act of or decision taken or made by the Directors pursuant to the vote required by this Section 2.5 shall be conclusively regarded as an act of the Board.

Section 2.6 Compensation of Directors. The Board shall have the authority to fix the compensation of Directors for their service to the Company, if any. For so long as the Investor Member's Common Percentage Interest is at least 30.0%, any such compensation decision made by the Board shall require the approval of each Investor Director. The Board shall also have the authority (but not the obligation) to reimburse Directors for expenses incurred for attendance at meetings of the Board or otherwise in connection with their respective service on the Board. Nothing herein shall be construed to preclude any Director from serving the Company in any other capacity and receiving compensation therefor. If approved by the Board, each Board Observer may be entitled to reimbursement for expenses incurred for attendance at meetings of the Board to the same extent as if he or she were a Director.

Section 2.7 Meetings of Directors; Notice. Except as provided pursuant to Section 2.10, meetings of the Board, both regular and special, for any purpose or purposes may be called at any time by the Board or by any Director, by providing at least seven (7) calendar days' written notice to each Director unless the chairperson of the Board determines, acting reasonably, that there is a significant and time sensitive matter that requires shorter notice to be given, in which case a meeting of the Board may be called by giving at least 48 hours' written notice to each Director. Each notice shall state the purpose(s) of and agenda for the meeting and include all required information, including dial-in numbers or other applicable access information, in order to participate in the meeting by telephonic means, over the internet or by means of any other customary electronic communications equipment. Unless otherwise agreed by unanimous consent of the Board, no proposal shall be put to a vote of the Board unless it has been listed on the agenda for such meeting. Notice of the time and place of meetings shall be delivered personally or by telephone to each Director, or sent by e-mail to any e-mail address of the Director in the records of the Company. Any notice given personally or by telephone shall be communicated to the applicable Director. A Director may waive the notice requirement set forth in this Section 2.7 by any means reasonable in the circumstances, including by communication to one or more other Directors, and the presence of a Director at a meeting or the approval by a Director of the minutes thereof shall conclusively constitute a waiver by such Director of such notice requirement.

Section 2.8 Quorum.

(a) Except as otherwise expressly set forth herein, the presence (whether physical, telephonic, over the internet or by means of other customary electronic communications equipment) of a majority of the number of Directors then serving on the Board, including each Investor Director, at a meeting of the Board shall constitute a quorum of the Board for the transaction of all business thereat; provided, that if quorum fails at an attempted meeting that is called with proper notice due to the failure of the Investor Director(s) to attend, then at the next attempted meeting only a majority of the number of Directors then serving on the

Board (without regard to the attendance of the Investor Director(s)) must be present in person, by telephone or other electronic means or by proxy in order to constitute a quorum for the transaction of business for purposes of considering only those matters that were included on the agenda for the attempted meeting immediately preceding such meeting.

(b) If a quorum is not present at any meeting of the Board, the Directors present at such meeting may adjourn the meeting, without notice other than announcement at the meeting, and the Board or Director that called for the meeting shall attempt to reschedule such meeting until a quorum is present.

Section 2.9 Place and Method of Meetings.

(a) Meetings of the Board may be held at any place, whether within or outside the State of Delaware or the State of Ohio, and meetings may be held, in whole or in part, by telephonic means, over the internet or by means of any other customary electronic communications equipment. The place at which (or, if applicable, the electronic communication methods by which) a meeting will be held may be specified in the applicable notice of the meeting; provided, that in the absence of such specification, or in the event that any Director objects to the place or electronic communication methods (if any) specified in the applicable notice, then the applicable meeting shall be held solely in physical presence at the principal executive office of the Company, it being understood that a Director may participate in the applicable meeting in accordance with Section 2.9(b).

(b) The Directors may participate in meetings of the Board by telephonic means, over the internet or by means of any other customary electronic communications equipment, and, to the fullest extent permitted by applicable Law, shall be deemed to be present at such meeting for all purposes, including for purposes of determining quorum and of voting.

Section 2.10 Action by the Board Without a Meeting. Any action required or permitted to be taken by the Board may be taken without a meeting if a number of Directors the vote of whom would be minimally necessary to approve such action at a meeting of the Board shall individually or collectively consent in writing to such action; provided, however, that, if (a) one or more Investor Directors are serving on the Board at the time of such written action, (b) the subject matter of such written action had not previously been addressed during a duly called and noticed meeting of the Board at which quorum was present, and (c) no Investor Director joins such written action, then, in such case, the written action shall not be effective until 48 hours after the Secretary of the Company has notified all then-serving Investor Directors of such action, it being understood that, during such 48-hour period, any Investor Director shall be entitled to call a special meeting of the Board (to be held within such period and solely telephonically, over the internet or by means of other customary electronic communications equipment) for purposes of discussing with the Board the subject matter of such written action (without regard, for purpose of such discussion, to whether a quorum is present to constitute a duly convened meeting of the Board). Notwithstanding the foregoing, (x) no action set forth in this Agreement (including Section 8.1, Section 8.2 or Section 8.4) that requires the consent of the Investor Member shall be effected by written action entered into pursuant to this Section 2.10 without the Investor Member's consent and (y) no action set forth in this Agreement that requires that consent of any Investor Director shall be effected by written action entered into pursuant to

this Section 2.10 without the consent of such Investor Director(s). Any written actions of the Board may be in counterparts and transmitted by e-mail and shall be filed with the minutes of the proceedings of the Board. Such written actions shall have the same force and effect as a vote of the Board.

Section 2.11 Duties of Directors. Each member of the Board shall have fiduciary duties identical to those of directors of a business corporation organized under the General Corporation Law of the State of Delaware; provided, however, that the Members acknowledge and agree that the enforcement or exercise by the Investor Member of any of its rights under Section 8.1, Section 8.2 or Section 8.4 shall in no event constitute a violation of the fiduciary duties of the Investor Director(s) or the Investor Member, which are hereby disclaimed in all respects with respect thereto. The provisions of this Agreement, to the extent that they expand or restrict the duties and liabilities of the Board, otherwise existing at law or in equity, are agreed by the Members to replace such other duties and liabilities of the Board.

Section 2.12 Committees.

(a) The Board may create one or more committees of the Board, delegate responsibilities, duties and powers to such one or more committees, and appoint Directors to serve thereon; provided, that, for so long as the Investor Member is entitled to appoint an Investor Director, such Investor Director(s) shall be entitled to be a member of any such committee(s). Each Director appointed to serve on any such committee shall serve at the pleasure of the Board, or otherwise in accordance with the terms of the resolution designating the applicable committee. Section 2.4, Section 2.7, Section 2.8, Section 2.9 and Section 2.10 shall each apply to any committee of the Board with the same terms applicable to the Board, *mutatis mutandis*.

(b) For so long as the Investor Member's Common Percentage Interest is at least 30.0%, the Board shall cause the Company to establish and maintain an advisory committee to the Board (the "Advisory Committee") consisting of (i) the appropriate members of Company management primarily responsible for the applicable subject areas of the Advisory Committee and (ii) one or more individuals appointed by each Member. The Advisory Committee shall meet monthly but only in months in which a meeting of the Board is not scheduled to occur, and the FE Directors, Investor Directors, and Board Observers shall be entitled to attend such meetings; provided that attendance at such meetings by all or a requisite number of Directors constituting a quorum thereof shall not, in and of itself, constitute a waiver of the notice and agenda requirements for Board meetings set forth in Section 2.9(a) or otherwise cause such Advisory Committee meetings to be deemed meetings or actions of the Board. The Advisory Committee shall initially discuss, among other things, the capital expenditures, financing, budget, and treasury matters, and rate base and regulatory matters. For the avoidance of doubt, the Advisory Committee shall have only an advisory role to the Board, and shall not be delegated any authority of the Board or otherwise be empowered to take binding action.

Section 2.13 Investor Member Board Observers.

(a) For so long as the Investor Member's Common Percentage Interest is at least 30.0%, the Investor Member shall be entitled to appoint up to a total of four (4) individuals

to serve as an observer of the Board (any such individual, a "Board Observer"), which individuals shall be Representatives of the Investor Member and the identity of whom shall be subject to the prior written consent of the FE Member (such consent not to be unreasonably withheld, delayed or conditioned); provided, that the FE Member shall not have any such consent right over the appointment of any proposed Board Observer that is a Qualified Designee.

(b) In the event that, and for so long as, the Investor Member's Percentage Interest decreases such that the Investor Member's Common Percentage Interest is:

i. at least 15.0% but less than 30.0%, then the Investor Member shall be entitled to appoint up to three (3) Board Observers.

ii. at least 9.9% but less than 15.0%, then the Investor Member shall be entitled to appoint up to two (2) Board Observers.

iii. at least 5.0% but less than 9.9%, then the Investor Member shall be entitled to appoint one (1) Board Observer.

iv. less than 5.0%, then the Investor Member shall not be entitled to appoint any Board Observers.

Concurrently with any such decrease in the Investor Member's Percentage Interest, the Investor Member shall remove the numbers of Board Observer(s) such that the total number of Board Observers complies with this Section 2.13(b). If the Investor Member fails to so act concurrently with such decrease, then the FE Member may designate (in the FE Member's sole discretion) for removal the number of Board Observers required to be removed as Board Observers had the Investor Member elected the actions set forth in the immediately foregoing sentence, such removal or removals being effective immediately upon such designation.

(c) The Board Observer(s) shall have the right to receive notice of, attend and participate in all meetings of the Board (and any committee thereof) and to receive all information provided to Directors at the same time and in the same manner as provided to such Directors; provided, however, that the Company and the Board will be entitled to withhold access to any portion of the information and to exclude the Board Observer(s) from any portion of any meeting of the Board (or any committee thereof) if the Company or the Board determines in good faith in reliance upon the advice of counsel that access to such information or attendance at such meeting (i) is reasonably necessary to preserve an attorney-client privilege of the Company or the Board or (ii) otherwise implicates any conflict of interest between the Investor Member and a particular matter or transaction under consideration by the Board; provided, further, that the Investor Member shall be notified of any intent to exclude the Board Observer(s) in reliance on clause (ii) above in advance of any meeting from which any Board Observer is to be excluded; provided, further, that, any Board Observer(s) that is excluded shall only be excluded for such portion of the meeting during which such matter or transaction is being discussed. For the avoidance of doubt, the Board Observer(s) shall not have any voting rights with respect to any matter brought before the Board and shall not be counted in any manner with respect to whether a quorum is present at a meeting of the Board, and (without limiting the Company's obligations to provide the Board Observer(s) with notice of meetings of the Board and any committee thereof as set forth in this Section 2.13) no defect in the provision of notice to

the Board Observer(s) of any meeting of the Board shall be construed to constitute a defect in the provision of notice to Directors. In the event that any Board Observer is also the Designated Alternate and, in such capacity, he or she is serving at a Board or committee meeting as an Investor Director pursuant to Section 2.2(d), the Investor Member shall not be entitled to appoint an additional individual to serve as a replacement Board Observer to exercise the rights and duties of such Board Observer for that meeting. The Board Observer(s) shall be bound by the same confidentiality obligations as the Directors as set forth in Section 9.4. The Investor Member may cause the Board Observer(s) to resign or appoint a replacement Board Observer(s) from time to time by giving written notice to the Company. In the event that the Investor Member's Common Percentage Interest becomes less than 5.0%, the Investor Member's rights under this Section 2.13 shall immediately cease. For the avoidance of doubt, the sole purpose of this Section 2.13 is to provide observation rights (subject to the limitations and conditions set forth in this Section 2.13) to individual Representatives of the Investor Member, and in no event will any Board Observer be construed to be a third-party beneficiary of this Agreement, an agent of the Company of any kind or for any purpose, or have any other claim against the Company or the Members in relation to any matter whatsoever.

Section 2.14 Related Party Matters.

(a) Subject to the penultimate sentence of this Section 2.14(a), all transactions (including corporate allocations) between any member of the FE Outside Group, on the one hand, and the Company Group, on the other hand (such transactions, "Affiliate Transactions"), shall be (i) entered into and carried out in a manner that, except as may be required by any applicable Law, is (A) consistent with past practices and the corporate allocation and affiliate transaction policies of the FE Outside Group and the Company Group in effect at such time and (B) on terms and conditions that are commercially reasonable with respect to the subject matter thereof, and (ii) entered into and carried out in accordance with the requirements of any applicable Law (including, for the avoidance of doubt, on such terms and conditions as may be required to obtain the approval of the applicable Governmental Body in respect of such transaction). Notwithstanding anything to the contrary in this Agreement, except as required by applicable Law, the FE Member shall ensure during the term of this Agreement that any methodologies used to allocate costs to the Company Group (A) are and will be consistently applied to other members of the FE Outside Group in a manner that does not have a disproportionate adverse impact on the Company or any of its Subsidiaries as compared to any member of the FE Outside Group and (B) would not result in any fines or penalties that are imposed on any member of the FE Outside Group being allocated to the Company or any of its Subsidiaries. For so long as the Investor Member's Common Percentage Interest is at least 30.0%, to the extent any (x) cost incurred outside of the ordinary course of business or inconsistent with past practices under any cost allocation methodology or (y) change to any cost allocation methodology results in any material costs being disallowed under any applicable regulatory revenue requirement of the Subsidiaries of the Company and the incurrence of such cost or such cost allocation methodology change is not otherwise required under applicable Law or necessary to avoid an Affiliate Transaction Default, the prior written consent of the Investor Member shall be required for such cost incurrence or change.

(b) Subject to the Investor Member's approval rights under Sections 2.14(a), 8.1, 8.2 and 8.4, the Members acknowledge and agree that (i) the Company

Group and the FE Outside Group have, prior to the Effective Date, engaged in Affiliate Transactions, and will, pursuant to and in accordance with the provisions of Section 2.14(a), from and after the Effective Date, engage in Affiliate Transactions, and (ii) services provided by any member of the FE Outside Group to any member of the Company Group as of the Effective Date pursuant to (A) that certain Service Agreement among FirstEnergy Service Company, certain other members of the FE Outside Group and the Company, dated February 25, 2011, (B) that certain Service Agreement among certain members of the FE Outside Group and certain Subsidiaries of the Company, dated January 31, 2017, and (C) that certain Revised Amended and Restated Mutual Assistance Agreement among certain members of the FE Outside Group and certain Subsidiaries of the Company, dated January 31, 2017, in each case, will continue in the ordinary course of business consistent with past practice (provided that the agreements described in clauses (B) or (C) may be amended, supplemented or replaced from time to time, provided, further, that, in any such case, any required consent, vote or other approval of the Investor Member or Investor Directors (as applicable hereunder) has been obtained in respect thereof).

(c) To ensure corporate separateness from the FE Member and other members of the FE Outside Group, the Company, together with its Directors and officers, shall take or refrain from taking, as the case may be, and cause the Company's Subsidiaries to take or refrain from taking, as the case may be, the following actions (in each case, in a manner and to the extent consistent with the Company Group's and the FE Outside Group's respective past practices and to the extent consistent with applicable Law):

(i) at all times hold itself out to the public and other Persons as a legal entity separate from the FE Member and the other members of the FE Outside Group;

(ii) correct any known material misunderstanding regarding its identity as an entity separate from any FE Outside Group member;

(iii) observe appropriate organizational procedures and formalities;

(iv) maintain accurate books, financial records and accounts, including checking and other bank accounts and custodian and other securities safekeeping accounts, that are separate and distinct from those of the FE Member and the other members of the FE Outside Group;

(v) maintain its books, financial records and accounts in a manner such that it would not be difficult or costly to segregate, ascertain or otherwise identify the Company Group's assets and liabilities from those of the FE Outside Group;

(vi) not enter into any pledge, encumbrance or guaranty, or otherwise become intentionally liable for, or pledge or encumber its assets to secure the liability, debts or obligations of the FE Member or any other member of the FE Outside Group;

(vii) not hold out its credit as being available to satisfy the debts or obligations of the FE Member or any other member of the FE Outside Group;

(viii) (A) pay its own liabilities, expenses and losses only from its own assets, and (B) compensate all Advisors and other agents from its own funds for services provided to it by such Advisors and other agents;

(ix) cause its Representatives to (A) hold themselves out to Third Parties as being the Representatives, as the case may be, of the Company or the applicable member of the Company Group (it being understood that the Company Group need not have its own dedicated employees), and (B) refrain from holding themselves out as Representatives of any member of the FE Outside Group (in connection with any duties performed for, or otherwise in relation to, any member of the Company Group);

(x) maintain separate annual financial statements for the Company Group, showing the Company Group's (or its respective members') assets and liabilities separate and distinct from those of any member of the FE Outside Group (it being understood that nothing herein shall prohibit the consolidation of such financial statements with the "affiliated group" (as defined in Section 1504(a) of the Code) of which the FE Member is the common parent); and

(xi) pay or bear the cost of the preparation of its financial statements, and have such financial statements audited by an independent certified public accounting firm.

(d) In the event the Company and/or the FE Member becomes aware of any material breach or material default (it being understood that, for purposes of this clause (d), a breach or default will be deemed to be "material" if (x) the reasonably expected amount of damages that would be sustained by the Company and its Affiliates as a result of such breach or default, or series of related breaches or defaults, would exceed $20,000,000 in the aggregate or (y) the breach or default would otherwise be material to the Company or any of its Subsidiaries, by any member of the Company Group or FE Outside Group under any Affiliate Transaction (an "Affiliate Transaction Default"), the Company and/or the FE Member, as applicable, shall promptly, but in any event within five (5) Business Days after becoming aware of such Affiliate Transaction Default, send a written notice (a "Default Notice") to the Company and the Investor Member setting forth in reasonable detail the nature of such Affiliate Transaction Default and the reasonable estimate of the current and future anticipated losses associated with such Affiliate Transaction Default with supporting calculations (to the extent feasible to make a reasonable estimate at such time). After delivery of such Default Notice to the Investor Member, the Company (and, if the Company did not provide the Default Notice, the FE Member) shall promptly provide the Investor Member with any additional information reasonably requested by the Investor Member relating to such Affiliate Transaction Default. The defaulting party under such Affiliate Transaction shall have until the expiration of the applicable cure period in respect of such Affiliate Transaction to fully cure any monetary or non-monetary Affiliate Transaction Default, subject to and consistent with applicable Law. In the event that any material alleged Affiliate Transaction Default is not timely cured in accordance with the preceding sentence, the Investor Member shall have the sole right to cause the Company and its Subsidiaries to take, or refrain from taking, any actions in connection with the enforcement of or compliance with the rights or obligations of the Company or any of its Subsidiaries under the terms of the applicable Affiliate Transaction, including the commencement of any litigation, proceeding or other action

on behalf of the Company or any of its Subsidiaries against the applicable member(s) of the FE Outside Group.

ARTICLE III
OFFICERS

Section 3.1 Appointment and Tenure.

(a) The Board may, from time to time, designate officers of the Company to carry out the day-to-day business of the Company; provided, that, for so long as the Investor Member holds at least a 30.0% Common Percentage Interest, any Board determination of any officer designation or removal pursuant to this Section 3.1 shall require the approval of each Investor Director.

(b) The officers of the Company shall be comprised of one or more individuals designated from time to time by the Board. Each officer shall hold his or her office for such term and shall have such authority and exercise such powers and perform such duties as shall be determined from time to time by the Board. Any number of offices may be held by the same individual. The salaries or other compensation, if any, of the officers shall be fixed from time to time by the Directors.

(c) The officers of the Company may consist of a president, a secretary and a treasurer. The Board may also designate one or more vice presidents, assistant secretaries and assistant treasurers. The Board may designate such other officers and assistant officers and agents as the Board may deem necessary or appropriate.

Section 3.2 Removal. Any officer may be removed as such at any time by the Board, either with or without cause, in its discretion.

Section 3.3 President. The president, if one is designated, shall be the chief executive officer of the Company, shall have general and active management of the day-to-day business and affairs of the Company as authorized from time to time by the Board, and shall be authorized and directed to implement all actions, resolutions, initiatives and business plans adopted by the Board.

Section 3.4 Vice Presidents. The vice presidents, if any are designated, in the order of their election, unless otherwise determined by the Board, shall, in the absence or disability of the president, perform the duties and have the authority and exercise the powers of the president. They shall perform such other duties and have such other authority and powers as the Board may from time to time prescribe.

Section 3.5 Secretary; Assistant Secretaries. The secretary, if one is designated, shall perform such duties and have such powers as the Board may from time to time prescribe. The assistant secretaries, if any are designated, and unless otherwise determined by the Board, shall, in the absence or disability of the secretary, perform the duties and exercise the powers of the Secretary. They shall perform such other duties and have such other powers as the Board may from time to time prescribe.

Section 3.6 Treasurer; Assistant Treasurers. The treasurer, if one is designated, shall have custody of the Company's funds and securities and shall keep full and accurate accounts and records of receipts, disbursements and other transactions in books belonging to the Company, and shall deposit all moneys and other valuable effects in the name and to the credit of the Company in such depositories as may be designated from time to time by the Board. The treasurer shall disburse the funds of the Company as may be ordered by the Board, taking proper vouchers for such disbursements, and shall render the president and the Board, when so directed, an account of all of his or her transactions as treasurer and of the financial condition of the Company. The treasurer shall perform such other duties and have such other powers as the Board may from time to time prescribe. If required by the Board, the treasurer shall give the Company a bond of such type, character and amount as the Board may require. The assistant treasurers, if any are designated, unless otherwise determined by the Board, shall, in the absence or disability of the treasurer, perform the duties and exercise the powers of the treasurer. They shall perform such other duties and have such other powers as the Board may from time to time prescribe.

ARTICLE IV
DEFAULT; DISSOLUTION

Section 4.1 Events of Default. The following shall constitute events of default (each, an "Event of Default") by the applicable Member under this Agreement:

(a) any material breach of this Agreement by such Member;

(b) any failure by any Member that is a holder of Common Membership Interests (acting in its capacity as such) to make any Additional Funding Requirement pursuant to and in accordance with a Capital Request Notice issued pursuant to Section 5.1 if such Member indicated it would do so in its Response To Capital Call but then failed to do so within the time period specified in Section 5.1;

(c) any purported Transfer by such Member made other than pursuant to and in accordance with the terms and conditions of this Agreement; and

(d) the filing of a petition seeking relief, or the consent to the entry of a decree or Order for relief in an involuntary case, under the bankruptcy, rearrangement, reorganization or other debtor relief Laws of the United States or any state or any other competent jurisdiction or a general assignment for the benefit of its creditors by such Member or by any of its controlling Affiliates.

Section 4.2 Default Notice. If an Event of Default occurs, then any Member (other than the Member subject to the Event of Default (the "Defaulting Member")) may deliver to the Company and to the Defaulting Member a notice of the occurrence of such Event of Default, setting forth the circumstances of such Event of Default. The provisions of this Agreement applicable to a "Defaulting Member" shall apply to such Defaulting Member from and after the delivery of such notice until the Event of Default and the material effects thereof have been cured (if capable of being so cured).

Section 4.3 Dissolution.

(a) Subject to obtaining the requisite authorization, approval or consent of any Governmental Body, the Company shall dissolve, and its affairs shall be wound up, upon either (i) the approval by the Board and the written consent of all of the Members or (ii) the entry of a decree of judicial dissolution under Section 18-802 of the Act (each, an "Event of Dissolution").

(b) Upon the occurrence of an Event of Dissolution, the Company will continue solely for the purposes of winding up its affairs in an orderly manner, liquidating its assets and satisfying the claims of its creditors and the Members. No Member, acting in its capacity as such, will take any action that is inconsistent with, or not necessary to or appropriate for, the winding up of the Company's business and affairs. All covenants contained and obligations provided for in this Agreement will continue to be fully binding upon the Members until such time as the property of the Company has been distributed pursuant to Section 5.3 and the certificate of formation of the Company has been canceled pursuant to the Act.

(c) After the occurrence of an Event of Dissolution, and after all of the Company's debts, liabilities and obligations have been paid and discharged or adequate reserves have been made therefor and all of the remaining assets of the Company have been distributed to the Members, the Company shall make necessary resolutions and filings to dissolve the Company under the Act.

ARTICLE V
CAPITAL CONTRIBUTIONS; DISTRIBUTIONS

Section 5.1 Capital Contributions.

(a)

(i) For as long as the Investor Member's Common Percentage Interest is 30.0% or greater, if the Board determines that it is in the best interests of the Company to obtain additional equity capital for purposes of (x) funding payments required to be made within the succeeding ninety (90) day period for expenditures as contemplated in the Annual Approved Budget and to the extent making such payments is not otherwise covered on commercially reasonable terms by the Company's available liquidity, (y) complying with applicable Law, or (z) funding any Emergency Expenditures, then the Board may direct the Company to submit to the Members that are holders of Common Membership Interests (in their capacity as such) a written capital funding request notice (a "Capital Request Notice").

(ii) In the event that the Investor Member's Common Percentage Interest falls below 30.0%, if the Board determines that it is in the best interests of the Company to obtain additional equity capital for purposes of (w) developing, acquiring or maintaining Qualifying Core Assets or funding ordinary course operations of the Company Business, (x) satisfying the Company's obligations to Third Parties (including in respect of the Indebtedness of the Company Group), (y) complying with applicable Law or (z) funding any Emergency Expenditures, then the Board may direct the Company to submit to the Members that are holders of Common Membership Interests (in their capacity as such) a Capital Request Notice.

(iii) Notwithstanding the foregoing, if the Board determines that it is in the best interests of the Company to obtain additional equity capital for any other purpose, the Board may direct the Company to submit to the Members that are holders of the Common Membership Interests (in their capacity as such) a Capital Request Notice; provided that, for so long as the Investor Member is entitled to designate a Director for appointment to the Board pursuant to Section 2.2(b), any such determination of the Board shall require the approval of each Investor Director(s).

(iv) Any such determination by the Board to submit a Capital Request Notice pursuant to this Section 5.1(a)(i) shall be referred to herein as an "Additional Funding Requirement."

(b) Any Capital Request Notice shall set forth (A) the anticipated amount of, and the reason for, such Additional Funding Requirement, (B) each Member's requested share of such Additional Funding Requirement, which with respect to each Member shall equal such Member's Common Percentage Interest multiplied by the aggregate amount of the Additional Funding Requirement (such share, the "Pro Rata Request Amount") and (C) the funding date for such Additional Funding Requirement (the "Capital Request Funding Date"), which Capital Request Funding Date shall not be earlier than thirty (30) days following the date on which such Capital Request Notice is delivered to the Members that are holders of Common Membership Interests (in their capacity as such). Subject to the express provisions of this Article V, each Member may, but shall not be obligated to, contribute its Pro Rata Request Amount as called for in the applicable Capital Request Notice (which contribution will be on account of, and credited in the books and records of the Company as a capital contribution made by, such Member as the holder of its Common Membership Interests). Upon the receipt of a Capital Request Notice, each Member shall, within fifteen (15) days of such receipt, provide written notice to the Company and the other Members as to the extent to which such Member intends to fund its Pro Rata Request Amount, whether in whole, in part or not at all (a "Response To Capital Call"). If one Member indicates in its Response To Capital Call that it does not intend to fund its Pro Rata Request Amount in full, and any other Member had, prior thereto, submitted a Response To Capital Call indicating that it intends to fund a greater percentage of its Pro Rata Request Amount, then such other Member will be entitled to amend its Response To Capital Call to reduce its percentage funding to an amount representing a percentage of its Pro Rata Request Amount not less than the lower percentage indicated in the other Member's Response To Capital Call. For the avoidance of doubt, (X) no Member shall have any obligation to fund any Additional Funding Requirement pursuant to this Section 5.1 unless such Member indicates that it will do so in its Response To Capital Call and (Y) a Member shall only have an obligation to, and may only, fund any Additional Funding Requirement pursuant to this Section 5.1 in such Member's capacity as a holder of Common Membership Interests.

(c) If any Member refuses or fails to make all or any portion of its Pro Rata Request Amount pursuant to this Section 5.1 on or prior to the applicable Capital Request Funding Date (such Member, the "Non-Contributing Member", and the unfunded amount, the "Unfunded Amount"), then the Company shall provide written notice thereof to the Members that are holders of the Common Membership Interests (in their capacity as such) (the "Contribution Unfunded Amount Notice"), and:

(i) Excess Contribution. To the extent that the Non-Contributing Member contributes a portion (but less than all) of its Pro Rata Request Amount, and another Member (the "Over-Contributing Member") has contributed a greater percentage of its Pro Rata Request Amount than the Non-Contributing Member, the Over-Contributing Member shall have the right to elect (which election shall be made by written notice to the Company and the other Members no later than ten (10) Business Days following the date of the Contribution Unfunded Amount Notice) to (A) receive a special distribution of the amount of such excess (the "Excess Contribution"), such that the Excess Contribution is returned to the Over-Contributing Member (and the Company shall cause such special distribution to be made as promptly as practicable), (B) have the portion of such Excess Contribution that would have been the Non-Contributing Member's share thereof treated as a loan to the Company (consistent with the methodology in clause (ii)(A), below), or (C) have the portion of such Excess Contribution that would have been the Non-Contributing Member's share thereof treated as a contribution to capital (consistent with the methodology in clause (ii)(B) below).

(ii) Top-Up Right. A Member that has paid its full Pro Rata Request Amount (the "Contributing Member") shall have the right (but not the obligation) to elect (which election shall be made by written notice to the Company and the other Members no later than ten (10) Business Days following the receipt of the Contribution Unfunded Amount Notice) to contribute any portion of the Unfunded Amount in accordance with this Section 5.1(c) either (A) as a loan to the Company, or (B) as a capital contribution to the Company (or as any combination thereof as the Contributing Member elects) in accordance with the following procedures:

(A) Loan. The Contributing Member may elect to advance all or a portion of the Unfunded Amount to the Company on behalf of the Non-Contributing Member, which advance shall be treated as a loan by the Contributing Member to the Company (an "Unfunded Amount Loan") at an interest rate equal to the highest interest rate payable on any subordinated third-party debt of any member of the Company Group then outstanding. Subject to the terms of this Agreement, each Unfunded Amount Loan shall be repaid out of any subsequent distributions made pursuant to Section 5.2 to which the Non-Contributing Member would otherwise be entitled under this Agreement, and such payments shall be applied first to the payment of accrued but unpaid interest on each such Unfunded Amount Loan and then to the payment of the outstanding principal, until such Unfunded Amount Loan is paid in full.

(B) Capital Contribution. The Contributing Member may elect to contribute an amount equal to all or a portion of the Unfunded Amount to the Company. If the Contributing Member elects to contribute to the Company all or a portion of the Unfunded Amount, then, on or after the earlier of the date that the Non-Contributing Member indicates it will not cure the failure to fund its full Pro Rata Request Amount and the thirtieth (30^{th}) day following the date of the Contribution Unfunded Amount Notice, the Company shall issue to the Contributing Member the amount of additional Common Membership Interests that can be purchased for such funded amount at a price per Common

Membership Interest equal to 90.0% of the Fair Market Value of the Company (measured as of the date that such contribution is to be made) per Common Membership Interest, and the Contributing Member's and the Non-Contributing Member's respective Common Percentage Interests will be adjusted accordingly.

(C) Cure Right. Notwithstanding anything to the contrary in this Section 5.1, on or before the thirtieth (30th) day following the date of the Contribution Unfunded Amount Notice, a Non-Contributing Member may make a contribution to the Company equal to the sum of the Unfunded Amount plus, if the Contributing Member already made an Unfunded Amount Loan in respect of such Unfunded Amount, any interest accrued on the Unfunded Amount Loan, following which (1) the Unfunded Amount advanced by the Contributing Member to the Company together with any such interest shall be paid to the Contributing Member, and (2) the former Non-Contributing Member shall be deemed to have cured its failure to pay the Pro Rata Request Amount prior to the Capital Request Funding Date with respect to the applicable Capital Request Notice.

(d) If the Non-Contributing Member refuses or fails to make its full Pro Rata Request Amount pursuant to this Section 5.1 on or prior to the applicable Capital Request Funding Date and the Contributing Member has not fully funded the Unfunded Amount in accordance with Section 5.1(c) then on or after the thirtieth (30th) day following the date of the applicable Contribution Unfunded Amount Notice, the Board may authorize (which, for so long as the Investor Member's Common Percentage Interest is at least 30.0%, such authorization by the Board shall require the approval of each Investor Director if the Non-Contributing Member is the FE Member) the Company to seek additional equity funds on commercially reasonable terms from a Third Party in an amount up to the difference between the total Additional Funding Requirement requested and the total funds received by the Company from the Non-Contributing Member and the Contributing Member (including any additional funds that the Contributing Member may have contributed pursuant to Section 5.1(c)), and to issue Membership Interests to Third Parties in connection therewith pursuant to this Section 5.1(d). If the Board determines to seek additional equity funds from and issue Common Membership Interests to a Third Party pursuant to this Section 5.1(d), then the Company must consummate such issuance within 180 days following the Capital Request Funding Date. If such issuance is not consummated within such 180-day period, then the Company's right to so issue Common Membership Interests to a Third Party in connection with the applicable Additional Funding Requirement shall be lapsed, and the Company shall not thereafter issue any Common Membership Interests to a Third Party in connection with such Additional Funding Requirement; provided that, if a definitive agreement providing for such issuance is executed prior to the expiration of such 180-day period but the issuance has not been consummated at the expiration of such period solely as a result of a failure to receive the requisite authorization, approval or consent of any Governmental Body in respect of such issuance, then such period shall be extended solely to the extent necessary to permit the receipt of all such authorizations, approvals or consents which are in process but have not been received from the relevant Governmental Body as of such original expiration date and the consummation of the issuance provided

for in such definitive agreement; provided, further, that the Company shall have used its reasonable best efforts in seeking such authorizations, approvals and consents. Upon the completion of such issuance of Common Membership Interests pursuant to this Section 5.1(d), the Company shall give written notice to the Members of such issuance, which notice shall specify (i) the total number of new Common Membership Interests issued, (ii) the price per Common Membership Interest at which the Company issued the Membership Interests, and (iii) any other material terms of the issuance. Upon the issuance of new Common Membership Interests pursuant to this Section 5.1(d), the Contributing Member's and Non-Contributing Member's respective Common Percentage Interests will be adjusted accordingly. For the avoidance of doubt, any issuance of Membership Interests to Third Parties pursuant to this Section 5.1(d) shall only be of Common Membership Interests, and no such issuance of Membership Interests to Third Parties in connection therewith may be made of Special Purpose Membership Interests.

(e) In the event that the Investor Member refuses or fails to fund all or any portion of its share of an Additional Funding Requirement pursuant to this Section 5.1 on or prior to the applicable Capital Request Funding Date in respect of two Additional Funding Requirements, subject to Section 5.1(c)(ii)(C), from and after the occurrence of the second such failure or refusal by the Investor Member, the FE Member may (but is not required to), at its option at any time, acquire all (but not less than all) of the Membership Interests held by the Investor Member (the "Call Right") by giving written notice (the "Call Notice") to the Investor Member of its election to exercise the Call Right; provided, that, the Investor Member shall have 60 days following the Call Notice to cure the most recent such failure to fund. The purchase price payable by the FE Member in connection with the exercise of the Call Right shall be equal to the product of (i) 90.0% of the Fair Market Value of the Company (measured as of the date of the delivery of the Call Notice to the Investor Member) multiplied (ii) by a fraction, (A) the numerator of which is the number of Membership Interests that the Investor Member owns at such time and (B) the denominator of which is the total number of Membership Interests then outstanding (the amount equal to such product, the "Call Exercise Price"). If the Call Right is exercised by the FE Member, each of the Parties shall take all actions as may be reasonably necessary to consummate the transactions contemplated by this Section 5.1(c) as promptly as practicable, but in any event not later than 30 days after, or, if the Investor Member indicates its intent to cure its funding failure prior to such 30th day, 60 days after, the delivery of the Call Notice (such period, the "Call Consummation Period"), including entering into agreements and delivering certificates and instruments and consents as may be deemed necessary. If the Investor Member fails to take all actions necessary to consummate the Transfer of the Membership Interests held by it in accordance with this Section 5.1(c) prior to the expiration of the Call Consummation Period, then the Investor Member shall be deemed to be in material breach of this Agreement for purposes of Article IV and for all other purposes hereunder, and shall be deemed to have granted (and hereby grants, contingent only on the occurrence of such failure) an irrevocable appointment of any Person nominated for the purpose by the FE Member to be the Investor Member's agent and attorney to execute all necessary documentation and instruments on its behalf to Transfer the Investor Member's Membership Interest to the Company as the holder thereof, in each case consistent with the provisions of this Section 5.1(e). At the consummation of any purchase and sale

pursuant to this Section 5.1(e), the Investor Member shall sell to the FE Member all of the Membership Interests owned by the Investor Member in exchange for the Call Exercise Price. Contemporaneously with its receipt from the FE Member of the Call Exercise Price, the Investor Member shall Transfer to the FE Member all of the Membership Interests owned by the Investor Member, free and clear of all Liens. The Members and the Company acknowledge and agree that they shall cooperate reasonably to obtain any necessary authorization, approval or consent of any Governmental Body to consummate the transactions contemplated by this Section 5.1(e).

(f) It is hereby acknowledged by the Parties that the FE Member has made the MAIT Class B Contribution effective as of the date hereof for the issuance from the Company of Special Purpose Membership Interests constituting a 100% Special Percentage Interest. Except for the MAIT Class B Contribution, no Member that is a holder of Special Purpose Membership Interests (acting in such capacity) has made or shall make, or shall be required or permitted to make, whether pursuant to a written capital funding request notice from the Company or otherwise, any additional capital contributions to the Company on account of its ownership of Special Purpose Membership Interests.

Section 5.2 Distributions Generally; Support Payments.

(a) Except as otherwise provided herein and subject to Section 5.2(c), Section 5.2(d) and the Act, no later than sixty (60) days after the end of each fiscal quarter, (i) for as long as the Investor Member's Common Percentage Interest is 30.0% or greater, the Company shall make distributions in cash to the Members that are holders of the Common Membership Interests (in their capacity as such) of all of the Company's Available Limited Discretion Cash in respect of such fiscal quarter, and (ii) in the event that the Investor Member's Common Percentage Interest falls below 30.0%, the Company shall make distributions in cash to the Members that are holders of the Common Membership Interests (in their capacity as such) of all the Company's Available Cash in respect of such fiscal quarter. The Company may make such other more frequent distributions (including interim distributions) to the Members that are holders of the Common Membership Interests (in their capacity as such) at such times and in such amounts as the Board may determine; provided, that, for so long as the Investor Member holds at least a 30.0% Common Percentage Interest, any such determination of the Board shall require the approval of each Investor Director; provided, further, that the Company shall only make distributions of any MAIT Class B Distributable Amounts (or any amounts that should be properly classified as MAIT Class B Distributable Amounts) in accordance with Section 5.2(b); provided, further, that except as set forth in Section 5.2(b) or in accordance with Section 5.3, no Member in its capacity as a holder of Special Purpose Membership Interests shall be entitled to, and no Member in its capacity as a holder of Special Purpose Membership Interests shall receive, any distributions from the Company on account of such holder's Special Purpose Membership Interests.

(b) Except as otherwise provided herein and subject to Section 5.2(c), Section 5.2(d) and the Act, for so long as any Special Purpose Membership Interests remain outstanding, as promptly as practicable (and in any event no later than two (2) Business Days) after each time that MAIT has made a validly authorized distribution to its equity holders in accordance with

MAIT's Organizational Documents and applicable Law, the Company shall make distributions in cash to the Members that are holders of the Special Purpose Membership Interests (in their capacity as such) of all of the Company's MAIT Class B Distributable Amounts.

(c) Except as otherwise provided herein, all distributions shall be paid to the Members only in cash and in the same proportion as their respective Common Percentage Interest or Special Percentage Interest, as applicable; provided that, in the case of distributions to be paid in respect of any period during which the applicable Common Percentage Interest or Special Percentage Interest, as applicable, of the Members changed, such distributions shall be prorated to reflect the Percentage Interest of the Members on each day of such measurement period, and the Company and the Members shall take such action as necessary to effectuate such proration.

(d) Notwithstanding the terms of this Section 5.2 and any other provision of this Agreement, (i) the Company shall not make any distribution to any Member on account of its Membership Interests to the extent such distribution would violate the Act, other applicable Law, and (ii) a Member may direct the payment of part or all of any distribution to another Person by providing written notice of such direction to the Company.

Section 5.3 Distributions upon the Occurrence of an Event of Dissolution. Upon the occurrence of an Event of Dissolution, the Board will proceed, subject to the provisions herein, to wind up the affairs of the Company, liquidate and distribute the remaining assets of the Company (provided, however, that all distributions shall be paid to the Members only in cash) and apply the proceeds of such liquidation in the order of priority in accordance with Section 18-804 of the Act or as may otherwise be agreed to by the Members, including, for the avoidance of doubt, the Investor Member; provided that, notwithstanding the foregoing (including the order of priority set forth in Section 18-804 of the Act to the extent it is contrary to the terms set forth in this proviso), to the extent permitted by applicable Law, the Members and the Company shall take all actions necessary to cause the Company to, before making any liquidating distributions to the Members as holders of the Common Membership Interests on account thereof, first make a liquidating distribution equal to the Fair Market Value of the MAIT Class B Interests then-owned by or for the benefit of the Company as of the date of the occurrence of an Event of Dissolution to the Members who are holders of the Special Purpose Membership Interest (on account thereof) in the same proportion as their respective Special Percentage Interests.

Section 5.4 Withdrawal of Capital; Interest. Except as expressly provided in this Agreement, (a) no Member may withdraw capital or receive any distributions from the Company and (b) no interest shall be paid by the Company on any capital contribution or distribution.

ARTICLE VI
TRANSFERS OF MEMBERSHIP INTERESTS

Section 6.1 General Restrictions.

(a) No Member shall Transfer any of its Membership Interests except pursuant to and in accordance with this Article VI. Any purported Transfer by any Member of its Membership Interests in violation of this Section 6.1(a), or without compliance in all respects with the provisions of this Article VI pertaining to such purported Transfer, shall be invalid and

void *ab initio*, and such purported Transfer by such Member shall constitute a material breach of this Agreement for purposes of Article IV.

(b) Subject to Section 6.2, neither the Investor Member nor the FE Member may Transfer any of its Membership Interests to any Person prior to the expiration of the Lock-Up Period, other than with the prior written consent of the FE Member or the Investor Member, as applicable. After the expiration of the Lock-up Period, each of the Investor Member and the FE Member, as applicable, may Transfer its Membership Interests in accordance with this Article VI. Notwithstanding the foregoing, each of the Members may at any time Transfer Membership Interests in compliance with Section 6.5.

Section 6.2 Transfers to Permitted Transferees; Liens by Members.

(a) Notwithstanding Section 6.1(a) and Section 6.1(b), each of the Members may Transfer at any time all or any portion of the Membership Interests held by it to any one of its Permitted Transferees; provided that, in connection with any such Transfer, (a) such Permitted Transferee shall, (i) in writing, assume all of the rights and obligations of the transferring Member as a Member under this Agreement and as a Party hereto with respect to the Transferred Membership Interests and (ii) obtain all requisite authorizations, approvals and consents of any Governmental Body in respect of such Transfer (and no such requisite authorization, approval or consent shall have been rescinded), and (b) effective provision shall be made whereby such Permitted Transferee shall be required, prior to the time when it shall cease to be a Permitted Transferee of the transferring Member, to Transfer such Membership Interests to the transferring Member or to another Person that would be a Permitted Transferee of the transferring Member as of such applicable time. In the event that a Member (including, as the case may be, a Permitted Transferee) intends to Transfer its Membership Interests to a Permitted Transferee, such transferring Member or the Permitted Transferee, as applicable, shall notify the other Member and the Company of the intended Transfer at least 20 Business Days prior to the intended Transfer.

(b) Each Member shall be permitted to directly or indirectly Encumber its Membership Interests or any equity interests in such Member in connection with any debt financing, the proceeds of which have been or will be used by such Member to finance its purchase of such Membership Interests (whether in respect of an issuance of new Membership Interests by the Company or the purchase of existing Membership Interests from a Member or the refinancing of any such debt financing in the future), and neither such Lien nor any commencement or consummation of foreclosure proceedings or exercise of foreclosure remedies by a secured party on, or the subsequent direct or indirect sale of, a Member's Membership Interests Encumbered in connection with any such debt financing shall, in either case, be considered a "Transfer" for any purpose under this Agreement; provided, that (i) such Member shall be obligated to promptly notify the other Member and the Company in writing following the commencement of any such foreclosure remedies or proceedings, (ii) in the event of the consummation of such a foreclosure, such Member will automatically cease to be deemed the owner of the Membership Interests so foreclosed and will cease to have any rights in respect thereof (with the financing source foreclosing on such Membership Interests succeeding to the rights and responsibilities of the Member hereunder), and (iii) the consummation of any such

foreclosure will be subject to the receipt of any required authorization, approval or consent of all applicable Governmental Bodies.

Section 6.3 Right of First Offer.

(a) Prior to any Transfer by a Member (each, a "Transferring Member") of any Membership Interests, other than to a Permitted Transferee of such Transferring Member, the Transferring Member must first offer to sell to the other Member (such other Member, the "Non-Transferring Member") all of its Membership Interests that it desires to sell (such Membership Interests to be offered for sale to the Non-Transferring Member pursuant to this Section 6.3, the "Subject Membership Interests"), in each case, in accordance with the procedures set forth in the provisions of this Section 6.3.

(i) The Transferring Member shall first deliver to the Non-Transferring Member a written notice (a "Sale Notice") setting forth the cash price and all of the other material terms and conditions at which the Transferring Member is willing to sell the Subject Membership Interests to the Non-Transferring Member, which notice shall constitute an offer to the Non-Transferring Member to effect such purchase and sale on the terms set forth therein. Any such Sale Notice shall be firm, not subject to withdrawal and prepared and delivered in good faith. Within thirty (30) days following its receipt of a Sale Notice, the Non-Transferring Member may accept the Transferring Member's offer and purchase the Subject Membership Interests at the cash price and upon the other material terms and conditions set forth in the Sale Notice, in which event the closing of the purchase and sale of the Subject Membership Interests will take place as promptly as practicable. The Sale Notice shall contain representations and warranties by the Transferring Member to the Non-Transferring Member that (A) the Transferring Member has full right, title and interest in and to the Subject Membership Interests, (B) the Transferring Member has all the necessary power and authority and has taken all necessary action to Transfer the Subject Membership Interests to the Non-Transferring Member as contemplated by this Section 6.3, and (C) the Subject Membership Interests are free and clear of any and all Liens other than those arising as a result of or under the terms of this Agreement and those arising under securities Laws of general applicability pertaining to limitations on the transfer of unregistered securities.

(ii) If the Non-Transferring Member does not accept the Transferring Member's offer within such 30-day period, then the Transferring Member will, for a period of 120 days commencing on the earlier of (A) the expiration of such 30-day period and (B) the delivery of a written notice by the Non-Transferring Member to the Transferring Member rejecting the offer set forth in the Sale Notice (if any) (such 120-day period, the "Sale Period"), be entitled to sell the Subject Membership Interests to any one Third Party at the same or higher price and upon other terms and conditions (excluding price) that are not more favorable to the acquiror than those specified in the Sale Notice, subject to the other terms of this Section 6.3. If such sale to any Third Party is not completed prior to the expiration of the Sale Period, then the process initiated by the delivery of the Sale Notice shall be lapsed, and the Transferring Member will be required to repeat the process set forth in this Section 6.3 before entering into any agreement with respect to, or consummating, any sale of Membership Interests to any Third Party; provided that if a definitive agreement providing for the consummation of

such sale is executed within the Sale Period but such sale has not been consummated at the expiration of the Sale Period solely as a result of a failure to receive the requisite authorization, approval or consent of any Governmental Body in respect of such sale, then the Sale Period shall be extended solely to the extent necessary to permit the receipt of all such authorizations, approvals or consents which are in process but have not been received from the relevant Governmental Body as of the original expiration date of the Sale Period and the consummation of the sale provided for in such definitive agreement; provided, further, that the Transferring Member shall have used its reasonable best efforts in seeking such authorizations, approvals and consents.

(b) The Investor Member and its Permitted Transferees (if any) shall not be permitted to Transfer any of their Membership Interests to a Prohibited Competitor without the prior written consent of the FE Member. Within 10 Business Days after January 1, 2023 (and each year thereafter during the 10-Business Day period beginning on January 1 of the applicable year), the FE Member shall have the right to update the list of Prohibited Competitors set forth on Schedule 2 (i) to replace no more than three of the Prohibited Competitors with other Competitors designated by the FE Member, and (ii) in addition to any replacements pursuant to clause (i), to add up to two additional Prohibited Competitors designated by the FE Member to such list. Notwithstanding anything to the contrary set forth in this Agreement, this Section 6.3(b) and Schedule 2 (together with the definition of "Prohibited Competitor") shall automatically terminate and have no further force and effect in the event that the FE Member and its Permitted Transferees, individually or collectively, no longer control the Company. For purposes of this Section 6.3 and Section 6.4, "control" means (x) the ownership of a majority of the issued and outstanding Common Membership Interests of the Company, or (y) the ability to elect, directly or indirectly, a majority of the Directors of the Company in accordance with this Agreement.

(c) Prior to the consummation of any Transfer pursuant to Section 6.3(a)(ii), the Transferring Member shall have delivered to the Board and to the Non-Transferring Member evidence reasonably satisfactory to the Board (with the Directors appointed by the Transferring Member abstaining from any such determination) and to the Non-Transferring Member that (i) the transferee is financially capable of carrying out the obligations and promptly paying all liabilities of the Transferring Member pursuant to this Agreement with respect to the Subject Membership Interests, and (ii) the Transfer complies with the provisions of Section 6.3(b) (if applicable).

Section 6.4 Tag-Along Rights.

(a) Other than with respect to a Transfer proposed and made in accordance with Section 6.5, in the event that the FE Member proposes to effect a Transfer to a Third Party transferee (the "Tag-Along Buyer") of a number of its Membership Interests (i) constituting more than 5.0% of the total Common Membership Interests then outstanding (but which would not result in the Tag-Along Buyer acquiring control of the Company) or (ii) that would result in the Tag-Along Buyer acquiring control of the Company (in either case, a "Tag-Along Sale"), then the FE Member shall give the Investor Member written notice (a "Tag-Along Notice") of such proposed Transfer at least thirty (30) days prior to the consummation of such Tag-Along Sale, setting forth (w) the number of Membership Interests ("Tag-Along Offered Membership Interests") proposed to be Transferred to the Tag-Along Buyer and the purchase price, (x) the identity of the Tag-Along Buyer, (y) any other material terms and conditions of the proposed

Transfer, and (z) the intended dates on which the FE Member will enter into a definitive agreement in respect of such proposed Transfer and consummate such proposed Transfer.

(b) Upon delivery of a Tag-Along Notice, the Investor Member shall have the right, (i) in the case of a Tag-Along Sale described under Section 6.4(a)(i), to sell up to its Tag Portion, and (ii) in the case of a Tag-Along Sale described under Section 6.4(a)(ii), to sell all of the Common Membership Interests of the Company held by the Investor Member, in either case at the same price per Common Membership Interest, for the same form of consideration and pursuant to the same terms and conditions (including time of payment) as set forth in the Tag-Along Notice (or, if different, as such are applicable at the time of the entry into a definitive agreement in respect of, or at the time of the consummation of, the Tag-Along Sale). If the Investor Member wishes to participate in the Tag-Along Sale, then the Investor Member shall provide written notice to the FE Member no less than thirty (30) days after the date of the Tag-Along Notice, indicating such election. Such notice shall set forth the number of its Common Membership Interests that the Investor Member elects to include in the Tag-Along Sale (which number shall not exceed its Tag Portion solely in the case of a Tag-Along Sale described under Section 6.4(a)(i)), and such notice shall constitute the Investor Member's binding agreement to sell such Common Membership Interests on the terms and subject to the conditions applicable to the Tag-Along Sale.

(c) Any Transfer of the Investor Member's Common Membership Interests in a Tag-Along Sale shall be on the same terms and conditions as the Transfer of the FE Member's Common Membership Interests in such Tag-Along Sale, except as otherwise provided in this Section 6.4(c). The Investor Member shall be required to make customary representations and warranties in connection with the Transfer of the Investor Member's Common Membership Interests, including as to its ownership and authority to Transfer, free and clear of all Liens, the Investor Member's Common Membership Interests and shall indemnify and hold harmless, to the fullest extent permitted by applicable Law, the Tag-Along Buyer against all losses of whatever nature arising out of, in connection with or related to any material breach of any material representation or warranty made by, or agreements, understandings or covenants of the Investor Member, as the case may be, under the terms of the agreements relating to such Transfer of Investor Member's Common Membership Interests, in each case not to exceed the equivalent obligations to indemnify and hold harmless the Tag-Along Buyer provided by the FE Member; provided, that (i) liability for misrepresentation or indemnity shall (as between the FE Member and the Investor Member) be expressly stated to be several but not joint and the FE Member and the Investor Member shall not be liable for any breach of covenants or representations or warranties as to the Common Membership Interests of any other Member and shall not, in any event, be liable for more than its *pro rata* share (based on the proceeds to be received) of any liability for misrepresentation or indemnity, (ii) the Investor Member shall benefit from any releases of sellers or other provisions in the transaction documentation of general applicability to sellers to the same extent as the FE Member, (iii) the Investor Member shall not be obligated to agree to any non-customary administrative covenants (such as any non-compete covenants that would restrict its or its Affiliates' business activities), and (iv) the Investor Member shall not be obligated to provide indemnification obligations that exceed its proceeds from the Tag-Along Sale.

(d) Notwithstanding the foregoing, and for the avoidance of doubt, the Investor Member shall not be entitled to Transfer its Common Membership Interests pursuant to this Section 6.4 in the event that, notwithstanding delivery of a written notice of election to

participate in such Tag-Along Sale pursuant to this Section 6.4, the Investor Member fails to consummate the Transfer of its Common Membership Interests (on the terms and conditions required by this Section 6.4) in the applicable Tag-Along Sale.

(e) For the avoidance of doubt, (i) the terms of this Section 6.4 apply to any Transfers of any Common Membership Interests by a Permitted Transferee of the FE Member that would otherwise constitute a Tag-Along Sale, and (ii) the rights conferred to the Investor Member under this Section 6.4 do not apply in the event of (A) a Change in Control of the FE Member or (B) a sale of all or any portion of the FE Member's Special Purpose Membership Interests.

Section 6.5 Drag-Along Rights.

(a) In the event that the FE Member intends to effect a sale of all of the Common Membership Interests owned by the FE Member and such Common Membership Interests constitute a majority of the issued and outstanding Common Membership Interests of the Company (a "Drag-Along Sale"), then the FE Member shall have the option (but not the obligation) to require the Investor Member to Transfer all of its Common Membership Interests to the Third Party buyer (the "Drag-Along Buyer") (or to such other Party as the Drag-Along Buyer directs) in accordance with the provisions of this Section 6.5 (such right of the FE Member, the "Drag-Along Right").

(b) If the FE Member elects to exercise the Drag-Along Right pursuant to Section 6.5(a), then the FE Member shall send a written notice to the Investor Member (a "Drag-Along Notice") specifying (i) that the Investor Member is required to Transfer all of its Common Membership Interests pursuant to this Section 6.5, (ii) the amount and form of consideration payable for the Investor Member's Common Membership Interests, (iii) the name of the Third Party to which the Investor Member's Common Membership Interests are to be Transferred (or which is otherwise entitled to direct the disposition thereof at the consummation of the Drag-Along Sale), (iv) any other material terms and conditions of the proposed Transfer, and (v) the intended dates on which the FE Member will enter into a definitive agreement in respect of such proposed Transfer and consummate such proposed Transfer.

(c) In the event that the FE Member elects to exercise the Drag-Along Right, then the Investor Member hereby agrees with respect to all Common Membership Interests it holds:

i. in the event such transaction requires the approval of Members, to vote (in person, by proxy or by action by written consent, as applicable) all of its voting Membership Interests in favor of such Drag-Along Sale;

ii. to execute and deliver all related documentation and take such other action reasonably necessary to enter into definitive agreements in respect of and to consummate the proposed Drag-Along Sale in accordance with, and subject to the terms of, this Section 6.5; and

iii. not to deposit its Common Membership Interests in a voting trust or subject any Common Membership Interests to any arrangement or agreement with

respect to the voting of such Common Membership Interests, unless specifically requested to do so by the Drag-Along Buyer in connection with a Drag-Along Sale.

(d) Subject to Section 6.5(e), any Transfer of the Investor Member's Common Membership Interests in a Drag-Along Sale shall be on the same terms and conditions as the proposed Transfer of the FE Member's Common Membership Interests in the Drag-Along Sale. Upon the request of the FE Member, the Investor Member shall be required to make customary representations and warranties in connection with the Transfer of the Investor Member's Common Membership Interests, including as to its ownership and authority to Transfer, free and clear of all Liens, its Membership Interests, and shall indemnify and hold harmless, to the fullest extent permitted by applicable Law, the Drag-Along Buyer against all losses of whatever nature arising out of, in connection with or related to any material breach of any representation or warranty made by, or agreements, understandings or covenants of the Investor Member as the case may be, under the terms of the agreements relating to such Transfer of the Investor Member's Common Membership Interests, in each case not to exceed the equivalent obligations to indemnify and hold harmless the Tag-Along Buyer provided by the FE Member; provided, that (i) liability for misrepresentation or indemnity shall (as between the FE Member and the Investor Member) be expressly stated to be several but not joint and the FE Member and the Investor Member shall not be liable for any breach of covenants or representations or warranties as to the Membership Interests of any other Member and shall not, in any event, be liable for more than its *pro rata* share (based on the proceeds to be received) of any liability for misrepresentation or indemnity, (ii) the Investor Member shall benefit from any releases of sellers or other provisions in the transaction documentation of general applicability to sellers to the same extent as the FE Member and (iii) the Investor Member shall not be obligated to provide indemnification obligations that exceed its proceeds from the Drag-Along Sale.

(e) Any Transfer required to be made by the Investor Member pursuant to this Section 6.5 shall be for consideration consisting solely of cash. Without the consent of the Investor Member, the Investor Member shall not be required in connection with such Drag-Along Sale to agree to any material non-customary administrative covenants (such as any non-compete covenants that would restrict its or its Affiliates' business activities).

(f) At the consummation of the Drag-Along Sale, the Investor Member shall Transfer all of its Common Membership Interests to the Drag-Along Buyer (or its designee), and the Drag-Along Buyer shall pay the consideration due for the Investor Member's Common Membership Interest. If the Investor Member has, due to its own fault, failed, as of immediately prior to the time that the consummation of the Drag-Along Sale would otherwise have occurred, to have taken all actions necessary in accordance with this Agreement to consummate the Transfer of the Common Membership Interests held by it, then the Investor Member shall be deemed to be in material breach of this Agreement for purposes of Article IV, and shall be deemed to have granted (and hereby grants, contingent only on the occurrence of such failure) an irrevocable appointment of any Person nominated for the purpose by the FE Member to be the Investor Member's agent and attorney to execute all necessary documentation and instruments on its behalf to Transfer the Investor Member's Common Membership Interest to the Drag-Along Buyer (or as it may direct) as the holder thereof, in each case consistent with the terms set forth in this Section 6.5.

(g) The FE Member shall have a period of 180 days commencing on the delivery of the Drag-Along Notice (such 180-day period, the "Drag Sale Period") to consummate the Drag-Along Sale. If the Drag-Along Sale is not completed prior to the expiration of the Drag Sale Period, then the process initiated by the delivery of the Drag-Along Notice shall be lapsed, and the FE Member will be required to repeat the process set forth in this Section 6.5 to pursue any Drag-Along Sale; provided that if a definitive agreement providing for the consummation of such Drag-Along Sale is executed within the Drag Sale Period but such Drag-Along Sale has not been consummated at the expiration of the Drag Sale Period solely as a result of a failure to receive the requisite authorization, approval or consent of any Governmental Body in respect of such Drag-Along Sale, then the Drag Sale Period shall be extended solely to the extent necessary to permit the receipt of all such authorizations, approvals or consents which are in process but have not been received from the relevant Governmental Body as of the original expiration date of the Drag Sale Period and the consummation of the Drag-Along Sale provided for in such definitive agreement; provided, further, that the FE Member shall have used efforts in seeking such authorizations, approvals and consents consistent with its obligations under such definitive agreement(s) in respect thereof.

(h) Notwithstanding the foregoing, the FE Member may not exercise the Drag-Along Right or consummate any Drag-Along Sale without the prior written consent of the Investor Member unless the applicable Drag-Along Sale would result in the Investor Member receiving net cash proceeds that result in the achievement of at least (x) an IRR of 10.0% and (y) an amount equal to 250.0% of the Investor Member's total Capital Contributions as of the exercise date of the Drag-Along Right *plus* the Purchase Price (as defined in the Initial PSA) *plus* the Purchase Price (as defined in the Second PSA) (the "Investor Member Minimum Return") and all outstanding loans (pursuant to Section 5.1 or otherwise) from the Investor Member to the FE Member, the Company or any of its Subsidiaries, including all accrued and unpaid interest thereon, are repaid in full at the closing of such contemplated Drag-Along Sale; provided, that any shortfall in the Investor Member receiving net cash proceeds that result in the achievement of the Investor Member Minimum Return may be paid by the FE Member to the Investor Member in immediately available funds at the closing of the Drag-Along Sale, in which case the prior written consent of the Investor Member shall not be required to exercise the Drag-Along Right or consummate such Drag-Along Sale.

(i) For the avoidance of doubt, the rights conferred to the FE Member under this Section 6.5 do not apply in the event of (A) a Change in Control of the FE Member or (B) a sale of all or any portion of the FE Member's Special Purpose Membership Interests.

Section 6.6 Cooperation. The Members and the Company acknowledge and agree that each of them shall cooperate reasonably to obtain the requisite authorization, approval or consent of any Governmental Body necessary to consummate (i) any Transfers contemplated or permitted by this Article VI or (ii) any indirect transfer of ownership interests of any direct or indirect member of the Investor Group ("Investor Group Transfer") to the extent that such transfer necessitates the Company, any of its Subsidiaries, or the FE Member's participation in order to obtain such authorization, approval or consent of an applicable Governmental Body. The Members shall have the right in connection with any Transfer of Membership Interests permitted by this Agreement or any Investor Group Transfer (or in connection with the investigation or consideration of any such potential Transfer or Investor Group Transfer) to

require the Company to reasonably cooperate with potential purchasers in such prospective Transfer or Investor Group Transfer (at the sole cost and expense of the applicable Member or such potential purchasers) by taking such actions reasonably requested by the applicable Member or such potential purchasers, including (a) preparing or assisting in the preparation of due diligence materials, (b) providing access to the Company's and each of its Subsidiaries' books, records, properties and other materials (subject, in each case, to the execution of customary confidentiality and non-disclosure agreements) to potential purchasers, and (c) making the directors, officers, employees (if any) and other Representatives of the Company and its Subsidiaries available to potential purchasers for presentations and due diligence interviews; provided that no such cooperation by the Company shall be required (i) until the relevant potential purchaser executes and delivers to the Company a customary confidentiality agreement, (ii) to the extent such cooperation would unreasonably interfere with the normal business operations of the Company or any of its Subsidiaries, and (iii) to the extent the provision of any information would (A) conflict with, or constitute a violation of, any applicable Law or cause a loss of attorney-client privilege of the Company or any of its Subsidiaries, (B) other than as may be necessary for the purpose of any regulatory filings necessary to consummate any such Transfer or Investor Group Transfer, in the FE Member's reasonable and good faith determination, require the disclosure of any information that is proprietary, confidential or sensitive to the FE Member or to any other member of the FE Outside Group, (C) other than as may be necessary for the purpose of any regulatory filings necessary to consummate any such Transfer or Investor Group Transfer, in the Investor Member's reasonable and good faith determination, require the disclosure of any information that is proprietary, confidential or sensitive to the Investor Member, or (D) require the disclosure of any confidential information relating to any joint, combined, consolidated or unitary Tax Return that includes the FE Member or any other member of the FE Outside Group or any supporting work papers or other documentation related thereto. Notwithstanding, anything herein to the contrary, the Company will not be required in connection with any Transfers contemplated or permitted by this Article VI or any Investor Group Transfer to offer or grant any non-*de minimis* accommodation or concession (financial or otherwise) to any Third Party or to otherwise suffer any non-*de minimis* detriment in connection with obtaining any authorization, approval or consent of any Governmental Body in connection with such transfer (it being understood that costs and expenses incurred by the Company that are promptly reimbursed by the Member seeking to effect such transfer will not be considered a "detriment" for purposes of this sentence).

Section 6.7 Contracts Inhibiting Transfer. The Company shall not, and shall cause its Subsidiaries not to, enter into any Contract (or modify the terms of any existing Contract of the Company or any of its Subsidiaries so as to provide) that includes a provision that, by its terms, is triggered by a Transfer of the Investor Member's Membership Interests or an Investor Group Transfer and that the consequence of such triggering event under such Contract would have an effect that is materially adverse to the Company or any of its Subsidiaries.

ARTICLE VII
PREEMPTIVE RIGHTS

Section 7.1 Preemptive Rights. The Company hereby grants to each Member the right to purchase such Member's Preemptive Right Share of all (or any part) of any New Securities that the Company may from time to time issue after the date of this Agreement (the "Preemptive

Right"). In the event the Company proposes to undertake an issuance of New Securities (in a single transaction or a series of related transactions), the Company shall give to each Member written notice of its intention to issue New Securities (the "Preemptive Right Participation Notice"), describing the amount and type of New Securities, the cash purchase price and the general terms upon which it proposes to issue such New Securities. Each Member shall have ten (10) Business Days from the date of receipt of any such Preemptive Right Participation Notice (the "Preemptive Right Notice Period") to agree in writing to purchase for cash up to such Member's Preemptive Right Share of such New Securities for the price and upon the terms and conditions specified in the Preemptive Right Participation Notice by giving written notice to the Company and stating therein the quantity of New Securities to be purchased (not to exceed such Member's Preemptive Right Share). If any Member fails to so respond in writing within the Preemptive Right Notice Period, then such Member shall forfeit the right hereunder to purchase its Preemptive Right Share of such New Securities. Subject to obtaining the requisite authorization, approval or consent of any Governmental Body, the closing of any purchase by any Member pursuant to this Section 7.1 shall be consummated concurrently with the consummation of the issuance or sale described in the Preemptive Right Participation Notice. The Company shall be free to complete the proposed issuance or sale of New Securities described in the Preemptive Right Participation Notice with respect to any New Securities not elected to be purchased pursuant to this Section 7.1 in accordance with the terms and conditions set forth in the Preemptive Right Participation Notice (except that the amount of New Securities to be issued or sold by the Company may be reduced upon approval by the Board, which shall require the approval of each Investor Director so long as the Investor Member holds a Common Percentage Interest of at least 30.0%).

ARTICLE VIII
PROTECTIVE PROVISIONS

Section 8.1 Investor Member No Threshold Matters. Notwithstanding anything to the contrary in this Agreement, the Company shall not cause or permit, in each case, without the prior written consent of the Investor Member (except that no such written consent shall be required to the extent that such matter is necessary to comply with applicable Law); provided, that the Investor Member may not unreasonably withhold its consent to the matters under clause (i) below (it being acknowledged and agreed that it shall be deemed unreasonable for the Investor Member to withhold its consent to any matter under clause (i) below solely on the basis of the pricing or other terms thereof if such pricing or other terms are provided for by, and are otherwise in accordance with, applicable Law):

(a) the issuance of (i) any membership interests by the Company or (ii) any equity interests by any of the Company's Subsidiaries to any Person that is not the Company or one of its Subsidiaries;

(b) the taking of any action that would reasonably be expected to result in the Company not being classified as a corporation for U.S. federal income Tax purposes (or for the purposes of any applicable state and local Taxes, to the extent material);

(c) causing the conversion of the Company or any of its Subsidiaries from its current legal business entity form to any other business entity form (*e.g.*, the conversion of the Company from a Delaware limited liability company to a Delaware corporation);

(d) any non-*pro rata* repurchase or redemption of any equity interests issued by the Company;

(e) the transfer, sale or other disposition, whether by way of asset sale, stock sale, merger or otherwise, of all or substantially all of the assets of the Company and the Company's Subsidiaries, taken as a whole on a consolidated basis (it being understood, for the avoidance of doubt, that this Section 8.1(e) shall not be deemed to restrict a transfer, sale or other disposition of the equity of the Company);

(f) any amendment or modification to any Organizational Document of any Subsidiary of the Company, other than (i) ministerial amendments thereto or (ii) amendments thereto that would not reasonably be expected to have a material and adverse impact on the Investor Member;

(g) any election that would cause the Company to be treated as a "real estate investment trust" (within the meaning of Section 856 of the Code);

(h) (i) any amendment or modification to the Company Group Intercompany Income Tax Allocation Agreement dated as of the Effective Date, among the Company and its Subsidiaries listed therein (or any replacement agreement thereof entered into among the Company and its Subsidiaries for the purpose of allocating consolidated tax liabilities, the "Company Group Tax Allocation Agreement"), or (ii) the entry by the Company into any Tax sharing or allocation agreement other than the Company Group Tax Allocation Agreement;

(i) the entry into, amendment or termination of, or waiver of any material right under, any Affiliate Transaction (which shall not be deemed to include any corporate allocations involving the Company or any of its Subsidiaries that are made in compliance with Section 2.14, other than those corporate allocations that relate to operating electric transmission assets and facilities (non-corporate support services) that are specific to the Company or its Subsidiaries) other than Affiliate Transactions that satisfy each of the following requirements: (i) any and all such Affiliate Transactions are entered into on terms that are no less favorable in the aggregate to the Company (or the relevant Subsidiary thereof party thereto) than reasonably would be obtainable by another similarly-situated utility company from an unaffiliated third party (it being agreed that any pricing or other terms required by applicable Law shall be deemed to constitute an arm's length term for purposes of this clause (i)); and (ii) any and all such Affiliate Transactions involve revenues or expenditures of less than $10,000,000 per Contract, transaction or series of related transactions individually and less than $30,000,000 in the aggregate for any fiscal year for all such Affiliate Transactions (it being acknowledged and agreed that no prior written consent of the Investor Member will be required with respect to any amendments to any Affiliate Transaction made in the ordinary course of business unless and only to the extent such amendment would adversely affect the Company or its relevant Subsidiary party thereto in any material respect); provided, that with respect to any Affiliate Transaction

contemplated by Section 8.2(b) or Section 8.1(h), Section 8.2(b) or Section 8.1(h) shall control over this Section 8.1(i);

(j) the filing of a petition seeking relief, or the consent to the entry of a decree or order for relief in an involuntary case, under the bankruptcy, rearrangement, reorganization or other debtor relief Laws of the United States or any state or any other competent jurisdiction or a general assignment for the benefit of its creditors by the Company or any of its Subsidiaries; or

(k) the entry into any binding agreement or arrangement by the Company or any of its Subsidiaries to effect any of the foregoing actions.

Section 8.2 Investor Member Threshold Matters. Notwithstanding anything to the contrary in this Agreement, but subject to Section 8.4, the Company shall not cause or permit, in each case, without the prior written consent of the Investor Member, for so long as the Investor Member holds at least a 9.9% Common Percentage Interest (unless such matter is necessary (i) to comply with applicable Law, or (ii) with respect to clauses (b), (c), (d) or (f) or, to the extent related to the foregoing, (j), in response to an Emergency Situation):

(a) any material change to any line or scope of the existing business of the Company or any of its Subsidiaries;

(b) without limiting the requirements of Section 2.14, the direct or indirect acquisition by the Company or any of the Company's Subsidiaries (whether by merger or consolidation, acquisition of assets or stock or by formation of a joint venture or otherwise), or any request for capital in connection therewith, (i) of any equity interests of any member of the FE Outside Group, or (ii) of any business, assets or operations of any member of the FE Outside Group, in either case having a Fair Market Value in excess of 2.5% of the Rate Base Amount in the aggregate in any calendar year, other than Qualifying Core Assets;

(c) the transfer, sale or other disposition, whether by way of asset sale, stock sale, merger or otherwise, of any business, assets or operations of one or more of the Company's Subsidiaries having a Fair Market Value in excess of 2.5% of the Rate Base Amount in the aggregate in any single transaction or series of related transactions, other than Qualifying Core Assets;

(d) other than in connection with capital expenditures (which are addressed in subparagraph (e) below), any acquisition of assets, including equity securities, or any request for capital in connection therewith, by the Company or any of its Subsidiaries from a Third Party the aggregate purchase price of which exceeds 2.5% of the Rate Base Amount in any calendar year, other than Qualifying Core Assets;

(e) any capital expenditure by the Company or its Subsidiaries, or any request for capital in connection therewith, that exceeds in the aggregate 1.0% of the Rate Base Amount in any calendar year and that is not (i) made in connection with obtaining, constructing or otherwise acquiring a Qualifying Core Asset, or (ii) reasonably necessary to fund any Emergency Expenditures;

(f) the incurrence of Indebtedness (other than the refinancing of existing Indebtedness on commercially reasonable terms reflecting then-current credit market conditions) by the Company or any of its Subsidiaries that would reasonably be expected to result in the Company's Debt-to-Capital Ratio equaling or exceeding (i) prior to the fifth (5^{th}) anniversary of the Effective Date, sixty five percent (65%), and (ii) thereafter, seventy percent (70%); provided, that the Company shall notify the Investor Member at least thirty (30) days prior to the Company or any of its Subsidiaries incurring any Indebtedness in excess of the annual budget;

(g) the listing of any equity interests of the Company (or a successor to the Company, including by merger, conversion or other reorganization) on any stock exchange;

(h) the entrance into any joint venture, partnership or similar agreement, unless the aggregate amount of cash, property or other assets anticipated to be contributed by the Company or its applicable Subsidiary to such joint venture or partnership is less than 2.5% of the Rate Base Amount, or such joint venture, partnership or similar interests (or the cash, property or other assets so contributed to such joint venture or partnership) would continue to qualify as Qualifying Core Assets;

(i) material decisions relating to the conduct (including the settlement) of any litigation, administrative, or criminal proceeding to which the Company or any of its Subsidiaries is a party where (i) it is reasonably expected that the liability of the Company and its Subsidiaries would exceed $30,000,000 in the aggregate and (ii) such proceeding would reasonably be expected to have an adverse effect on the Investor Member or any of its Affiliates (other than in its or (if applicable, their) capacity as an investor in the Company); provided, that, for the avoidance of doubt, the foregoing shall not be applicable to any ordinary course regulatory proceedings (including rate cases) that do not involve claims of criminal conduct or intentional violations of applicable Law; provided that, notwithstanding the foregoing, the prior written consent of the Investor Member shall not be required in any litigation, administrative or criminal proceeding between one or more members of the Company Group, on the one hand, and one or more of the Investor Member and any of its Affiliates, on the other hand; or

(j) the entry into any binding agreement or arrangement by the Company or any of its Subsidiaries to effect any of the foregoing actions.

Section 8.3 Threshold Consultation Matters. Notwithstanding anything to the contrary in this Agreement, but subject to Section 8.4, for so long as (x) the Investor Member's Common Percentage Interest is at least 9.9% and (y) the Investor Member is not a Defaulting Member, the Company (and, as applicable, the Board) shall use its reasonable best efforts to consult in good faith with the Investor Member (which consultation shall be deemed to include the participation of Investor Directors in the meetings of the Board with respect to such matters, and, to the extent requested by the Investor Member, reasonable discussions between Representatives of the Company, of the Investor Member and of the FE Member) prior to the Company undertaking, or causing or permitting any of its Subsidiaries to undertake, any of the following matters (except as would be impracticable in respect of a particular action that the Board reasonably believes to be necessary or appropriate to comply with applicable Law or in response to an Emergency Situation):

(a) establishing or materially amending the annual budget and business plan of the Company and its Subsidiaries;

(b) without limiting the Investor Member's rights under Section 8.2(f), incurring long-term Indebtedness of the Company or any of its Subsidiaries if such incurrence would be subject to the authorization or approval of any of the Public Utilities Commission of Ohio, the Pennsylvania Public Utility Commission or FERC, except for (i) any refinancing of Indebtedness using similar instruments on substantially similar or more favorable terms relative to the existing Indebtedness being so refinanced and (ii) any such incurrence of Indebtedness made in the ordinary course of business consistent with the Company's or the applicable Subsidiary's established target regulatory capital structure consistent with the Company's or the applicable Subsidiary's historical practices;

(c) without limiting the Investor Member's rights under Section 8.2(i), initiating, settling or compromising any arbitration, lawsuit, proceeding or regulatory process (i) with a settlement or compromise amount in excess of 2.5% of the Rate Base Amount, or (ii) that has material non-monetary penalties or obligations on the Company and/or any of its Subsidiaries;

(d) the appointment or replacement of any member of the Transmission Leadership Team; and

(e) any material Tax election by or with respect to the Company or any Subsidiary that would reasonably be expected to have a material impact on the Investor Member.

Section 8.4 Investor Member Enhanced Threshold Matters. Notwithstanding anything to the contrary in this Agreement, for so long as (x) the Investor Member holds at least a 30.0% Common Percentage Interest and (y) the Investor Member is not a Defaulting Member (it being understood that if at any time the Investor Member holds at least a 30.0% Common Percentage Interest and is not a Defaulting Member, then Section 8.2 and Section 8.3(b) and (d) shall not apply), the Company shall not cause or permit, in each case, without the prior written consent of the Investor Member (unless such matter is necessary (i) to comply with applicable Law, or (ii) with respect to clauses (e), (f), or, to the extent related to the foregoing, (t), in response to an Emergency Situation):

(a) any material change to any line or scope of the existing business of the Company or any of its Subsidiaries;

(b) without limiting the requirements of Section 2.14, the direct or indirect acquisition by the Company or any of the Company's Subsidiaries (whether by merger or consolidation, acquisition of assets or stock or by formation of a joint venture or otherwise), or any request for capital in connection therewith, (i) of any equity interests of any member of the FE Outside Group, or (ii) of any business, assets or operations of any member of the FE Outside Group, in either case having a Fair Market Value in excess of 1.5% of the Rate Base Amount in the aggregate in any calendar year;

(c) the transfer, sale or other disposition, whether by way of asset sale, stock sale, merger or otherwise, of any business, assets or operations of one or more of the Company's

Subsidiaries having a Fair Market Value in excess of 1.5% of the Rate Base Amount in the aggregate in any single transaction or series of related transactions;

(d) other than in connection with capital expenditures that are included in the Annual Approved Budget, any (i) acquisition of assets, including equity securities, or any request for capital in connection therewith, by the Company or any of its Subsidiaries from a Third Party the aggregate purchase price of which exceeds 1.5% of the Rate Base Amount in any calendar year or (ii) any loans to or investments in a Third Party;

(e) (i) any capital expenditure (A) made in connection with a Material Project by the Company or its Subsidiaries, or any request for capital in connection therewith, that varies from the amount for such Material Project as set forth for such project in the project listing provided by the FE Member to the Investor Member in connection with approval of the Annual Approved Budget by more than 10.0% or (B) made in connection with obtaining, constructing or otherwise acquiring any asset that is not a Qualifying Core Asset by any Subsidiary by the Company or its Subsidiaries, or any request for capital in connection therewith, that exceeds the amount set forth for such project in the project listing provided by the FE Member to the Investor Member in connection with the approval of the Annual Approved Budget for such capital expense item by more than 5.0%, or (ii) any increase in the capital expenditures of the Subsidiaries of the Company, such that the aggregate amount of capital expenditures for the current fiscal year would reasonably be expected to exceed by 10.0% or more the aggregate capital expenditures set forth in the Annual Approved Budget; provided that the Investor Member may not unreasonably withhold its consent to capital expenditures reasonably necessary to fund any Emergency Expenditures;

(f) (i) the incurrence or refinancing of Indebtedness of the Company or (ii) the incurrence or refinancing of Indebtedness of any Subsidiary of the Company if such incurrence or refinancing would reasonably be expected to cause such Subsidiary to deviate from its Targeted Capital Structure;

(g) the entry into, modification, amendment or termination of, or waiver of any material right under, any Affiliate Transaction (which shall not be deemed to include any corporate allocations involving the Company or any of its Subsidiaries that are made in compliance with Section 2.14), other than Affiliate Transactions that satisfy each of the following requirements: (i) any and all such Affiliate Transactions are entered into on terms that are no less favorable in the aggregate to the Company (or the relevant Subsidiary thereof party thereto) than reasonably would be obtainable by another similarly-situated utility company from an unaffiliated third party (it being agreed that any pricing or other terms required by applicable Law shall be deemed to constitute an arm's length term for purposes of this clause (i)); and (ii) any and all such Affiliate Transactions involve revenues or expenditures of less than $10,000,000 per Contract, transaction or series of related transactions individually and less than $20,000,000 in the aggregate for any fiscal year for all such Affiliate Transactions (it being acknowledged and agreed that no prior written consent of the Investor Member will be required with respect to (1) intercompany interconnection service agreements entered into in the ordinary course of business as required by Law or any Governmental Body in connection with services provided to or within the PJM Region or (2) any amendments to any Affiliate Transaction made in the ordinary course

of business unless and only to the extent such amendment would adversely affect the Investor Member, the Company, or any Subsidiary of the Company in any non-*de minimis* respect);

(h) the filing of a petition seeking relief, or the consent to the entry of a decree or order for relief in an involuntary case, under the bankruptcy, rearrangement, reorganization or other debtor relief Laws of the United States or any state or any other competent jurisdiction or a general assignment for the benefit of its creditors by the Company or any of its Subsidiaries;

(i) the listing of any equity interests of the Company (or a successor to the Company, including by merger, conversion or other reorganization) on any stock exchange;

(j) the entrance into any joint venture, partnership or similar agreement;

(k) material decisions relating to the initiation or conduct (including the settlement) of any litigation, administrative or criminal proceeding (other than regulatory matters, which are addressed below in clause (n)) to which the Company or any of its Subsidiaries is a party where (i) it is reasonably expected that the liability of the Company and its Subsidiaries would exceed $20,000,000 in the aggregate or (ii) such proceeding would reasonably be expected to have an adverse effect on the Investor Member or any of its Affiliates or the Company or any of its Subsidiaries; provided that, notwithstanding the foregoing, the prior written consent of the Investor Member shall not be required in any litigation, administrative or criminal proceeding between one or more members of the Company Group, on the one hand, and one or more of the Investor Member and any of its Affiliates, on the other hand;

(l) establishing or amending the Annual Approved Budget;

(m) (i) the Company or any of its Subsidiaries employing any individual or entering into or amending the terms of such employment, (ii) compensation decisions with respect to any employees or officers of the Company or any of its Subsidiaries (but not, for the avoidance of doubt, independent contractors) and (iii) the appointment or replacement of any member of the Transmission Leadership Team;

(n) if the FE Member is no longer directly or indirectly the beneficial owner of at least a majority of the Common Membership Interests of the Company, any adoption, amendment or modification of accounting policies of the Company or any Subsidiary;

(o) any (i) filings made pursuant to FPA Section 205 by any of the Company's Subsidiaries that have a material effect on the rates or terms and conditions of service, (ii) responses to FPA Section 206 proceedings, in which the Company's Subsidiaries are named parties, that are material, (iii) responses on behalf of the Company and/or its Subsidiaries to FERC enforcement proceedings involving matters material to the Company and/or its Subsidiaries, (iv) filings made with any state Governmental Body on behalf of the Company and/or its Subsidiaries involving matters material to the Company and/or its Subsidiaries, and (v) in each of the above cases, any settlement filings with respect thereto; provided, however, that all of the above rights will not apply to the extent that any member of the FE Outside Group other than Parent is a party to the relevant proceeding unless the filing, response, or proceeding as a whole (x) is likely to have a material adverse impact on the Company and its Subsidiaries or the Investor Member that is disproportionate to the relative impact on the FE Outside Group (it being

understood that any such filing whose impact is proportionate to the relative impact on the FE Outside Group will not be subject to this approval right, but that the FE Member will reasonably consult with the Investor Member in respect of such filing) or (y) presents a conflict of interest between the Company and/or its Subsidiaries, on the one hand, and one or more members of the FE Outside Group, on the other hand (in each case as reasonably determined by either Member in good faith based on the facts and circumstances, and it being understood that the FE Member will provide information as reasonably requested by the Investor Member for the purpose of determining whether such a conflict exists), it being understood that in the event of a Deadlock in respect of these filings, the applicable provisions of Schedule 4 will apply (it being acknowledged that, without limiting the foregoing, in no event shall the Investor Member have a consent right over a filing, response or proceeding of a member to the extent relating to the FE Outside Group);

(p) any execution of, termination of, material amendment to, material modification of, or waiver of any material rights under, any material contract of the Company or any of its Subsidiaries that relates to a subject matter that is different from the other subject matters addressed by the other clauses of this Section 8.4;

(q) any action reasonably expected to cause a default or breach of a material contract of the Company or any Subsidiary;

(r) creation of any material Lien, other than a Permitted Lien;

(s) causing (i) any reorganization of the Company or any of its Subsidiaries or (ii) the conversion of the Company or any of its Subsidiaries from its current legal business entity form to any other business entity form (e.g., the conversion of the Company from a Delaware limited liability company to a Delaware corporation); or

(t) the entry into any binding agreement or arrangement by the Company or any of its Subsidiaries to effect any of the foregoing actions.

Section 8.5 Enhanced Consultation Matters. Notwithstanding anything to the contrary in this Agreement, for so long as (x) the Investor Member's Common Percentage Interest is at least 25.0% but is less than 30.0% and (y) the Investor Member is not a Defaulting Member, the Company (and, as applicable, the Board) shall use its reasonable best efforts to consult in good faith with the Investor Member (which consultation shall be deemed to include the participation of Investor Directors in the meetings of the Board with respect to such matters, and, to the extent requested by the Investor Member, reasonable discussions between Representatives of the Company, of the Investor Member and of the FE Member) prior to the Company undertaking, or causing or permitting any of its Subsidiaries to undertake, any of the matters listed in Section 8.4 (except as would be impracticable in respect of a particular action that the Board reasonably believes to be necessary or appropriate to comply with applicable Law or in response to an Emergency Situation). For the avoidance of doubt, nothing in this Section 8.5 shall affect the Investor Member's rights under Sections 8.1 and 8.2.

Section 8.6 Actions by the Investor Director(s) on behalf of the Investor Member. Where any action requires the consent of the Investor Member pursuant to Section 8.1, Section 8.2 or Section 8.4, the Investor Director(s) shall, unless the Investor Member indicates in

writing to the FE Member otherwise, have the authority to provide such consent on behalf of the Investor Member at any meeting of the Board called to discuss such matters, and the Company, the other Members and the other Directors shall be entitled to rely on such action of the Investor Director(s) as an action of the Investor Member with such action being binding upon the Investor Member.

Section 8.7 Certain Other Matters.

(a) For the avoidance of doubt, and notwithstanding Section 8.1, Section 8.2 and Section 8.3, in no event will the Investor Member have any consent or consultation rights in respect of the dissolution, liquidation or winding up (or similar actions taken having the same effect) of AET PATH or any of its Subsidiaries or the business and affairs of any of such Persons; provided, however, that the foregoing provisions of this Section 8.7 shall not have any effect for so long as the Investor Member holds at least a 30.0% Common Percentage Interest.

(b) Notwithstanding anything in this Agreement to the contrary, for so long as the Investor Member holds at least a 30.0% Common Percentage Interest, the Investor Member may make recommendations concerning the removal of any member of the Transmission Leadership Team, which recommendation the FE Directors must consider and discuss in good faith with the Investor Directors.

ARTICLE IX
OTHER COVENANTS AND AGREEMENTS

Section 9.1 Books and Records.

(a) The Company shall keep and maintain, or cause to be kept and maintained, books and records of accounts, taxes, financial information and all matters pertaining to the Company and its Subsidiaries at the principal offices and place of business of the Company in a commercially reasonable manner consistent with the manner in which similar books and records are kept and maintained by other members of the FE Outside Group. Each Member (other than any Defaulting Member) and its duly authorized Representatives shall have the right to, at reasonable times during normal business hours, upon reasonable notice, under supervision of the Company's personnel and in such a manner as to not unreasonably interfere with the normal operations of any member of the Company Group: (i) visit and inspect the books and records of the Company Group, and, at its expense, make copies of and take extracts from any books and records of the Company Group, (ii) meet and consult with officers, other managers of the Company Group and Representatives of the Company Group regarding their businesses and activities, and (iii) in the case of the Investor Member, for so long as the Investor Member holds at least a 30.0% Common Percentage Interest, inspect and, at its expense, make copies of and take extracts from any written reports made available to the FE Member concerning the Company Group (provided that the Company may redact or omit any portions thereof not solely related to the Company Group) or any other written information regarding the Company Group as may reasonably be requested by the Investor Member (it being acknowledged that, for the avoidance of doubt, the obligations in this clause (iii) shall not require the disclosure of emails and other non-recurring informal correspondence, and shall not unreasonably require the creation of data or information that is not already in existence);

provided that, in the case of the Investor Member, any Person gaining access to such information regarding the Company Group pursuant to this Section 9.1 and Section 9.2 shall agree to hold in strict confidence, not make any disclosure of, and not use for purposes other than good faith administration of the Investor Member's continuing investment, all information regarding any member of the Company Group that is not otherwise publicly available.

(b) Notwithstanding the foregoing or anything in Section 9.2(f), the Company shall not be obligated to provide to the Investor Member any record or information (i) relating to the negotiation and consummation of the transactions contemplated by this Agreement, the Initial PSA and the Second PSA, including confidential communications with Representatives or Advisors, including legal counsel, representing the Company or any of its Affiliates, (ii) that is subject to an attorney-client or other legal privilege, (iii) that, in the FE Member's reasonable and good faith determination are proprietary, confidential or competitively sensitive to the FE Member or to any other member of the FE Outside Group, (iv) relating to any joint, combined, consolidated or unitary Tax Return that includes the FE Member or any other member of the FE Outside Group or any supporting work papers or other documentation related thereto, or (v) the provision of which would violate any applicable Law.

(c) Each Member shall reimburse the Company for all documented out-of-pocket costs and expenses incurred by the Company in connection with such Member's exercise of its inspection and information rights pursuant to this Section 9.1 and Section 9.2(f).

Section 9.2 Financial Reports. The Company shall provide, or otherwise make available, to any Member (unless such Member is a Defaulting Member):

(a) for so long as the Investor Member holds at least a 30.0% Common Percentage Interest, on a monthly basis, operating and financial reports and any periodic updates made to financial forecasts (provided that the obligation to do so may be satisfied by delivering such information to the Board or Advisory Committee at the next scheduled monthly meeting thereof);

(b) on an annual basis, within 105 days after the end of each fiscal year, an audited consolidated balance sheet, statement of operations and statement of cash flow of each member of the Company Group;

(c) on a quarterly basis, within 60 days after the end of each fiscal quarter, an unaudited quarterly and year-to-date consolidated balance sheet and related statement of operation and statement of cash flow of each member of the Company Group;

(d) on an annual basis, as soon as reasonably practicable after the approval thereof by the Board, the annual budget and business plan (if applicable) for each member of the Company Group;

(e) on an annual basis, as soon as reasonably practicable after the approval thereof by the Board, financial forecasts for each member of the Company Group for the fiscal year, which shall be in such manner and form as approved by the Board, and which shall include a projection of income and a projected cash flow statement for each fiscal quarter in such fiscal year and a projected balance sheet as of the end of each fiscal quarter in such fiscal year; and

(f) to the Investor Member, any other financial information regarding the Company Group reasonably requested by the Investor Member; provided, however, that the Company shall not be unreasonably required pursuant to this clause (f) to create data or information that is not already in existence.

Section 9.3 Other Business; Corporate Opportunities.

(a) To the extent permitted by applicable Law and, in the case of the FE Member, subject to its compliance with its obligations under Section 9.3(b), any Member and any Affiliate of any Member may engage in, possess an interest in or otherwise be involved in other business ventures of any nature or description, independently or with others, similar or dissimilar to the businesses of the Company Group, and neither the Company nor any other Member shall have any rights by virtue of this Agreement in and to such independent ventures or the income or profits derived therefrom, and the pursuit of any such venture, even if competitive with the businesses of the Company Group, shall be deemed not to be wrongful or improper so long as it is consistent with all Laws applicable to the Company and its Subsidiaries.

(b)

(i) In the event that the FE Member identifies an acquisition, "greenfield" development, expansion or upgrade opportunity primarily involving, related to or in furtherance of the activities described in clauses (i) and (iii) of the definition of the Company Business within the PJM Transmission Zones within the PJM Region in which the Company and its Subsidiaries then currently operate or, to the extent permitted by applicable Law, in any other area not then-covered by an existing member of the FE Outside Group (excluding the JCP&L PJM Transmission Zone) (a "Company Business Opportunity"), if and to the extent it would be permissible by the relevant Governmental Body for the Company or one of its Subsidiaries to pursue such Company Business Opportunity, then such Company Business Opportunity shall be presented by the FE Member to the Board for pursuit by the Company (subject to Article VIII) prior to any members of the FE Outside Group undertaking such opportunity; provided, however, that a "Company Business Opportunity" shall, subject to Sections 9.3(b)(ii) and 9.3(b)(iii), exclude any business activities conducted by the FE Outside Group as of the Effective Date, including direct or indirect investments in, or directly or indirectly developing, constructing, commercializing, operating, maintaining or owning, electric transmission assets and facilities in the Allegheny Power Systems Transmission Zone (but only to the extent such activities are otherwise not permitted to be undertaken by the Company) and JCP&L PJM Transmission Zone. If the Company declines the Company Business Opportunity, then the FE Outside Group will have the right to pursue the Company Business Opportunity without further involvement of the Company.

(ii) For so long as the Investor Member holds at least a 30.0% Common Percentage Interest, if the FE Member receives a bona fide third party offer to acquire any or all of the KATCo Interests, which such offer the FE Member wishes to accept, then the FE Member shall promptly notify the Company and the Investor Member in writing of such offer (such notice, the "KATCo ROFR Notice"), setting forth the name and address of the prospective purchaser, the price or method of determining such price (the "KATCo ROFR Price"), and the material terms and conditions of such proposed sale.

1. The Investor Member shall have a period of up to forty-five (45) days (the "KATCo ROFR Option Period") after receipt of the KATCo ROFR Notice within which to notify the FE Member in writing that it wishes for the Company to acquire all (but not less than all) of the KATCo Interests at a price equal to the KATCo ROFR Price and upon the same terms and conditions set forth in the KATCo ROFR Notice. Subject to such terms and conditions, the FE Member and Investor Member shall cooperate in good faith to obtain any necessary consents or approvals and enter into any definitive agreements to consummate the sale of the KATCo Interests to the Company. If such consents or approvals are obtained, then the FE Member shall be obligated to sell to the Company, and the Company shall be obligated to acquire from the FE Member, the KATCo Interests at the price and on the terms and conditions set forth in the KATCo ROFR Notice.

2. If the Investor Member does not give such notice to the FE Member within such KATCo ROFR Option Period or if, having given such notice, the Investor Member and FE Member do not obtain the necessary consents or regulatory approvals despite the parties' good faith cooperation to do so, then the FE Member shall be free to sell the KATCo Interests to the Third Party named in its notice, provided that such sale is consummated at a price equal to or greater than the KATCo ROFR Price and upon substantially the same terms and conditions (other than the price, which may be higher than the KATCo ROFR Price) as are set forth in the KATCo ROFR Notice. If such sale to any Third Party is not completed prior a period of 120 days commencing on the earlier of (A) the expiration of the ROFR Option Period and (B) the delivery of a written notice by the Investor Member to the FE Member rejecting the offer set forth in the KATCo ROFR Notice (such 120-day period, the "KATCo ROFR Sale Period"), then the process initiated by the delivery of the KATCo ROFR Notice shall be lapsed, and the FE Member will be required to repeat the process set forth in this Section 9.3(b)(ii) before entering into any agreement with respect to, or consummating, any sale of KATCo Interests to such Third Party; provided, that if a definitive agreement providing for the consummation of such sale is executed within the KATCo ROFR Sale Period but such sale has not been consummated at the expiration of the KATCo ROFR Sale Period solely as a result of a failure to receive the requisite authorization, approval or consent of any Governmental Body in respect of such sale, then the KATCo ROFR Sale Period shall be extended solely to the extent necessary to permit the receipt of all such authorizations, approvals or consents which are in process but have not been received from the relevant Governmental Body as of the original expiration date of the KATCo ROFR Sale Period and the consummation of the sale provided for in such definitive agreement; provided, further, that the FE Member shall have used its reasonable best efforts in seeking such authorizations, approvals and consents.

(iii) In connection with the sale of any KATCO Interests, the FE Member shall promptly provide any due diligence materials that were provided to the Third Party making the relevant bona fide third party offer or any other due diligence materials that are in the FE Member's possession or control or are otherwise reasonably available to the FE Member that are reasonably requested by the Investor Member in furtherance of the Investor Member's exercise of its rights under Section 9.3(b)(ii).

(c) The Company and each Member expressly acknowledge and agree, that, except as set forth in Section 9.3(b), (i) neither the Members nor any of their respective Affiliates or Representatives shall have any duty to communicate or present an investment or business

opportunity to the Company in which the Company may, but for the provisions of this Section 9.3, have an interest or expectancy (a "Corporate Opportunity"), and (ii) neither of the Members nor any of their respective Affiliates or Representatives (even if such Person is also an officer or Director of the Company) shall be deemed to have breached any duty or obligation to the Company by reason of the fact that such Person pursues or acquires a Corporate Opportunity for itself or directs, sells, assigns or transfers such Corporate Opportunity to another Person or does not communicate information regarding such Corporate Opportunity to the Company. The Company and each Member expressly renounce any interest in Corporate Opportunities and any expectancy that a Corporate Opportunity will be offered to the Company.

(d) For so long as the Investor Member is a Member, the Company shall not, and shall cause its Subsidiaries not to, seek approval from the applicable Governmental Body to permit the members of the FE Outside Group that directly own equity interests in MAIT to make any capital contributions to MAIT; provided that, for so long as the Investor Member is a Member and the Company directly owns the MAIT Class B Interests, the Company shall not make any capital contributions to MAIT on account of the Company's ownership of its MAIT Class B Interests.

Section 9.4 Compliance with Laws.

(a) The Company shall not, and shall cause its Subsidiaries not to, and shall use its commercially reasonable efforts to procure that the Company Group's respective Representatives shall not in the course of their actions for, or on behalf of, any Member of the Company Group:

(i) offer promise, provide or authorize the provision of any money, property, contribution, gift, entertainment or other thing of value, directly or knowingly indirectly, to any government official, to unlawfully influence official action or secure an improper advantage, or to unlawfully encourage the recipient to improperly influence or affect any act or decision of any Governmental Body, in each case, in order to assist any member of the Company Group in obtaining or retaining business, or otherwise act in violation of any applicable Anti-Corruption Laws;

(ii) violate any applicable Anti-Money Laundering Laws;

(iii) engage in any unlawful dealings or transactions with or for the benefit of any Sanctioned Person or otherwise violate Sanctions; or

(iv) violate any applicable FDI Law.

(b) The Company shall promptly notify the Members of (i) any allegations of misconduct by any member of the Company Group or any actions, suits or proceedings by or before any Governmental Body to which any member of the Company Group becomes a party, or to which the Company becomes aware that any Representative of the Company Group (in relation to such Representative's actions for, or on behalf of, any member of the Company Group) is a party, in each case, relating to any material breach or suspected material breach of any applicable Anti-Corruption Laws, Anti-Money Laundering Laws, Sanctions or FDI Laws or

(ii) any fact or circumstances of which it becomes aware that would reasonably be expected to result in a breach of this Section 9.4.

(c) The Company and its Subsidiaries have implemented and maintain, and will continue to implement and maintain, policies and procedures and a system of internal controls to ensure compliance by the Company, its Subsidiaries, their respective directors, officers, employees and agents (in their capacity as such) and Affiliates with Anti-Corruption Laws, Anti-Money Laundering Laws, Sanctions and FDI Laws.

(d) The Company and its Affiliates shall comply in all respects with all relevant terms of the Deferred Prosecution Agreement with the Southern District of Ohio entered into on July 22, 2021.

(e) Each Director and Board Observer may confer with the Member that appointed such Director and/or Board Observer regarding any allegations of misconduct by any member of the Company Group relating to any breach or suspected breach of any applicable anti-terrorism Laws, Anti-Corruption Laws, Anti-Money Laundering Laws, Sanctions or FDI Laws.

(f) Each Member shall, and shall use its commercially reasonable efforts to procure that its Representatives in the course of their actions for, or on behalf of, such Member or its Affiliates, comply in all respects with all Anti-Corruption Laws, Anti-Money Laundering Laws and FDI Laws applicable to such Persons.

(g) All Persons serving as Directors, Board Observers, Designated Alternates or members of the Advisory Committee (or any other committee of the Board) shall at all times comply with and be bound by the obligations of the members of the Company Group under the Standards of Conduct. Each Member shall cause each of its Directors, Board Observers, Designated Alternates and members of the Advisory Committee (or any other committee of the Board) to complete training on the Standards of Conduct within the first thirty (30) days of their appointment to their position as a Director, Board Observer, Designated Alternate or Member of the Advisory Committee (or any other committee of the Board if necessary) and then, thereafter, ensures on an annual basis that each such Person maintains full compliance with the Standards of Conduct compliance obligations for so long as such Person remains a Director, Board Observer, Designated Alternate or member of the Advisory Committee (or any other committee of the Board) (as applicable). Notwithstanding anything in this Agreement to the contrary, each Member and the Company acknowledges and agrees that: (i) the Company and/or the Board may withhold access to (including by excluding him or her from the relevant portion of any Board or committee meeting regarding) material non-public transmission function information subject to FERC's Standards of Conduct until the applicable Person has satisfied the Standards of Conduct compliance obligations set forth in this Section 9.4(g); and (ii) no member of the Company Group shall be required to disclose or otherwise provide any information or materials to any Person to the extent such information is required to be kept confidential by the Standards of Conduct in accordance with applicable Law.

Section 9.5 Non-Solicit. Without the prior written consent of the Company, the members of the Investor Group shall not solicit for employment, hire or engage as a consultant any individual who is serving in any position within the Transmission Leadership Team or an FE Director; provided that this Section 9.5 shall not prohibit any Person from issuing general public solicitations not specifically targeted at the Transmission Leadership Team or from hiring any Person responding to such general solicitations.

Section 9.6 Confidentiality.

(a) Each Member shall, and shall cause its Representatives to, keep confidential and not divulge any information (including all budgets, business plans and analyses) concerning the Company and its Subsidiaries, including their respective assets, business, operations, financial condition and prospects ("Confidential Information"), and to use such Confidential Information only in connection with the operation of the Company and its Subsidiaries or such Member's administration of its investment in the Company; provided that nothing herein shall prevent any Member from disclosing such Confidential Information (i) upon the Order of any court or administrative agency, (ii) upon the request or demand of any Governmental Body having jurisdiction over such party, (iii) to the extent compelled by legal process or required or requested pursuant to subpoena, interrogatories or other discovery requests, (iv) to the other Parties, (v) to such party's Representatives that in the reasonable judgment of such party need to know such Confidential Information, (vi) to any potential Permitted Transferee in connection with a proposed Transfer of Membership Interests from a Member so long as such transferee agrees to be bound by the provisions of this Section 9.6 as if a Member or (vi) in the case of the Investor Member, the limited partners of and other direct or indirect co-investors in the Investor Member and their respective Affiliates (provided that such disclosures are subject to and in accordance with the guidelines and restrictions set forth on Schedule 3); provided, further, that in the case of clauses (i), (ii) or (iii), such Member shall, to the extent legally permissible, notify the other Parties of the proposed disclosure as far in advance of such disclosure as practicable and use reasonable efforts to ensure that any Confidential Information so disclosed is accorded confidential treatment, when and if available.

(b) The restrictions in Section 9.6(a) shall not apply to information that (i) is or becomes generally available to the public other than as a result of a disclosure by a Member or any of its Representatives in violation of this Agreement, (ii) is or becomes available to a Member or any of its Representatives on a non-confidential basis prior to its disclosure to the receiving Member and any of its Representatives, (iii) is or has been independently developed or conceived by such Member or its Affiliates without use of the Company's or any of its Subsidiaries' Confidential Information or (iv) becomes available to the receiving Member or any of its Representatives on a non-confidential basis from a source other than the Company or any of its Subsidiaries, any other Party or any of their respective Representatives; provided that such source is not known by the recipient of the information to be bound by a confidentiality agreement with the disclosing party or any of its Representatives.

(c) Each Party shall inform any Representatives to whom it provides Confidential Information that such information is confidential and instruct them (i) to keep such Confidential Information confidential and (ii) not to disclose Confidential Information to any Third Party (other than those Persons to whom such Confidential Information has already been

disclosed in accordance with the terms of this Agreement). The disclosing Party shall be responsible for any breach of this Section 9.6 by the Person to whom the Confidential Information is disclosed.

(d) The restrictions in Section 9.6(a) shall not restrict any Member and its Affiliates from disclosing any Confidential Information required to be disclosed under applicable securities Laws or the rules of any stock exchange on which any of their securities are traded.

(e) Notwithstanding anything herein to the contrary, the provisions of this Section 9.6 shall survive the termination of this Agreement for a period of three years and, with respect to each Member, shall survive for a period of three years following the date on which such Member is no longer a Member. The provisions of this Section 9.6 shall supersede the provisions of any non-disclosure agreements entered into by the Company (or its Affiliates, including the FE Member) and any of the Members (or their respective Affiliates) with respect to the transactions contemplated hereby, by the Initial PSA or by the Second PSA prior to the Effective Date.

Section 9.7 Expenses. Except as otherwise expressly provided herein, all costs and expenses, including fees and disbursements of Representatives and other Advisors, incurred in connection with this Agreement and with the continuing relationship between the Company and its Members, and among any of them, shall be paid by the Party incurring such costs and expenses.

Section 9.8 Commitment to the Company Business. In furtherance of the Company's commitment to engaging only in activities and conduct consistent with the Company Business or any reasonable extension thereof, other than any transaction or series of transactions approved unanimously by the Board or as otherwise agreed in writing by the Members, the Company shall not, during any 10 year period, transfer, sell or otherwise dispose, or permit the Company's Subsidiaries to or otherwise cause the transfer, sale or other disposition, whether by way of asset sale, stock sale, merger or otherwise, of Qualifying Core Assets of the Company or one or more of its Subsidiaries having a Fair Market Value in excess of 20.0% of the Fair Market Value of the Company and its Subsidiaries' aggregate Qualifying Core Assets (such percentage to be measured immediately prior to such transfer, sale or disposition, and in the case of multiple transactions, the percentages will be added to determine if such 20.0% threshold has been exceeded) in any single transaction or series of transactions unless the proceeds from such transactions are reinvested (or committed to be reinvested) in other Qualifying Core Assets or other capital expenditure projects set forth in the Annual Approved Budget; provided that the foregoing shall not apply to any transfer, sale or other disposition of any of the Company's or its Subsidiaries' Qualifying Core Assets that is required by any Governmental Body or otherwise required under applicable Law.

Section 9.9 Budget; Business and Capital Plans.

(a) The (i) Annual Approved Budget shall be approved and (ii) each of the Business Plan and the Capital Plan shall be established, in each case in accordance with Schedule 5 hereto.

ARTICLE X
TAX MATTERS

Section 10.1 Tax Classification. The Parties intend that the Company be classified as a corporation for U.S. federal income (and applicable state and local) Tax purposes, and Internal Revenue Service Form 8832 was filed on May 10, 2022.

Section 10.2 Tax Matters Shareholder. The FE Member is hereby designated the "Tax Matters Shareholder" of the Company and its Subsidiaries. Except as otherwise provided in this Agreement, the Tax Matters Shareholder may, in its reasonable discretion, make or refrain from making any Tax elections allowed under applicable Law for the Company or any of its Subsidiaries. The Tax Matters Shareholder shall prepare and file or cause to be prepared and filed any Tax Return required to be filed by or with respect to the Company or its Subsidiaries. Notwithstanding any other provision of this Agreement, the Tax Matters Shareholder shall be entitled to control in all respects, and neither the Investor Member nor its Affiliates shall have the right to participate in, any Tax audits, examinations or other proceedings by any taxing authority of any Governmental Body with respect to any Tax Return of the Company or any of its Subsidiaries.

Section 10.3 Cooperation. The Investor Member shall, and shall cause its Affiliates to, provide to the FE Member and its Subsidiaries (including the Company and its Subsidiaries), and the FE Member and the Company shall, and shall cause their Affiliates to, provide to the Investor Member, in each case, such cooperation, documentation and information as any of them reasonably may request in connection with (a) filing any Tax Return, amended Tax Return or claim for refund, (b) determining a liability for Taxes or (c) preparing for or conducting any Tax audits, examinations or other proceedings by any taxing authority of any Governmental Body.

Section 10.4 Withholding. The Company may withhold and pay over to the United States Internal Revenue Service (or any other relevant Tax authority) such amounts as it is required to withhold or pay over, pursuant to the Code or any other applicable Law, on account of a Member, including in respect of distributions made pursuant to Section 5.2 or Section 5.3, and, for the avoidance of doubt, the amount of any such distribution or other payment to a Member shall be net of any such withholding. To the extent that any amounts are so withheld and paid over, such amounts shall be treated as paid to the Person(s) in respect of which such withholding was made. To the extent that a Member claims to be entitled to a reduced rate of, or exemption from, a withholding Tax pursuant to an applicable income Tax treaty, or otherwise, such Member shall furnish the Company with such information and forms as such Member may be required to complete where necessary to comply with any and all Laws and regulations governing the obligations of withholding Tax agents, and the Company shall apply such reduced rate of, or exemption from, withholding Tax as reflected on such information and forms that have been provided by such Member. Each Member agrees that if any information or form provided

pursuant to this Section 10.4 expires or becomes obsolete or inaccurate in any respect, such Member shall update such form or information.

Section 10.5 Certain Representations and Warranties. Each Member represents and warrants that any such information and forms furnished by such Member shall be true and accurate and agrees to indemnify the Company from any and all damages, costs and expenses resulting from the filing of inaccurate or incomplete information or forms relating to such withholding Taxes.

ARTICLE XI
LIABILITY; EXCULPATION; INDEMNIFICATION

Section 11.1 Liability; Member Duties. The debts, obligations and liabilities of the Company, whether arising in contract, tort or otherwise, shall be solely the debts, obligations and liabilities of the Company, and no Covered Person shall be obligated personally for any such debt, obligation or liability of the Company solely by reason of being a Covered Person. Each Member acknowledges and agrees that each Member, in its capacity as a Member, may decide or determine any matter subject to the approval of such Member pursuant to any provision of this Agreement in the sole and absolute discretion of such Member, and in making such decision or determination such Member shall have no duty, fiduciary or otherwise, to any other Member or to the Company Group, it being the intent of all Members that such Member, in its capacity as a Member, has the right to make such determination solely on the basis of its own interests.

Section 11.2 Exculpation. To the fullest extent permitted by applicable Law, no Covered Person shall be liable to the Company or any other Covered Person for any loss, damage or claim incurred by reason of any act or omission performed or omitted by such Covered Person in good faith on behalf of the Company and in a manner reasonably believed to be within the scope of the authority conferred on such Covered Person by this Agreement, except that a Covered Person shall be liable for any such loss, damage or claim incurred by reason of such Covered Person's fraud, gross negligence or willful misconduct.

Section 11.3 Indemnification. The Company shall indemnify, defend and hold harmless any Person who was or is a party or is threatened to be made a party to any threatened, pending or completed actions, suits or proceedings by reason of the fact that such Person is or was a Director or officer of the Company, or is or was a Director or officer of the Company serving at the request of the Company as a director, officer or agent of another limited liability company, partnership, joint venture, trust or other enterprise, against expenses (including attorneys' fees), judgments, settlements, penalties and fines actually and reasonably incurred by him or her in connection with the defense or settlement of such, action, suit or proceeding if he or she acted in good faith and in a manner he or she reasonably believed to be in or not opposed to the best interests of the Company; and, with respect to any criminal action or proceeding, either he or she had reasonable cause to believe such conduct was lawful or no reasonable cause to believe such conduct was unlawful.

Section 11.4 Authorization. To the extent that such present or former Director or officer of the Company has been successful, on the merits or otherwise, in the defense of any action, suit or proceeding referred to in Section 11.3, or in the defense of any claim, issue or

matter therein, the Company shall indemnify him or her against expenses (including attorneys' fees) actually and reasonably incurred by him or her in connection therewith. Any other indemnification under Section 11.3 shall be made by the Company only as authorized in the specific case, upon a determination that indemnification of the present or former Director or officer is permissible in the circumstances because such present or former Director or officer has met the applicable standard of conduct. Such determination shall be made, with respect to a Person who is a Director or officer at the time of such determination, (a) by a majority vote of the Directors who are not parties to such action, suit or proceeding, even with less than a quorum, or (b) if there are no such Directors, or if such Directors so direct, by independent legal counsel in a written opinion, or (c) by the Members. Such determination shall be made, with respect to former Directors and officers, by any Person or Persons having the authority to act on the matter on behalf of the Company.

Section 11.5 Reliance on Information. For purposes of any determination under Section 11.3, a present or former Director or officer of the Company shall be deemed to have acted in good faith and have otherwise met the applicable standard of conduct set forth in Section 11.3 if his or her action is based on the records or books of account of the Company or on information supplied to him or her by the officers of the Company in the course of his or her duties, or on the advice of legal counsel for the Company or on information or records given or reports made to the Company by an independent certified public accountant or by an appraiser or other expert selected with reasonable care by the Company. The provisions of this Section 11.5 shall not be deemed to be exclusive or to limit in any way the circumstances in which a present or former Director or officer of the Company may be deemed to have met the applicable standard of conduct set forth in Section 11.3.

Section 11.6 Advancement of Expenses. Expenses (including reasonable attorneys' fees) incurred by the present or former Director or officer of the Company in defending any civil, criminal, administrative or investigative action, suit or proceeding may be paid by the Company as authorized in the specific case in the same manner described in Section 11.4, upon receipt of a written affirmation of the present or former Director or officer that he or she has met the standard of conduct described in Section 11.3 and upon receipt of a written undertaking by or on behalf of him or her to repay such amount if it shall ultimately be determined that he or she did not meet the standard of conduct, and a determination is made that the facts then known to those making the determination shall not preclude indemnification under this Article XI.

Section 11.7 Non-Exclusive Provisions. The indemnification and advancement of expenses provided by, or granted pursuant to, this Article XI shall not be deemed exclusive of any other rights to which those seeking indemnification or advancement of expenses may be entitled.

Section 11.8 Survival of Indemnification and Advancement of Expenses. The indemnification and advancement of expenses provided by, or granted pursuant to, this Article XI shall, unless otherwise provided when authorized or ratified, continue as to a Person who has ceased to be a Director or officer of the Company and shall inure to the benefit of his or her heirs, executors and administrators.

Section 11.9 Limitations. Notwithstanding anything contained in this Article XI to the contrary, the Company shall not be obligated to indemnify any Director or officer (or his or her heirs, executors or personal or legal representatives) or advance expenses in connection with a proceeding (or part thereof) initiated by such Person unless such proceeding (or part thereof) was authorized or consented to by the Board.

ARTICLE VII
REPRESENTATIONS AND WARRANTIES

Section 12.1 Members Representations and Warranties. Each Member hereby represents and warrants, severally and not jointly, to the Company and to the other Member as follows:

(a) Such Member is a company duly organized, validly existing and in good standing under the Laws of its jurisdiction of incorporation or formation, as applicable, with full power and authority to enter into this Agreement and perform all of its obligations hereunder.

(b) The execution and delivery of this Agreement by such Member, and the performance by such Member of its obligations hereunder, have been duly and validly authorized by all requisite action by such Member, and no other proceedings on the part of such Member are necessary to authorize the execution, delivery or performance of this Agreement by such Member.

(c) This Agreement has been duly and validly executed and delivered by such Member, and, assuming that this Agreement is a valid and binding obligation of the other Parties, this Agreement constitutes a valid and binding obligation of such Member, enforceable against such Member in accordance with its terms, except as limited by the application of bankruptcy, insolvency, reorganization, fraudulent conveyance, moratorium or other Laws relating to or affecting creditors' rights or general principles of equity.

(d) The execution and delivery by such Member of this Agreement, and the performance by such Member of its obligations hereunder, does not (i) violate or breach its Organizational Documents, (ii) violate any applicable Law to which such Member is subject or by which any of its assets are bound, or (iii) result in any breach of or constitute a default (or an event that, with notice or lapse of time or both, would become a default) under any Contract to which such Member is a party or by which any of its assets are bound.

ARTICLE VIII
MISCELLANEOUS

Section 13.1 Notices. Except as otherwise expressly provided herein, all notices, demands and other communications to be given or delivered under or by reason of the provisions of this Agreement shall be in writing and shall be deemed to have been given (a) when personally delivered, (b) when transmitted by electronic mail (unless if transmitted after 5:00 p.m. Eastern time or other than on a Business Day, then on the next Business Day) to the address specified below in which case such notice shall be deemed to have been given when the recipient transmits manual written acknowledgment of successful receipt, which the recipient shall have

an affirmative duty to furnish promptly after successful receipt, (c) when sent by internationally-recognized courier in which case it shall be deemed to have been given at the time of actual recorded delivery, or (d) the third Business Day following the day on which the same is sent by certified or registered mail, postage prepaid, in each case, to the respective Party at the number, electronic mail address or street address, as applicable, set forth below, or at such other number, electronic mail address or street address as such Party may specify by written notice to the other Parties.

Notices to the Investor Member:

North American Transmission Company II L.P.
c/o Brookfield Infrastructure Group
1200 Smith Street, Suite 640
Houston, Texas 77002
Attention: Fred Day
Email: fred.day@brookfield.com

with copies to (which shall not constitute notice):

Skadden, Arps, Slate, Meagher & Flom LLP
1000 Louisiana Street
Houston, Texas 77002
Attention: Eric Otness
Email: eric.otness@skadden.com

and

Skadden, Arps, Slate, Meagher & Flom LLP
1440 New York Avenue, N.W.
Washington, D.C. 20005
Attention: Aryan Moniri
Email: aryan.moniri@skadden.com

Notices to the FE Member and to the Company:

FirstEnergy Transmission, LLC
c/o FirstEnergy Corp.
76 South Main Street
Akron, Ohio 44308
Attention: David W. Pinter
Email: dpinter@firstenergycorp.com

with a copy to (which shall not constitute notice):

Jones Day
901 Lakeside Ave.
Cleveland, Ohio 44114
Attention: Peter Izanec; George Hunter
Email: peizanec@jonesday.com; ghunter@jonesday.com

Section 13.2 Assignment. This Agreement and all of the provisions hereof shall be binding upon and inure to the benefit of the Parties and their respective successors and permitted assigns; provided that no Member, nor the Company, shall purport to assign or Transfer all or any of its rights or obligations under this Agreement nor grant, declare, create or dispose of any right or interest in this Agreement in whole or in part except with respect to a Transfer in accordance with the terms of this Agreement, and any attempted or purported assignment hereof not in accordance with the terms hereof shall be void *ab initio*.

Section 13.3 Waiver of Partition. Each Member hereby waives any right to partition of the Company property.

Section 13.4 Further Assurances. From and after the Effective Date, from time to time, as and when requested by any Party and at such Party's expense, any other Party shall execute and deliver, or cause to be executed and delivered, all such documents and instruments and shall take, or cause to be taken, all such further or other actions as such requesting Party may reasonably deem necessary or desirable to carry out the purposes and intent of this Agreement.

Section 13.5 Third Party Beneficiaries. Except as otherwise expressly provided herein, nothing expressed or referred to in this Agreement shall be construed to give any Person other than the Parties any legal or equitable right, remedy or claim under or with respect to this Agreement or any provision of this Agreement; provided, that Covered Persons are express third party beneficiaries of Article XI.

Section 13.6 Parties in Interest. This Agreement shall inure to the benefit of, and be binding upon, the Parties and their respective successors, legal representatives and permitted assigns.

Section 13.7 Severability. If any term, provision, covenant or restriction contained in this Agreement is held by a court of competent jurisdiction or other authority to be invalid, void, unenforceable or against its regulatory policy, the remainder of the terms, provisions, covenants and restrictions contained in this Agreement shall remain in full force and effect and shall in no way be affected, impaired or invalidated, and, to the extent permitted and possible, any invalid, void or unenforceable term shall be deemed replaced by a term that is valid and enforceable and that comes closest to expressing the intention of such invalid, void or unenforceable term.

Section 13.8 Construction. The language used in this Agreement shall be deemed to be the language chosen by the Parties to express their mutual intent, and no rule of strict construction shall be applied against any Person. The headings of the sections and paragraphs of this Agreement have been inserted for convenience of reference only and shall in no way restrict or otherwise modify any of the terms or provisions hereof.

Section 13.9 Complete Agreement. This Agreement (including any schedules thereto), constitutes the entire agreement of the Parties hereto with respect to the subject matter hereof and thereof and supersedes any prior understandings, agreements or representations by or among the Parties hereto or Affiliates thereof, written or oral, to the extent they relate in any way to the subject matter hereof.

Section 13.10 Amendment; Waiver. Subject to Article VIII, neither this Agreement nor any other Organizational Document of the Company may be amended (whether by merger or otherwise) except in a written instrument signed by the FE Member and the Investor Member; provided, however, that any modification, alteration, supplement or amendment to this Agreement that would have a disproportionately adverse impact on the Members that are holders of the Special Purpose Membership Interests (in such holders' capacity as such) as compared to holders of any other Membership Interests shall require the approval of the Members who are holders of the Special Purpose Membership Interests, voting in their capacity as such holders as a separate class. In the event that (i) the Company issues Membership Interests to one or more Third Parties pursuant to Section 5.1(d) or Section 7.1, (ii) if the FE Member is no longer directly or indirectly the beneficial owner of a majority of the Company, or (iii) if the Investor Member Transfers Membership Interests to another Person, the Members and the Company shall negotiate in good faith to amend this Agreement to the extent reasonably necessary to reflect such additional Members or changes appropriate to reflect the new respective Percentage Interests of the Members. For the avoidance of doubt, any transferee of the Investor Member shall be entitled to the same protective provisions set forth in this Agreement (including Article VIII) for so long as such transferee's Percentage Interest is at least equal to the Percentage Interest at which such right is afforded to the Investor Member, and any such amendment to this Agreement made in accordance with this Section 13.10 shall reflect as much. Any amendment or revision to Schedule 1 that is made by an officer solely to reflect information regarding Members or the Transfer or issuance of Membership Interests made in accordance with the terms of this Agreement shall not be considered an amendment to this Agreement and shall not require any Board or Member approval. Any failure or delay on the part of any Party in exercising any power or right hereunder shall not operate as a waiver thereof, nor shall any single or partial exercise of any such right or power preclude any other or further exercise thereof or the exercise of any other right or power hereunder or otherwise available at law or in equity.

Section 13.11 Governing Law. This Agreement, and any claim, action, suit, investigation or proceeding of any kind whatsoever, including a counterclaim, cross-claim or defense, regardless of the legal theory under which such liability or obligation may be sought to be imposed, whether sounding in contract or tort, or whether at law or in equity, or otherwise under any legal or equitable theory, that may be based upon, arising out of or related to this Agreement or the negotiation, execution or performance of this Agreement or the transactions contemplated hereby shall be governed by and construed in accordance with the internal Laws of the State of Delaware applicable to agreements executed and performed entirely within such State without regards to conflicts of law principles of the State of Delaware or any other jurisdiction that would cause the Laws of any jurisdiction other than the State of Delaware to apply.

Section 13.12 Specific Performance. The Parties agree that irreparable damage, for which monetary relief, even if available, shall not be an adequate remedy, would occur in the event that any provision of this Agreement is not performed in accordance with its specific terms or is otherwise breached. It is accordingly agreed that (a) the Parties shall be entitled to seek an injunction or injunctions, specific performance or other equitable relief to prevent breaches of this Agreement and to enforce specifically the terms and provisions hereof without proof of damages or otherwise, this being in addition to any other remedy to which they are entitled under this Agreement, and (b) the right of specific performance and other equitable relief is an integral

part of this Agreement and the business and legal understandings between the Members with respect to the Company, and without that right, none of the Members would have entered into this Agreement. The Parties acknowledge and agree that any Party pursuing an injunction or injunctions or other Order to prevent breaches of this Agreement and to enforce specifically the terms and provisions of this Agreement in accordance with this Section 13.12 shall not be required to provide any bond or other security in connection with any such Order. The remedies available to the Parties pursuant to this Section 13.12 shall be in addition to any other remedy to which they may be entitled at law or in equity, and the election to pursue an injunction or specific performance shall not restrict, impair or otherwise limit any Party from seeking to collect or collecting damages. Each of the Parties agrees that it shall not oppose the granting of an injunction, specific performance and other equitable relief on the basis that any other Party has an adequate remedy at law or that any award of specific performance is not an appropriate remedy for any reason at law or in equity.

Section 13.13 Arbitration.

(a) With the exception only of any proceeding seeking interim or provisional relief in order to protect the rights or property of a Party which a Party may elect to pursue in court, all claims or disputes arising out of or relating to this Agreement, not amicably resolved between the Parties shall be determined by binding arbitration upon demand by a Party. Such arbitration shall be administered by the American Arbitration Association ("AAA") utilizing its Commercial Arbitration Rules in effect as of the date the arbitration is commenced. The arbitration shall be conducted before a single arbitrator, if the Parties can agree on the one arbitrator. If the Parties cannot agree on a single arbitrator, there shall be a panel of three arbitrators with one chosen by each Member and the third arbitrator selected by the two Members-appointed arbitrators. If a Party fails to appoint an arbitrator within 30 days following a written request by another Party to do so or if the two party-appointed arbitrators fail to agree upon the selection of a third arbitrator, as applicable, within 30 days following their appointment, the additional arbitrator shall be selected by the AAA pursuant to its applicable procedures. Each arbitrator shall be disinterested and have at least 20 years of experience with commercial matters. The arbitrator(s) shall have the power to award any appropriate remedy consistent with the objectives of the arbitration and subject to, and consistent with, all Laws applicable to the Company and its Subsidiaries (including, for the avoidance of doubt, the necessity of obtaining any requisite authorization, approval or consent of any Governmental Body necessary to implement the appropriate remedy). The decision of the one arbitrator or, if applicable, the majority of the three arbitrators shall be final and binding upon the Parties (subject only to limited review as required by applicable Law). Judgment upon the award of the arbitrator(s) may be entered in any court of competent jurisdiction or otherwise enforced in any jurisdiction in any manner provided by applicable Law. The losing Party shall pay the prevailing Party's attorney's fees and costs and the costs associated with the arbitration, including expert fees and costs and the arbitrators' fees and costs; provided, however, that each Party shall bear its own fees and costs until the arbitrator(s) determine which, if any, Party is the prevailing Party and the amount that is due to such prevailing Party. The arbitration proceedings shall take place in Akron, Ohio and, for the avoidance of doubt, the arbitration proceedings shall be conducted in the English language.

(b) All discussions, negotiations and proceedings under this Section 13.13, and all evidence given or discovered pursuant hereto, will be maintained in strict confidence by all Parties, except where disclosure is required by applicable Law, necessary to comply with any legal requirements of such Party or necessary or advisable in order for a Party to assert any legal rights or remedies, including the filing of a complaint with a court or, based on the advice of counsel, such disclosure is determined to be necessary or advisable under applicable securities Laws or the rules of any stock exchange on which any of such Party's securities are traded. Disclosure of the existence of any arbitration or of any award rendered therein may be made as part of any action in court for interim or provisional relief or to confirm or enforce such award.

(c) Any settlement discussions occurring and negotiating positions taken by any Party in connection with the procedures under this Section 13.13 will be subject to Rule 408 of the Federal Rules of Civil Procedure and shall not be admissible as evidence in any proceeding relating to the subject matter of this Agreement.

(d) The fact that the dispute resolution procedure specified in this Section 13.13 has been or may be invoked will not excuse any Party from performing its obligations under this Agreement, and during the pendency of any such procedure, all Parties must continue to perform their respective obligations in good faith.

Section 13.14 Counterparts. This Agreement may be executed in counterparts, and any Party may execute any such counterpart, each of which when executed and delivered shall be deemed to be an original and all of which counterparts taken together shall constitute one and the same instrument. This Agreement shall become effective when each Party shall have received a counterpart hereof signed by the other Parties. The Parties agree that the delivery of this Agreement may be effected by means of an exchange of facsimile or electronically transmitted signatures.

Section 13.15 Fair Market Value Determination. Upon request by any Member, so long as such Member holds a Common Percentage Interest greater than 5.0%, or, to the extent necessary for purposes of determining Fair Market Value of the outstanding Special Purpose Membership Interests pursuant to Section 5.3, any Member that is the owner of a majority of the issued and outstanding Special Purpose Membership Interests, within five (5) Business Days after receiving written notice of the Board's determination in connection with any determination of Fair Market Value of Membership Interests or other assets under this Agreement (which determination shall be provided by the Company to each Member promptly following the making thereof), the Company shall select a nationally recognized independent valuation firm with no existing or prior business or personal relationship with any Member or any of its Affiliates in the five-year period immediately preceding the date of engagement pursuant to this Section 13.15 (the "Independent Evaluator") to determine such Fair Market Value. Each of the Company and the requesting Member shall submit their view of the Fair Market Value of the Membership Interests or the relevant asset(s) to the Independent Evaluator, and each party will receive copies of all information provided to the Independent Evaluator by the other party. The final Independent Evaluator's determination of the Fair Market Value of such Membership Interests or asset(s) shall be set forth in a detailed written report addressed to the Company and the requesting Member within 30 days following the Company's selection of such Independent Evaluator and such determination shall be final, conclusive and binding. In rendering its

decision, the Independent Evaluator shall determine which of the positions of the Company and the requesting Member submitted to the Independent Evaluator is, in the aggregate, more accurate (which report shall include a worksheet setting forth the material calculations used in arriving at such determination), and, based on such determination, adopt either the Fair Market Value determined by the Company or the requesting Member. Any fees and expenses of the Independent Evaluator incurred in resolving the disputed matter(s) will be borne by the party whose positions were not adopted by the Independent Evaluator.

Section 13.16 Certain Definitions. As used in this Agreement, the following terms shall have the meanings ascribed to them below:

"Act" means the Delaware Limited Liability Company Act, as amended from time to time.

"Advisors" means, with respect to any Person, the accountants, attorneys, consultants, advisors, investment bankers, or other representatives of such Person.

"AET PATH" means AET PATH Company, LLC, a Delaware limited liability company.

"Affiliate" of any particular Person means any other Person controlling, controlled by or under common control with such particular Person, where "control" means the possession, directly or indirectly, of the power to direct the management and policies of a Person whether through the ownership of voting securities, Contract or otherwise.

"Annual Approved Budget" means an annual approved budget, which will be in the form attached to Schedule 5 hereto.

"Anti-Corruption Laws" means (a) the U.S. Foreign Corrupt Practices Act of 1977, as amended; (b) the U.K. Bribery Act 2010, as amended; and (c) any other Law concerning or relating to bribery or corruption imposed, administered or enforced by any Governmental Body.

"Anti-Money Laundering Laws" means any Law concerning or relating to money laundering, any predicate crime to money laundering or any record keeping, disclosure or reporting requirements related to money laundering imposed, administered or enforced by any Governmental Body.

"Available Cash" means, for any applicable fiscal quarter, the cash flow generated from the business operations of the Company and its Subsidiaries in such fiscal quarter (but excluding any MAIT Class B Distributable Amounts), less any amounts that the Board reasonably determines are necessary and appropriate to be retained in order to (a) permit the Company and its Subsidiaries to pay their obligations as they become due in the ordinary course of business, (b) maintain the Company's and its Subsidiaries' target regulatory capital structure and investment-grade credit metrics, (c) fund planned capital expenditures, (d) maintain an adequate level of working capital, (e) maintain prudent reserves for future obligations (including contingent obligations of the Company and its Subsidiaries), (f) comply with the terms of the Company's and its Subsidiaries Indebtedness (including making any required payments of principal or interest in satisfaction of Indebtedness) or (g) comply with applicable Law or

respond to an Emergency Situation. For the avoidance of doubt, the proceeds of the issuance of the Investor Member's Membership Interests shall be excluded from the calculation of Available Cash (and may be held in a segregated sub-account in the money pool of the FE Member).

"Available Limited Discretion Cash" means, for any applicable fiscal quarter, the cash flow generated from the business operations of the Company and its Subsidiaries in such fiscal quarter (but excluding any MAIT Class B Distributable Amounts), less any amounts that the Board, based on the recommendation of the Transmission Leadership Team as substantiated by written financial reports and forecasts included therewith, reasonably determines (which such determination shall include the approval of the Investor Director(s) for so long as the Investor Member holds at least a 30.0% Common Percentage Interest) in good faith are necessary to be retained in order to (a) permit the Company and its Subsidiaries to pay their obligations due as of such date or that are expected to become due in the next ninety (90) days in the ordinary course of business (including making any required payments of principal or interest in satisfaction of Indebtedness) that cannot be satisfied on commercially reasonable terms by the Company's available liquidity, or (b) comply with applicable Law or respond to an Emergency Situation.

"Business Day" means any day other than a Saturday, Sunday or a day on which banking institutions located in New York, New York are authorized by applicable Law to be closed.

"Business Plan" has the meaning set forth on Schedule 5 hereto.

"Capital Plan" has the meaning set forth on Schedule 5 hereto.

"Change in Control" means with respect to the applicable Party, any person or group (within the meaning of Sections 13(d)(3) and 14(d)(2) of the Securities Exchange Act of 1934, as amended) at any time becoming the beneficial owner of 50.0% or more of the combined voting power of the voting securities of such Party.

"Code" means the Internal Revenue Code of 1986, as amended.

"Common Percentage Interest" means, in respect of any Member, their relative ownership in the outstanding Common Membership Interests at the relevant time, expressed as a percentage, which shall be deemed to be equal to the number of outstanding Common Membership Interests that such Member owns at the relevant time divided by the total number of Common Membership Interests then outstanding.

"Company Group" means the Company and each of its Subsidiaries, collectively.

"Competitor" means any Person that is, or through its Subsidiaries is, directly involved in the transmission of electricity in the United States; provided that no Financial Investor shall be considered a "Competitor" as defined herein.

"Contract" means any written agreement, arrangement, commitment, indenture, instrument, purchase order, license or other binding agreement.

"Covered Person" means any (a) Member, any Affiliate of a Member or any officers, directors, shareholders, partners, members, employees, representatives or agents of a

Member or their respective Affiliates, (b) Director, or (c) employee, officer or agent of the Company or its Affiliates.

"Debt-to-Capital Ratio" means, with respect to any Person, the ratio of (a) the Indebtedness of such Person and its Subsidiaries to (b) the sum of (i) the Indebtedness of such Person and its Subsidiaries plus (ii) Member equity (including, if applicable, noncontrolling interest of MAIT Class B membership equity), capital stock (but excluding treasury stock and capital stock subscribed and unissued) and other equity accounts (including retained earnings and paid in capital but excluding accumulated other comprehensive income and loss) of such Person and its Subsidiaries, determined in accordance with GAAP.

"Emergency Expenditure" means amounts required to be incurred in order to respond to an Emergency Situation or to avoid an Emergency Situation in a manner that is consistent with general practices applicable to facilities used in the Company Business, but only to the extent such expenditures are reasonably designed to ameliorate the consequences, or an immediate threat of any of the consequences, of the issues set forth in the definition of "Emergency Situation."

"Emergency Situation" means, with respect to the business of the Company and its Subsidiaries, (a) any abnormal system condition or abnormal situation requiring immediate action to maintain system frequency, loading within acceptable limits or voltage or to prevent loss of firm load, material equipment damage or tripping of system elements that is reasonably likely to materially and adversely affect reliability of an electric system, (b) any other occurrence or condition that otherwise requires immediate action to prevent an immediate and material threat to the safety of Persons or the operational integrity of, or material damage to, any material assets of, or the business of the Company or its Subsidiaries, or (c) any other condition or occurrence requiring immediate implementation of emergency procedures as defined by the applicable transmission grid operator or transmitting utility.

"Encumber" means to place a Lien against.

"Excluded Membership Interests" means any Membership Interests or other equity interests in the Company issued in connection with:

(a) any arrangement approved unanimously by the Board for the return of income or capital to the Members;

(b) any equity split, equity dividend or any similar recapitalization; or

(c) the commencement of any offering of Membership Interests or other equity interests of the Company or any of its Subsidiaries, pursuant to a registration statement filed in accordance with the United States Securities Act of 1933.

"Fair Market Value" means, with respect to any asset (including equity interest), the price at which the asset would change hands between a willing buyer and a willing seller that are not affiliated parties, neither being under any compulsion to buy or to sell, and both having knowledge of the relevant facts and taking into account the full useful life of the asset. In valuing Membership Interests, no consideration of any control, liquidity or minority discount or premium shall be taken into account. Fair Market Value shall be determined by the Board in accordance with the foregoing, subject to Section 13.15.

"FDI Law" means any Law concerning or relating to foreign investment or national security imposed, administered or enforced by any Governmental Body.

"FE Outside Group" means the FE Member and its Subsidiaries, other than the Company and its Subsidiaries.

"FERC" means the U.S. Federal Energy Regulatory Commission or any successor agency thereto.

"Financial Investor" means any non-strategic financial investor such as a retirement fund, pension fund, exchange traded fund, sovereign wealth fund, private equity fund, asset management fund, hedge fund or similar institutional investor, including any Subsidiary of such Person, whose principal business activity is acquiring, holding and selling investments (including controlling interests) in other Persons.

"FPA" means the Federal Power Act.

"GAAP" means United States generally accepted accounting principles applied on a consistent basis during the periods involved.

"Governmental Body" means any national, foreign, federal, regional, state, local, municipal or other governmental authority of any nature (including any division, department, agency, commission or other regulatory body thereof) and any court or arbitral tribunal, including any governmental, quasi-governmental or non-governmental body administering, regulating or having general oversight over electricity, power or the transmission or transportation thereof (including, for the avoidance of doubt, FERC, PJM, NERC, the Pennsylvania Public Utility Commission, the Public Utilities Commission of Ohio and the Virginia State Corporation Commission), including any regional transmission operator or independent system operator.

"Indebtedness" means, with respect to any Person, (a) all indebtedness of such Person, whether or not contingent, for borrowed money or in respect of any loans or advances, (b) all other indebtedness of such Person evidenced by bonds, debentures, notes or other similar instruments or debt securities (excluding trade accounts payables constituting short term liabilities under GAAP), (c) the maximum amount of all direct or contingent obligations of such Person arising under letters of credit (including standby and commercial), bankers' acceptances, bank guaranties, surety bonds and similar instruments, (d) all guarantees of the obligations of any other Person, (e) net obligations of such Person under any hedging arrangement, and (f) any accrued interest, premiums and penalties.

"Initial PSA" means the Purchase and Sale Agreement, dated November 6, 2021, by and among the Company, the FE Member, the Investor Member, and, solely for the purposes of Sections 5.5, 5.6(c) and 8.1(a) and Article X thereof, the Guarantors (as defined therein).

"Investor Group" means Brookfield Super-Core Infrastructure Partners L.P., together with its controlled investment vehicles.

"IRR" means, with respect to the Investor Member, as of the consummation of a Drag-Along Sale, the actual pre-Tax annual rate of return of the Investor Member (specified as a percentage) taking into account only the following, on a cash-in, cash-out basis: (a) all Capital

Contributions actually made to the Company by or on behalf of the Investor Member or any of its Permitted Transferees with respect to their Membership Interests on or before such date *plus* the Purchase Price (as defined in the Initial PSA) *plus* the Purchase Price (as defined in the Second PSA), and (b) all cash distributions to the Investor Member or any of its Permitted Transferees on or before such date. The IRR will be calculated using the XIRR function in the most recent version of Microsoft Excel (or if such program is no longer available, such other software program for calculating the IRR as is reasonably determined by the Board), and will be based on the actual dates of funding of such capital contributions and the actual dates of receipt of such cash distributions and proceeds.

"JCP&L" means Jersey Central Power & Light.

"KATCo Interests" means the equity interests in Keystone Appalachian Transmission Company.

"Law" means any (a) law (statutory, common, or otherwise), rule, regulation, code or ordinance enacted, adopted, promulgated or applied by any Governmental Body, including the Federal Power Act, as amended, and FERC's implementing regulations thereunder and all other regulatory requirements or Orders emanating from state and federal regulators of the Company Group's businesses and operations or the ownership of the Membership Interests and (b) any other Order.

"Liens" means all liens, mortgages, deeds of trust, pledges, security interests, charges, claims, proxy, voting trust or transfer restriction under any stockholder or similar agreement.

"Lock-Up Period" means the date that is the third (3rd) anniversary of the Effective Date.

"MAIT" means Mid-Atlantic Interstate Transmission, LLC.

"MAIT Class B Distributable Amounts" means any amount of distributions received by the Company on account of the Company's MAIT Class B Interests from MAIT in accordance with its Organizational Documents.

"Material Project" means any acquisition, construction, expansion, improvement, alteration, replacement or significant repair activity or series of related activities of/to any Qualifying Core Assets that exceeds in the aggregate the lower of: (i) 0.75% of the Rate Base Amount, or (ii) $75 million adjusted by annually by the Consumer Price Index, in any calendar year.

"Member" means each of FE Member and Investor Member, and any Person admitted as an additional member of the Company or a substitute member of the Company pursuant to the provisions of this Agreement, each in its capacity as a member of the Company that owns Membership Interests.

"Membership Interests" means membership interests of the Company.

"NERC" means the North American Electric Reliability Corporation (including any of the eight (8) designated regional entities) or any successor electric reliability organization certified by FERC.

"New Securities" means any Membership Interests or other equity interests in the Company, other than any Excluded Membership Interests; provided that no New Securities that are issued shall be issued as Special Purpose Membership Interests.

"OFAC" means the U.S. Office of Foreign Assets Control.

"Order" means any judgment, order, injunction, decree, ruling, writ or arbitration award of any Governmental Body or any arbitrator.

"Organizational Documents" means, with respect to any corporation, its articles or certificate of incorporation, memorandum or articles of association and by-laws or documents of similar substance; with respect to any limited liability company, its articles of association, articles of organization or certificate of organization, formation or association and its operating agreement or limited liability company agreement or documents of similar substance; with respect to any limited partnership, its certificate of limited partnership and partnership agreement or documents of similar substance; and with respect to any other entity, documents of similar substance to any of the foregoing.

"Percentage Interest" means, in respect of any Member, their relative ownership in the outstanding Membership Interests at the relevant time, expressed as a percentage, which shall be deemed to be equal to the number of outstanding Membership Interests that such Member owns at the relevant time divided by the total number of Membership Interests then outstanding.

"Permitted Lien" means (a) Liens for Taxes not yet delinquent or for Taxes that the taxpayer is contesting in good faith through appropriate proceedings so long as adequate reserves are maintained in accordance with GAAP, (b) Liens of lessors, lessees, sublessors, sublessees, licensors or licensees to the extent arising under and in accordance with the terms of the disclosed Leases arising or incurred in the ordinary course of business, (c) Liens arising under the Indebtedness set forth on Schedule 10.17(b) to the Second PSA, (d) mechanics Liens and similar Liens for labor, materials, or supplies relating to obligations as to which there is no breach or default on the part of the Company or any of its Subsidiaries, as the case may be, or the validity or amount of which is being contested in good faith through appropriate proceedings so long as adequate reserves are maintained on the financial statements in accordance with GAAP, (e) zoning, building codes, and other land use Laws regulating the use or occupancy of real property or the activities conducted thereon that are imposed by any Governmental Body having jurisdiction over such real property, in each case that do not adversely impact in any material respect the current use, occupancy or operation of the owned or leased real property of the Company and its Subsidiaries, and are not violated by the then-current use, occupancy or activity conducted thereon by the Company or any of its Subsidiaries, as applicable, which does not in any material respect affect the value or current use thereof, (f) easements, servitudes, covenants, conditions, restrictions, and other similar matters of record affecting title to any assets of the Company or any of its Subsidiaries and other title defects that do not or would not reasonably be expected to, individually or in the aggregate, materially impair the use or occupancy of such assets in the operation of the business of the Company and its Subsidiaries, (g) all matters set

forth on title policies or surveys made available by or on behalf of the FE Outside Group to Investor prior to the date of the Second PSA other than those Liens that, individually or in the aggregate, impair in any material respect the current use or occupancy of the subject real property to which they relate, and (h) Liens arising under Laws of general applicability, other than to the extent such Liens arise from or relate to any applicable Person's failure to comply with any such Law.

"Permitted Transferee" means, with respect to the FE Member or the Investor Member, (i) a directly or indirectly wholly owned Subsidiary of such Member, (ii) an Affiliate of such Member of which such Member is, directly or indirectly, a wholly owned Subsidiary (an "Affiliate Parent"), or (iii) an Affiliate of such Member that is a wholly owned Subsidiary of an Affiliate Parent.

"Persons" means an individual, a partnership, a corporation, a limited liability company, an association, a joint stock company, a trust, a joint venture, an unincorporated organization or a Governmental Body.

"PJM" means PJM Interconnection L.L.C., a regional transmission organization, or any designated successor thereto.

"PJM Market Rules" refers collectively to the PJM Open Access Transmission Tariff and the Amended and the Restated PJM Operating Agreement, and all schedules, appendices, or exhibits attached thereto to each, on file with FERC as may be amended from time to time (or any successor tariff, agreement, or rules governing the operations of PJM).

"PJM Region" has the meaning set forth under the PJM Market Rules.

"PJM Transmission Zone" means Zone as such terms are defined under the PJM Market Rules.

"Preemptive Right Share" means a ratio of (a) the number of Membership Interests (excluding Special Purpose Membership Interests) held by such Member with Preemptive Rights, to (b) the total number of Membership Interests (excluding Special Purpose Membership Interests) then outstanding immediately prior to the issuance of New Securities giving rise to the Preemptive Rights.

"Prohibited Competitor" means any Competitor listed on Schedule 2, as may be updated from time to time in accordance with Section 6.3(b).

"Qualified Designee" means either (a) an employee of any Affiliate of the Investor Member (an "Investor Employee") or (b) an individual with at least 10 years of management-level experience in the private sector electricity transmission, distribution and generation business; provided, that a "Qualified Designee" shall not include (i) any director, officer, employee or other Person affiliated with a Competitor; provided, further, that this clause (i) shall not be deemed to apply to an Investor Employee solely because such Person serves on an investment committee or is otherwise employed at any Affiliate of the Investor Group that is an investment fund and (A) such investment fund holds investments in a Competitor, or (B) such Person serves on the board of directors of a Competitor that does not conduct any non-*de minimis* operations in the PJM region or in any regional transmission organization or independent system transmission operator interconnected with PJM (provided, further, in the

case of this clause (B), that such Person's service on such board of directors and on the Board would not constitute a prohibited director interlock, or otherwise be prohibited, under any applicable Law, (ii) any Person that is, or within 10 years prior to the Effective Date was, an employee or consultant of FERC or any other Governmental Body, a public official or a candidate for public office (it being agreed that any individual affiliated with the Investor Member shall not be considered a public official as a result of such affiliation), (iii) any Person convicted by a court or equivalent tribunal of any felony (or equivalent crime in the applicable jurisdiction) or of any misdemeanor (or equivalent crime in the applicable jurisdiction) that involves financial dishonesty or moral turpitude, or (iv) solely in the case of an individual that is not an Investor Employee, any Person that would create a material regulatory or reputational risk to the Company based on a good-faith determination by the Board.

"Qualifying Core Assets" means assets utilized in connection with the conduct of the Company's and its Subsidiaries' business on which the Company reasonably expects (a) that it or its Subsidiaries will be eligible to include in the applicable rate base, and (b) to earn a return through rates approved by FERC (or such other Governmental Body that may then be applicable) that are commercially reasonable (to be determined by the Board in good faith) and are not otherwise inconsistent with applicable FERC (or such other Governmental Body, as the case may be) rate precedent). For the avoidance of doubt, "Qualifying Core Assets" shall also include necessary or ancillary expenses to support such assets (including working capital).

"Rate Base Amount" means an amount equal to the net utility plant of the Company and its Subsidiaries, taken as a whole, as determined based on the most recently filed FERC Form 1s for the Company and each of its Subsidiaries.

"Representatives" means the directors, officers, employees, agents, and Advisors of a Party.

"Sanctioned Person" means a Person named on the list of Specially Designated Nationals or Blocked Persons maintained by OFAC available at http://www.treas.gov/offices/enforcement/ofac/sdn/index.html, or as otherwise published from time to time or any other Sanctions-related list of designated Persons maintained by an applicable Governmental Body described in the definition of "Sanctions."

"Sanctions" means any sanctions imposed, administered or enforced from time to time by OFAC, the U.S. Department of State, Her Majesty's Treasury, the United Nations, the European Union or any agency or subdivision of any of the foregoing, including any regulations, rules and executive orders issued in connection therewith.

"Special Percentage Interest" means, in respect of any Member, their relative ownership in the outstanding Special Purpose Membership Interests at the relevant time, expressed as a percentage, which shall be deemed to be equal to the number of outstanding Special Purpose Membership Interests that such Member owns at the relevant time divided by the total number of Special Purpose Membership Interests then outstanding.

"Standards of Conduct" means (a) (i) FERC's standards of conduct for transmission providers codified at 18 C.F.R. Part 358 and the rules, regulations, and Orders issued by FERC pertaining thereto, and (ii) any applicable or relevant requirements under NERC standards, including but not limited to, protection of Critical Energy/Electric Infrastructure

Information (as such terms are defined under FERC rules and regulations), CIP requirements, and receipt and storage of other non-public information containing sensitive information regarding the Company Group's transmission system and the safety and reliability of the bulk-electric system (as that term is defined under the Federal Power Act, as amended, and FERC); and (b) the policies, procedures and internal compliance practices of any member of the Company Group, or its Subsidiaries governing internal compliance regarding part (a) of this definition or as may be designated by the chief compliance officer(s) (as such term is defined by under 18 CFR 358.8(c)(2)) for the Company Group.

"Subsidiary" means, with respect to any Person, any entity of which a majority of the total voting power of shares of stock entitled (without regard to the occurrence of any contingency) to vote in the election of directors, managers or trustees thereof is at the time owned or controlled, directly or indirectly, by such Person or one or more of the other Subsidiaries of such Person or a combination thereof or any partnership, association or other entity of which a majority of the partnership or other similar ownership interest is at the time owned or controlled, directly or indirectly, by such Person or one or more Subsidiaries of such Person or a combination thereof. For purposes of this definition, a Person is deemed to have a majority ownership interest in a partnership, limited liability company, association or other business entity if such Person is allocated a majority of the gains or losses of such partnership, limited liability company, association or other entity or is or controls the managing director or general partner of such partnership, limited liability company, association or other business entity.

"Tag Portion" means an amount of Membership Interests equal to the specified quantity of Tag-Along Offered Membership Interests multiplied by Investor Member's Percentage Interest.

"Targeted Capital Structure" means the targeted regulatory capital structure of an applicable Subsidiary of the Company as it appears in the applicable attachment H of the PJM Open Access Transmission Tariff, which amount shall comply with all applicable Laws and shall otherwise be determined by the Board (which determination shall include the approval of the Investor Directors as long as the Investor Member holds at least a 30.0% Common Percentage Interest).

"Tax" or "Taxes" means any federal, state, local, foreign or other income, gross receipts, capital stock, capital gains, franchise, profits, withholding, payroll, social security, unemployment, disability, real property, ad valorem/personal property, stamp, excise, occupation, sales, use, excise, escheat, unclaimed property, transfer, value added, import, export, alternative minimum, estimated or other tax, duty, assessment or governmental charge of any kind whatsoever, including any interest, penalty or addition thereto.

"Tax Return" means any return, claim for refund, report, election, form, statement or information return relating to Taxes, including any schedule or attachment thereto, and including any amendments thereof.

"Third Party" means, with respect to a Member, another Person that is not another Member or an Affiliate of a Member.

"Transfer" shall mean, with respect to the legal or beneficial ownership of any of a Member's Membership Interests, any sale, assignment, transfer, pledge, encumbrance, hypothecation or other similar arrangement or disposal, directly or indirectly, whether voluntarily, involuntarily or by operation of applicable Law including by the entry into any contract, option or other arrangement, or the granting or imposition of any Lien, that gives any Person other than the Member, whether or not upon the occurrence or nonoccurrence of an event, the right to acquire any Membership Interests or any interest therein, to vote any Membership Interest, or to require that any Membership Interests be transferred, directly or indirectly, whether voluntarily, involuntarily or by operation of applicable Law, except in any such case as expressly set forth in Section 6.2(b). For the avoidance of doubt and notwithstanding the foregoing, (a) any sale, assignment, transfer, or other disposition of equity interests in any Member or any direct or indirect parent of such Member in which the Membership Interests held by such Member represent more than 50.0% of the Fair Market Value of all of the assets directly or indirectly held by such Member or direct or indirect parent the equity interests of which are being disposed shall constitute a "Transfer" for all purposes of this Agreement, except in any such case as expressly set forth in Section 6.2(b) or the following clause (b), (b) any direct or indirect transfer of equity interests in any Member that does not result in a Change in Control of such Member shall not constitute a "Transfer" for any purpose under this Agreement so long as any required authorization, approval or consent of all applicable Governmental Bodies in respect of such transfer has been received, and (c) a Change in Control of the FE Member shall not constitute a "Transfer" for any purpose under this Agreement.

"Transmission Leadership Team" means the individuals serving in the following positions (or any successor positions thereof, however titled or restyled) at FE Member: (a) President of the Company, (b) Vice President of Transmission, (c) Vice President of Construction and Design Services, (d) Vice President of Compliance and Regulated Services, and (e) Director of Transmission Rates and Regulatory Affairs.

Section 13.17 Terms Defined Elsewhere in this Agreement. As used in this Agreement, the following terms shall have the meanings ascribed to them in the sections indicated:

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Section 13.18 Other Definitional Provisions. The following shall apply to this Agreement:

(a) Accounting terms which are not otherwise defined in this Agreement have the meanings given to them under GAAP. To the extent that the definition of an accounting term defined in this Agreement is inconsistent with the meaning of such term under GAAP, the definition set forth in this Agreement shall control.

(b) The terms "hereof," "herein" and "hereunder" and terms of similar import are references to this Agreement as a whole and not to any particular provision of this Agreement. Section, clause, schedule and exhibit references contained in this Agreement are references to sections, clauses, schedules and exhibits in or to this Agreement, unless otherwise specified.

(c) Whenever the words "include," "includes" or "including" are used in this Agreement, they shall be deemed to be followed by the words "without limitation." Where the context permits, the use of the term "or" shall be equivalent to the use of the term "and/or."

(d) When calculating the period of time before which, within which or following which any act is to be done or step taken pursuant to this Agreement, the date that is the reference date in calculating such period shall be excluded. If the last day of such period is a day other than a Business Day, the period in question shall end on the next succeeding Business Day. In addition, notwithstanding any deadline for payment, performance, notice or election under this Agreement, if such deadline falls on a date that is not a Business Day, then the deadline for such payment, performance, notice or election will be extended to the next succeeding Business Day.

(e) Words denoting any gender shall include all genders, including the neutral gender. Where a word is defined herein, references to the singular shall include references to the plural and vice versa.

(f) The word "will" will be construed to have the same meaning and effect as the word "shall". The words "shall," "will," or "agree(s)" are mandatory, and "may" is permissive.

(g) All references to "$" and dollars shall be deemed to refer to United States currency unless otherwise specifically provided.

(h) All references to a day or days shall be deemed to refer to a calendar day or calendar days, as applicable, unless otherwise specifically provided.

(i) Any reference to any Contract shall be a reference to such agreement or Contract, as amended, amended and restated, modified, supplemented or waived.

(j) Any reference to any particular Code section or any Law shall be interpreted to include any amendment to, revision of or successor to that section or Law regardless of how it is numbered or classified; provided, that, for the purposes of the representations and warranties contained herein, with respect to any violation of or non-compliance with, or alleged violation of or non-compliance, with any Code section or Law, the reference to such Code section or Law means such Code section or Law as in effect at the time of such violation or non-compliance or alleged violation or non-compliance.

(k) For all purposes of this Agreement (including the determination of a Member's Percentage Interest and its entitlement, if applicable, to designate one or more Directors), such Member and its Permitted Transferees shall be deemed to be, and shall be treated as, one and the same Member.

[Remainder of Page Intentionally Left Blank]

IN WITNESS WHEREOF, the undersigned has duly executed this Agreement as of the date first written above.

The Company:

FirstEnergy Transmission, LLC,
a Delaware limited liability company

By:
Name:
Title:

IN WITNESS WHEREOF, the undersigned has duly executed this Agreement as of the date first written above.

FE Member:

FirstEnergy Corp., an Ohio corporation

By:
Name:
Title:

IN WITNESS WHEREOF, the undersigned has duly executed this Agreement as of the date first written above.

Investor Member:

North American Transmission Company II L.P., a Delaware limited liability company

By:
Name:
Title:

Schedule 1

Schedule of Members

Name	Address	Common Percentage Interest	Special Percentage Interest
FirstEnergy Corp.	76 South Main Street Akron, Ohio 44308	50.1%	100%
North American Transmission Company II L.P.	1200 Smith Street, Suite 640 Houston, Texas 77002	49.9%	-

Schedule 2

Prohibited Competitors

1. American Electric Power
2. American Municipal Power
3. AES
4. Dominion Energy
5. Duke Energy
6. Duquesne Light Company
7. Exelon
8. ITC
9. LS Power
10. PSE&G
11. PPL
12. NextEra Energy

Schedule 3

Investors Guidelines and Restrictions for Disclosures to Co-Investors

See attached.

Schedule 4

Specific Deadlock Resolution Procedures

See attached.

Schedule 4
Specific Deadlock Resolution Procedures

Resolution for Deadlocks over Annual Approved Budget (other than Capital Expenditures)	• *Annual Approved Budget (excluding Capital Expenditures, which are addressed in the next row below)*. In the event that the FE Member and Investor Member continue to be unable to agree on line items in the Annual Approved Budget after the senior executive discussions contemplated by the second sentence of Section 1.10(b), then such line items in the Annual Approved Budget for the relevant fiscal year will be deemed to be the same as the Annual Approved Budget for the preceding fiscal year with the following modifications: ◦ Adjustments to reflect the consumer price index and increases in costs pursuant to documented then-current contractual and compliance obligations; and ◦ The values resulting from the preceding bullet may be adjusted by the Company to reflect the need to account for the occurrence of events beyond the reasonable control of the Company and its Subsidiaries. ▪ If the Investor Member believes that the FE Member's adjustments are not commercially reasonable, then such dispute may be submitted to binding arbitration as contemplated by Section 13.13.

Resolution for Deadlocks Over the Aggregate Capital Expenditures in the Annual Approved Budget	• In the event that the FE Member and Investor Member continue to be unable to agree on a line item (either "Regulatory Required" or "Reliability Enhancements") in the capital expenditure budget in the Annual Approved Budget after the senior executive discussions contemplated by the second sentence of Section 1.10(b), then the aggregate Annual Capital Expenditure Budget for such line item in the relevant fiscal year will be deemed to be the same as the aggregate Annual Capital Expenditure Budget for such line item in the prior fiscal year, increased by the greater of a percentage equal to (i) the implied annual investment growth rate for the FET utilities in the applicable year, as presented in the FE Member's most recent publicly announced Factbook as found on the FE Member's website and (ii) CPI *plus* 2.5%. • If the Investor Member believes that the calculation is not commercially reasonable, then such dispute may be submitted to binding arbitration as contemplated by Section 13.13.

Resolution for Officer and/or Transmission Leadership Team Deadlocks	• In the event that the FE Member and Investor Member continue to be unable to agree on the appointment of an officer and/or the Transmission Leadership Team after the senior executive discussions contemplated by the second sentence of Section 1.10(b), then FE Member, on the one hand, and the Investor Member, on the other hand, will each prepare in good faith a list of five appropriately qualified individuals (each person so listed at least satisfying the qualifications set forth in the below sub bullets) for any deadlocked officer position or member of the Transmission Leadership Team, as applicable. ◦ Each individual proposed must (i) have at least 10 years of management-level experience in the private sector, (ii) not have been an employee or consultant of FERC or any other Governmental Body, a public official or a candidate for public office (it being agreed that any individual affiliated with the Investor Member shall not be considered a public official as a result of such affiliation), and (iii) not have been convicted by a court or equivalent tribunal of any felony (or equivalent crime in the applicable jurisdiction) or of any misdemeanor (or equivalent crime in the applicable jurisdiction) that involves financial dishonesty or moral turpitude. ◦ In the case of the Investor Member's proposed appointees, such individuals must also not create a material regulatory or reputational risk to the Company based on a good-faith determination by the Board. • Following receipt of the lists, if one or more individuals are listed on both the FE Member's list and the Investor Member's list, then the FE Member will have the right to designate one of those individuals to the deadlocked officer or Transmission Leadership Team position, as applicable, and the parties will take all necessary actions to cause such appointment as promptly as practicable. • If there are no individuals included on both lists, then the FE Member and the Investor Members will take turns striking an individual from the other's list. ◦ The FE Member will go first in striking from the Investor Members' list. Whichever individual is the last person remaining on the list will be selected for the position (and if such individual is unable or unwilling to serve, then the next-last individual on the list will be selected, and so on).

Resolution for "Available Limited Discretion Cash" Deadlocks	• In the event that the FE Member and Investor Member continue to be unable to agree on the determination of the "Available Limited Discretion Cash" amount for any fiscal quarter after the senior executive discussions contemplated by the second sentence of Section 1.10(b), then the "Available Limited Discretion Cash" for such fiscal quarter shall be deemed to be equal to: ◦ The cash flow generated from the business operations of the Company and its Subsidiaries in such fiscal quarter; less ◦ An amount equal to 50% of the aggregate payment obligations that are then due or scheduled to be due during the next succeeding fiscal quarter in the ordinary course of business (including making any required payments of principal or interest in satisfaction of Indebtedness), provided that the Company has then-available liquidity that is sufficient to pay the other 50% of such aggregate payment obligations (and if the Company does not have such then-available liquidity, then the amount reserved pursuant to this bullet will be increased by such shortfall in then-available liquidity); less ◦ An amount equal to the amount reasonably recommended by the Transmission Leadership Team for such fiscal quarter in order to enable the Company and its Subsidiaries to comply with applicable Law or Order or respond to an ongoing Emergency Situation. ▪ If the Investor Member believes that the Transmission Leadership Team's recommendation is not reasonable, then such dispute may be submitted to binding arbitration as contemplated by Section 13.13.

Resolution for "Targeted Capital Structure" Deadlocks	• In the event that the FE Member and Investor Member continue to be unable to agree on the determination of the Company's "Targeted Capital Structure" after the senior executive discussions contemplated by the second sentence of Section 1.10(b), then the Targeted Capital Structure of the applicable Subsidiary will be equal to the Targeted Capital Structure of such for the preceding fiscal year, subject to compliance with applicable Law.
Resolution for Regulatory Filing Deadlocks	• To the extent that any regulatory filing that is subject to the consent rights in Section 8.4(o) has a deadline by which the regulatory filing must be made, such that there is not sufficient time for the fifteen (15) Business Day and twenty (20) Business Day discussion periods contemplated by Section 1.11(b) to take place, the Investor Member and the FE Member will agree in good faith on shorter time periods such that the filing will be made by such deadline. • In the event that the FE Member and Investor Member continue to be unable to agree on the content of such regulatory filing after these discussion periods: ◦ In respect of filings made pursuant to FPA Section 205 that are voluntary, the filing will not be made unless and until the FE Member and Investor Member are able to agree on the filing. ◦ In respect of all other filings covered by Section 8.4(o), the Company will retain independent qualified regulatory counsel that is mutually acceptable to FE Member and Investor Member (negotiating in good faith). The Company will direct its internal and applicable external counsel to cooperate with this independent counsel, and the independent counsel will be responsible for preparing the filing. After consultation with the FE Member and Investor Member, which shall equally have the right to participate in the consultation and preparation of any such filings, the independent counsel will be instructed to prepare a commercially reasonable filing that is in the best interests of the Company.

Schedule 5

Annual Approved Budget, Business Plan, and Capital Plan Procedures

See attached.

Schedule 6

Voting Calculation Methodology for Special Purpose FE Director

See attached.

Exhibit B

Form of Parent Note

[attached]

THIS NOTE HAS NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR ANY COMPARABLE STATE SECURITIES LAWS. EXCEPT AS EXPRESSLY PROVIDED HEREIN, NEITHER THIS NOTE NOR ANY PORTION HEREOF OR INTEREST HEREIN MAY BE SOLD, ASSIGNED, TRANSFERRED, PLEDGED OR OTHERWISE DISPOSED OF UNLESS THE SAME IS REGISTERED UNDER SAID ACT AND APPLICABLE STATE SECURITIES LAWS OR UNLESS AN EXEMPTION FROM SUCH REGISTRATION IS AVAILABLE AND BORROWER HAS RECEIVED EVIDENCE OF SUCH EXEMPTION REASONABLY SATISFACTORY TO BORROWER.

PROMISSORY NOTE

US $[1,750,000,000][1] [New York, NY]

[_____], 20[__][2]

FOR VALUE RECEIVED, North American Transmission FinCo L.P., a Delaware limited partnership ("Borrower"), hereby promises upon the terms and subject to the provisions hereof to pay to FirstEnergy Corp., an Ohio corporation ("Lender"), the aggregate principal sum of [one billion seven hundred fifty million] Dollars ($[1,750,000,000]) (as such amount may be increased in accordance with Section 1(b) or reduced in accordance with Section 2, the "Note Principal"), together with interest that accrues at the rate of five and seventy-five hundredths percent (5.75%) per annum (the "Note Rate") on the unpaid Note Principal from time to time outstanding from the date hereof until the earlier of the payment in full of the unpaid Note Principal and interest owed thereon and the Maturity Date (as defined below). This note (this "Note") is issued pursuant to, and any capitalized term used in this Note and not otherwise defined herein shall have the meaning ascribed to each such term in, the Purchase and Sale Agreement, executed on [_____], 2023, by and among Lender, First Energy Transmission, LLC, North American Transmission Company II L.P. ("NATC II"), Borrower, and each of the guarantors party thereto.

1. Payment of Principal and Interest.

(a) The outstanding unpaid Note Principal and all accrued and unpaid interest thereon (the "Loan Amount") shall be due and payable on [_____], 20[__][3] (subject to the following proviso, the "Maturity Date"); provided that if on such date any governmental or quasi-governmental or similar approval necessary in connection with an investment by any Co-Investor (as defined below) in Borrower is pending, such date shall be automatically extended to the earlier of (x) the date which is twenty-five (25) Business Days after the last such approval is obtained and (y) [_____], 20[__] (the "Initial Extension Date");[4] provided further, that if any such approval remains pending as of the Initial Extension Date, the Initial Extension Date shall automatically extend an additional six (6) months.

(b) Interest on the Note Principal shall be due and payable to Lender quarterly in arrears on [____], [____], [____] and [____] of each year commencing on [____], 20[__] (each, a "Payment Date"), of which (i) an amount equal to [thirty percent (30%)][5] of the distribution made by FirstEnergy Transmission, LLC in accordance with its organizational documents to NATC II in the quarter ending on the Payment Date (the "Cash Interest Percentage") shall be paid in cash by Borrower to Lender on such Payment Date; provided that, if Borrower makes any partial prepayments of the Note Principal

[1] Amount to be updated as necessary at issuance in accordance with the Purchase Agreement.

[2] Insert Closing Date under the Purchase Agreement.

[3] Insert date that is 18 months from the issuance of this Note.

[4] Insert date that is 6 months from original maturity date.

[5] If the initial Note Principal on the date of issuance of this Note is less than US$1,750,000,000, then this initial Cash Interest Percentage shall be reduced proportionately to the aggregate reduction in the Note Principal from US$1,750,000,000. By way of example, if the initial Note Principal on the date of issuance is US$875,000,000, then the initial the Cash Interest Percentage (unless and until further reduced pursuant to the proviso to this Section 1(b)) shall be fifteen percent (15%)).

pursuant to Section 2 at any time prior to payment in full of the Loan Amount, the Cash Interest Percentage that Borrower shall be required to pay on each Payment Date from and after such prepayment shall permanently be reduced proportionately to the aggregate reduction in the Note Principal (by way of example, prepayment(s) of fifty percent (50%) of the Note Principal would result in a permanent reduction of the Cash Interest Percentage to [fifteen percent (15%)][6]) and (ii) the remaining amount shall be added to the Note Principal, and amounts so added shall thereafter be deemed to be part of the Loan Amount payable on the Maturity Date and accrue interest at the Note Rate.

(c) Interest on the unpaid Note Principal shall accrue at the Note Rate on a daily basis commencing on the date hereof, and shall continue accruing until repayment of all amounts due hereunder, calculated on a daily basis of a 365-day year and the actual number of days elapsed. Notwithstanding any provisions of this Note to the contrary, in no event shall the amount of interest paid or agreed to be paid by Borrower exceed the highest rate of interest permissible under applicable Law.

2. Prepayment.

(a) Optional Prepayment. Borrower may, at any time and from time to time upon at least fifteen (15) Business Days' prior notice, without premium or penalty, prepay all or any portion of the Loan Amount. All prepayments shall be accompanied by payment of all accrued but unpaid interest on the Note Principal prepaid.

(b) Mandatory Prepayments. If at any time after the date hereof (i) Borrower or any Affiliate of the Borrower receives any Net Cash Proceeds from direct or indirect investors in NATC II (but solely investors who are exclusively indirectly invested in First Energy Transmission, LLC) (other than Brookfield Asset Management or any of its Affiliates) (each, a "Co-Investor") or (ii) Borrower incurs or issues any Indebtedness (other than pursuant to this Note), Borrower shall apply 100% of the Net Cash Proceeds thereof to the prepayment of the Loan Amount within five (5) Business Days after Borrower's receipt of such Net Cash Proceeds. For purposes of this Section 2(b), "Net Cash Proceeds" means the proceeds actually received in cash by Borrower or its applicable affiliate, net of all paid or payable taxes and fees, commissions, costs, expenses and share of organizational expenses incurred in connection therewith, as determined by Borrower in its reasonable discretion.

3. Taxes; Application of Payments.

(a) (a) If, pursuant to applicable Law, Borrower is required to deduct or withhold taxes on any payment made to Lender pursuant to this Note, then the sum payable by Borrower (in respect of which such deduction or withholding is required to be made) shall be increased to the extent necessary to ensure that Lender receives a sum equal to the sum which it would have received if no taxes were required to be deducted or withheld by Borrower under applicable Law. The Borrower shall indemnify Lender for the full amount of any taxes required to be withheld or deducted from a payment to Lender and any reasonable expenses arising therefrom or with respect thereto, whether or not such taxes were correctly or legally imposed or asserted by the relevant taxing authority.

(b) (b) Except as expressly provided to the contrary herein or in the Purchase Agreement, all payments on this Note shall be applied in the following order of priority: (a) the payment or reimbursement of any expenses, costs or obligations for which Borrower shall be obligated pursuant to the provisions of this Note (if any), (b) the payment of accrued but unpaid interest on the Note Principal, and (c) the payment of all or any portion of the Note Principal. If any payment hereunder shall become due and payable on a day other than a Business Day, such payment shall be made on the next succeeding Business Day. Borrower agrees that all payments of any obligation due hereunder shall be final, and if any such payment is recovered in any bankruptcy, insolvency or similar proceedings instituted by

[6] To the extent the initial Cash Percentage Interest is less than 30% as a result of applying FN 5, this percentage shall be updated accordingly so that it is 50% of the initial Cash Percentage Interest.

or against Borrower, all obligations due hereunder shall be automatically reinstated in respect of the obligation as to which any such payment is so recovered.

4. Partial or Incomplete Payments. Remittances in payment of any part of this Note other than in immediately available funds to the account of Lender shall not, regardless of any receipt or credit issued therefor, constitute payment until the required amount is actually received by Lender in full. Acceptance by Lender of any payment in an amount less than the full amount then due shall be deemed an acceptance on account only, and the failure to pay the entire amount then due may be and continue to be an Event of Default as set forth in Section 7**.**

5. Representations and Warranties of Borrower. Borrower hereby represents and warrants to Lender, on the date of this Note, that:

(a) Borrower is a limited partnership duly organized, validly existing and in good standing under the Laws of the State of Delaware, with full power and authority to enter into this Note and perform all of its obligations hereunder;

(b) The execution, delivery and performance of this Note by Borrower and the consummation of the transactions contemplated hereby have been duly and validly authorized by all requisite action by Borrower, and no other proceedings on the part of Borrower are necessary to authorize the execution, delivery or performance of this Note by Borrower. This Note has been duly and validly executed and delivered by Borrower, and this Note constitutes a valid and binding obligation of Borrower, enforceable against Borrower in accordance with its terms, except as limited by the Bankruptcy and Equity Exception; and

(c) No filing or registration with, notification to, or authorization, consent or approval of, any Governmental Body or any other Person (other than the parties, their equity holders or their Affiliates) is required in connection with the execution and delivery by Borrower of this Note, the performance of Borrower's obligations hereunder or the consummation of the transactions contemplated hereby, except where failure to obtain such consent, approval, authorization or action, or to make such filing or notification, would not, individually or in the aggregate, reasonably be expected to prevent or materially delay the ability of Borrower to perform its obligations hereunder.

6. Sale of Interests in First Energy Transmission, LLC. Borrower shall not sell or otherwise transfer any of its direct or indirect equity interests in First Energy Transmission, LLC, other than (a) any direct or indirect collateral assignment thereof or other lien thereon and (b) any transfer of such equity interests to North American Transmission Company I LP, NATC II or any other Affiliate of Borrower, provided that Borrower continues to own 100% of such equity interests directly or indirectly.

7. Default. Each of the following shall constitute an event of default ("Event of Default") under this Note:

(a) Borrower shall fail to pay when due any Note Principal or interest hereunder, and solely in the case of any such failure in respect of a mandatory prepayment pursuant to Section 2(b), such failure shall continue unremedied for three (3) Business Days;

(b) Borrower shall default in the performance of any covenant or obligation contained in this Note or that certain letter agreement[, dated as of the date hereof,] by Brookfield Corporation ("Guarantor") and accepted and agreed by FirstEnergy Corp., pursuant to which Guarantor guarantees Borrower's payment and performance of its obligations and liabilities under this Note (the "Guaranty"), other than any such obligation referred to in any paragraph (a) of this Section 7, which default continues without cure (if curable) for a period of thirty (30) days after the earlier of (i) an officer of Borrower becoming aware of such failure to perform or comply or (ii) receipt by Borrower of notice from Lender of such failure to perform or comply;

(c) either the Note or the Guaranty ceases to be in full force and effect (other than by reason of the satisfaction in full of the Loan Amount) or Borrower or Guarantor contests in any manner in writing the validity or enforceability of the Note or the Guaranty; or

(d) an involuntary proceeding shall be commenced or an involuntary petition shall be filed in a court of competent jurisdiction seeking (i) liquidation, reorganization or other relief in respect of either Borrower or Guarantor or its debts, or of a substantial part of its assets, under any federal, state or foreign bankruptcy, insolvency, receivership or similar law now or hereafter in effect or (ii) the appointment of a receiver, trustee, custodian, sequestrator, conservator or similar official for either Borrower or Guarantor or for a substantial part of its assets, and, in any such case, such proceeding or petition is consented to by Borrower or Guarantor, as applicable, or shall continue undismissed for a period of sixty (60) or more days or an order or decree approving or ordering any of the foregoing shall be entered; or

(e) either Borrower or Guarantor shall (i) voluntarily commence any proceeding or file any petition seeking liquidation, reorganization or other relief under any federal, state or foreign bankruptcy, insolvency, receivership or similar law now or hereafter in effect, (ii) consent to the institution of, or fail to contest in a timely and appropriate manner, any such proceeding or petition, (iii) apply for or consent to the appointment of a receiver, trustee, custodian, sequestrator, conservator or similar official for either Borrower or Guarantor or for a substantial part of its assets, (iv) file an answer admitting the material allegations of a petition filed against it in any such proceeding or (v) make a general assignment for the benefit of creditors.

8. **Remedies**. Upon the occurrence and continuance of any of the Events of Default, Lender may, at its option and upon written notice to Borrower, do any one or more of the following: (a) declare the entire Loan Amount to be immediately due and payable (which shall be automatic upon an Event of Default pursuant to clause 7(d) or (e) above), (b) reduce any claim to judgment, or (c) pursue and enforce any of Lender's other rights and remedies provided under or pursuant to any applicable Laws. All rights and remedies of Lender under this Note may be pursued singularly, successively or together, at the sole discretion of Lender, and may be exercised as often as the occasion therefor shall arise. Failure by Lender to exercise any right or remedy upon the occurrence of an Event of Default shall not constitute a waiver of the right to exercise such right or remedy upon the occurrence of any subsequent Event of Default.

9. **Costs.** All costs and expenses (including, without limitation, attorneys' fees) incurred in connection with this Note and the transactions contemplated herein are to be paid by the party incurring such costs and expenses.

10. **Waiver by Lender.** Lender may, by notice to Borrower, waive any existing or future Event of Default and its consequences. When an Event of Default is so waived, it is deemed cured, but no such waiver shall extend to any subsequent or other Event of Default or impair any consequent right. No failure to exercise and no delay in exercising any right, power or privilege hereunder shall operate as a

waiver thereof, nor shall any single or partial exercise of any right, power or privilege hereunder preclude any other or further exercise thereof or the exercise of any other right, power or privilege.

11. Waiver of Presentment by Borrower. Borrower hereby waives presentment and demand for payment, notice of protest, notice of non-payment or dishonor and notice of intent to demand, before or after the Maturity Date.

12. Cancellation. After all unpaid Note Principal and interest owed on this Note has been paid in full, this Note shall be surrendered to Borrower for cancellation and shall not be reissued.

13. Amendment. Except as explicitly set forth herein, neither this Note nor any provision hereunder may be waived, amended, modified, terminated, or discharged orally, other than pursuant to an agreement in writing signed by all parties hereto.

14. Assignment. Neither Borrower nor Lender may transfer or assign all or any part of its rights or obligations under this Note without the prior written consent of the other party. No assignment by Borrower or Lender may be made unless the proposed transferee agrees in writing to be bound by the provisions of this Note as though he, she or it were an original signatory hereto. Borrower will maintain, at its principal place of business, a register for the recordation of the names and addresses of Lender and any assignee or other transferee and the principal amount (and stated interest) owing to Lender and any assignee or other transferee from time to time (the "Register"). The entries in the Register shall be conclusive absent manifest error, and Borrower and Lender shall treat each Person whose name is recorded in the Register pursuant to the terms hereof as a Lender hereunder for all purposes of this Note, notwithstanding notice to the contrary. The registered owner of this Note (or any portion hereof) as indicated on the Register shall be the party with the exclusive right to receive payment of any principal amount and accrued and unpaid interest thereon under this Note. The Register shall be available for inspection by Borrower and Lender at any reasonable time and from time to time upon reasonable prior notice. No assignment, transfer or other disposition of this Note (or any portion thereof) shall be effective unless it has been recorded in the Register. It is intended that the Register constitute a "book entry system" within the meaning of Treasury Regulations Section 5f.103-1(c)(1)(ii) and shall be interpreted consistently therewith.

15. Governing Law; Disputes. The internal laws of the State of New York (without giving effect to any choice or conflict of law provision or rule (whether of the State of New York or any other jurisdiction) that would cause the application of laws of any other jurisdiction) govern all matters arising out of or relating to this Note and all of the transactions it contemplates, including its validity, interpretation, construction, performance and enforcement and any disputes or controversies arising therefrom or related thereto. Any action or proceeding arising out of or relating to this Note or the transactions contemplated hereby must be brought in the courts of New York, New York, or, if it has or can acquire jurisdiction, in the United States District Court for the Southern District of New York. Each of Borrower and Lender knowingly, voluntarily and irrevocably submits to the exclusive jurisdiction of each such court in any such action or proceeding and waives any objection it may now or hereafter have to venue or to convenience of forum. Borrower or Lender may make service on the other party by sending or delivering a copy of the process to the party to be served at the address and in the manner provided for the giving of notices in Section 17. Nothing in this Section 15, however, affects the right of either party to serve legal process in any other manner permitted by law.

16. WAIVER OF JURY TRIAL. NEITHER BORROWER NOR LENDER, NOR ANY PERMITTED ASSIGNEE, SUCCESSOR, HEIR OR PERSONAL REPRESENTATIVE THEREOF, MAY SEEK A JURY TRIAL IN ANY LAWSUIT, PROCEEDING, COUNTERCLAIM OR ANY OTHER LITIGATION PROCEDURE BASED ON, ARISING OUT OF, UNDER OR IN CONNECTION WITH THIS NOTE, NOR MAY ANY SUCH PERSON SEEK TO CONSOLIDATE ANY SUCH ACTION, IN WHICH A JURY TRIAL HAS BEEN WAIVED,

WITH ANY OTHER ACTION IN WHICH A JURY TRIAL CANNOT OR HAS NOT BEEN WAIVED.

17. **Notices.** Except as otherwise expressly provided herein, all notices, demands and other communications to be given or delivered under or by reason of the provisions of this Note shall be in writing and shall be deemed to have been given (a) when personally delivered, (b) when transmitted by electronic mail (unless if transmitted after 5:00 p.m. Eastern time or other than on a Business Day, then on the next Business Day) to the address specified below in which case such notice shall be deemed to have been given when the recipient transmits manual written acknowledgment of successful receipt, which the recipient shall have an affirmative duty to furnish promptly after successful receipt, (c) sent by internationally-recognized courier, in which case it shall be deemed to have been given at the time of actual recorded delivery, or (d) the third Business Day following the day on which the same is sent by certified or registered mail, postage prepaid, in each case, to the respective party at the number, electronic mail address or street address, as applicable, set forth below, or at such other number, electronic mail address or street address as such party may specify by written notice to the other party.

If to Lender: to the address set forth on the signature page hereto.

If to Borrower:

North American Transmission FinCo L.P.
c/o Brookfield Infrastructure Group
1200 Smith Street, Suite 640
Houston, Texas 77002
Attention: Fred Day
Email: fred.day@brookfield.com

with a copy (which will not constitute notice) to:

Skadden, Arps, Slate, Meagher & Flom LLP
1000 Louisiana, Suite 6800
Houston, Texas 77002
Attention: Eric Otness
Email: eric.otness@skadden.com

18. **Binding Nature.** This Note and all the covenants, promises and agreements contained herein shall be binding upon the parties' respective successors, assigns, and representatives and inure to the benefit of their respective successors and assigns.

19. **Construction**. The language used in this Note shall be deemed to be the language chosen by Borrower and Lender to express their mutual intent, and no rule of strict construction shall be applied against any Person. The headings of the sections and paragraphs of this Note have been inserted for convenience of reference only and shall in no way restrict or otherwise modify any of the terms or provisions hereof. Unless the context otherwise requires, words in the singular include the plural and words in the plural include the singular.

20. **Severability**. If any term, provision, covenant or restriction contained in this Note is held by a court of competent jurisdiction or other authority to be invalid, void, unenforceable or against its regulatory policy, the remainder of the terms, provisions, covenants and restrictions contained in this Note shall remain in full force and effect and shall in no way be affected, impaired or invalidated, and, to the extent permitted and possible, any invalid, void or unenforceable term shall be deemed replaced by a term

that is valid and enforceable and that comes closest to expressing the intention of such invalid, void or unenforceable term.

21. **Counterparts.** This Note may be executed in counterparts, and any party hereto may execute any such counterpart, each of which when executed and delivered shall be deemed to be an original and all of which counterparts taken together shall constitute one and the same instrument. This Note shall become effective when each party shall have received a counterpart hereof signed by the other party.

22. **No Recourse Against Others.** Except with respect to Guarantor as expressly set forth in the Guaranty, no recourse under or upon any obligation, covenant or agreement of Borrower contained in this Note, or because of any indebtedness evidenced hereby, shall be had against any past, present or future employee, stockholder, member, manager, partner, officer, director, affiliate or agent, as such, of Borrower or of any successor, either directly or through Borrower or any successor, under any rule of law, statute or constitutional provision or by the enforcement of any assessment or penalty by any legal or equitable proceeding or otherwise, all such liability being expressly waived and released by the acceptance of this Note by Lender and as part of the consideration for the issuance of this Note.

23. **No Oral Agreements.** This Note, the Purchase Agreement, the Guaranty, and other documents and instruments executed and delivered pursuant hereto and thereto) represents the final agreement between Borrower and Lender and may not be contradicted by evidence of prior, contemporaneous or subsequent oral agreements of the parties. There are no unwritten oral agreements between Borrower and Lender.

[*remainder of page intentionally left blank; signatures appear on following page(s)*]

IN WITNESS WHEREOF, Borrower has executed this Note, and this Note has been accepted and agreed to by Lender, as of the date and year first above written.

North American Transmission FinCo L.P.

By:
Name:
Title:

[*Signature Page to Parent Note*]

ACCEPTED AND AGREED TO
BY LENDER

FirstEnergy Corp.

By:____
Name:
Title:

[Address: FirstEnergy Corp.
76 South Main St.
Akron, Ohio 44308
Attention: [David W. Pinter]
Email: [dpinter@firstenergycorp.com]][7]

with copies to (which shall not constitute notice):

Jones Day
901 Lakeside Ave.

Cleveland, Ohio 44114
Attention: Peter Izanec; George Hunter
Email: peizanec@jonesday.com; ghunter@jonesday.com

[7] FirstEnergy to confirm.

Exhibit D

Note Guaranty

[attached]

Brookfield Corporation

February 2, 2023

FirstEnergy Corp.
76 South Main St.
Akron, Ohio 44308
Attention: David W. Pinter
Email: dpinter@firstenergycorp.com
Re: Guaranty of Promissory Note

Ladies and Gentlemen:

Reference is made to the (a) Purchase and Sale Agreement, dated as of the date hereof (as amended or modified from time to time in accordance with its terms, the "PSA"), by and among FirstEnergy Corp., an Ohio corporation ("Parent"), FirstEnergy Transmission, LLC, a Delaware limited liability company (the "Company"), North American Transmission Company II L.P., a Delaware limited partnership ("NATCo II"), Brookfield Super-Core Infrastructure Partners L.P., a limited partnership organized under the laws of Ontario, Brookfield Super-Core Infrastructure Partners (NUS) L.P., a limited partnership organized under the laws of Ontario, and Brookfield Super-Core Infrastructure Partners (ER) SCSp, a special limited partnership organized under the laws of Luxemburg, solely for the purposes of Sections 5.5, 5.6(c) and 8.1(a) and Article X of the PSA, pursuant to which, among other things, upon the terms and subject to the conditions set forth therein, NATCo II will purchase from Parent, and Parent will sell to NATCo II, membership interests of the Company representing thirty percent (30%) of the outstanding Membership Interests (as defined in the PSA), and North American Transmission FinCo L.P., a Delaware limited partnership ("NATFinCo"), solely for purposes of Section 1.4 of the PSA, and (b) the Promissory Note to be issued at Closing (as defined in the PSA) to Parent by NATFinCo (the "Note"), the principal amount of which forms a portion of the Purchase Price (as defined in the PSA). Capitalized terms used and not defined herein but defined in the PSA shall have the meanings ascribed to them in the PSA.

In connection with the issuance of the Note at Closing, Brookfield Corporation, a Canadian corporation ("Guarantor") and Parent (together with Guarantor, the "Parties" and each of them individually, a "Party") hereby agree as follows:

1. Guaranty. Subject to and conditioned upon the consummation of the Closing and the delivery of the Note by NATFinCo to Parent at the Closing, Guarantor hereby unconditionally and irrevocably guarantees to Parent, until the valid termination of this letter agreement in accordance with its terms, the due and punctual payment and performance by NATFinCo (and any assignees thereof) of NATFinCo's obligations and liabilities under the Note, including to repay any outstanding unpaid principal under the Note and all accrued and unpaid interest thereon on the Maturity Date (as defined in the Note) or on any date on which such amounts become due and payable pursuant to the terms of the Note, if any, which obligations and liabilities shall in no event exceed (a) (i) the face amount of the Note at Closing plus (ii) all interest that accrues on the unpaid principal of the Note pursuant to the terms of the Note, less (b) any payments of principal under the Note and any interest accruing thereon pursuant to the terms of the Note by or

on behalf of NATFinCo (the "Guaranteed Obligations"). The foregoing sentence is an absolute, unconditional and irrevocable guaranty of the full and punctual discharge and performance of the Guaranteed Obligations. Should NATFinCo default in the discharge or performance of all or any portion of the Guaranteed Obligations, the obligations of Guarantor hereunder shall, upon Parent's demand, become immediately due and, if applicable, payable; provided, that notwithstanding anything to the contrary in this letter agreement, the PSA or the Note, Guarantor shall retain all defenses under the PSA or the Note available to NATFinCo. Notwithstanding anything in this letter agreement to the contrary and for the avoidance of doubt, the aggregate amount payable by Guarantor hereunder shall not exceed the Guaranteed Obligations. The Guarantor waives to the fullest extent permitted by Law (x) any defense based on any claim that the Guarantor's obligations exceed or are more burdensome than those of NATFinCo, (y) any right to require the Parent to proceed against NATFinCo or pursue any other remedy in the Parent's power whatsoever and any defense based upon the doctrine of marshalling of assets or of election of remedies; and (z) to the fullest extent permitted by Law, any and all other defenses or benefits that may be derived from or afforded by applicable Law limiting the liability of or exonerating guarantors or sureties other than the defense that the Guaranteed Obligations have been fully performed and indefeasibly paid in full in cash.

2. Representations and Warranties. Guarantor represents and warrants to Parent as of the date hereof as follows: (a) Guarantor is duly organized and validly existing under the Laws of the jurisdiction recited in the Preamble hereto and has full power and authority to execute and deliver this letter agreement and to perform its obligations hereunder; (b) the execution, delivery and performance of this letter agreement by Guarantor have been duly authorized by all requisite action by Guarantor, and no other proceedings on the part of Guarantor are necessary therefor; (c) this letter agreement constitutes a valid and binding obligation of Guarantor, and is enforceable against Guarantor in accordance with its terms, except as limited by the Bankruptcy and Equity Exception; (d) none of the execution, delivery or performance by Guarantor of this letter agreement will result in a violation of any Laws to which Guarantor is subject or bound, and there is no action, suit, or proceeding pending or, to its knowledge, threatened against it or affecting it with respect to any of the transactions contemplated by this letter agreement; (e) Guarantor has sufficient funds immediately available to pay and perform all of its obligations under this letter agreement, and (f) it is not relying upon, and will not rely upon, any representation or warranty, expressed or implied, at law or in equity, made by any Person in respect of the Parent or any of its affiliates or any of their respective businesses, assets, liabilities, operations, prospects or condition (financial or otherwise).

3. Termination. This letter agreement will terminate automatically and immediately upon the earliest to occur of the (a) valid termination of the PSA in accordance with the terms of Article 7 (Termination) thereof without the Closing having occurred; and (b) repayment of the Note in its entirety by or on behalf of NATFinCo. Upon termination of this letter agreement, Guarantor shall not have any further obligations or liabilities hereunder. Notwithstanding anything in this letter agreement to the contrary, Guarantor shall not have any obligation or liability to any Person under this letter agreement once the Guaranteed Obligations have been satisfied in accordance with this letter agreement.

4. Assignment; Amendments and Waivers; Entire Agreement.

(a) This letter agreement shall be binding upon and inure to the benefit of the Parties and their respective successors and permitted assigns, but neither this letter agreement nor any of the rights, interests or obligations hereunder shall be assigned by operation of law or otherwise, by either Party without the prior written consent of the other Party; provided, that Guarantor may assign its rights, interests or obligations under this letter agreement, in whole or in part, to one or more affiliates, which assignment shall not release Guarantor from its obligations hereunder, including its obligation to discharge and perform the Guaranteed Obligations.

(b) Any provisions hereof for the benefit of a Party may be waived by such Party (either generally or in particular and either retroactively or prospectively) only by a written instrument signed by the Party waiving compliance.

(c) This letter agreement constitutes the entire agreement and understanding of the Parties in respect of the subject matter contained herein. This letter agreement supersedes all prior agreements and understandings, both written and oral, between the Parties with respect to the subject matter and supersede any letters, memoranda or other documents or communications, whether oral, written or electronic, submitted or made by (i) Parent or any its affiliates, agents or representatives to Guarantor or any of its agents or representatives, or (ii) Guarantor or any of its affiliates, agents or representatives to Parent or any of its agents or representatives, prior to the execution of this letter agreement or otherwise in connection with the negotiation and execution of this letter agreement. This letter agreement may not be amended except by an instrument in writing signed by each of the Parties.

5. No Third-Party Beneficiaries. This letter agreement shall be binding solely the Parties, and shall inure solely to the benefit of the Parties, and nothing set forth in this letter agreement shall be construed to confer upon or give to any Person other than the Parties and their respective successors and permitted assigns any benefits, rights or remedies under or by reason of, or any rights to enforce any provisions of this letter agreement; provided, that each Related Party (as defined below) is an intended third-party beneficiary of Section 6 of this letter agreement and shall have the right to enforce Section 6 of this letter agreement. For the avoidance of doubt, Parent's and its affiliates' respective creditors shall have no right to enforce this letter agreement.

6. Limited Recourse. Notwithstanding anything that may be expressed or implied in this letter agreement, Parent, by its acceptance of the benefits of this letter agreement, agrees and acknowledges that (a) no Person other than Guarantor shall have any obligation hereunder and (b) (i) no recourse hereunder shall be had against any Related Party, whether by or through attempted piercing of the corporate veil or based on any Law or interpretation thereof, and (ii) it is expressly agreed and acknowledged that no personal liability whatsoever shall attach to, be imposed on, or otherwise be incurred by any Related Party, in the case of each of clauses (i) and (ii), as such, for any obligations of Guarantor under this letter agreement, in respect of any oral representations made or alleged to be made in connection herewith, or for any claim (whether in tort, contract or otherwise) based on, in respect of, or by reason of, the obligations of Guarantor hereunder. "Related Party" means any former, current or future affiliate of Guarantor (and to the extent a portion of the Guaranteed Obligations are assigned to one or more permitted assignees, such permitted assignees) or any of its or their respective directors, managing directors, general or

limited partners, officers, employees, agents, equity holders, controlling persons, members, managers and advisors.

7. Confidentiality. This letter agreement shall be treated as confidential by the Parties, and is being provided to Parent, solely in connection with the PSA, the Note and the transactions contemplated thereby. Neither this letter agreement nor the terms or substance hereof, may be disclosed, used, circulated, quoted or otherwise referred to in any document other than the PSA, the Note and any ancillary agreement or document with respect thereto by the Parties, except with the prior written consent of the other Party (so long as such consent is not unreasonably withheld, delayed or conditioned); provided, that no such written consent shall be required for disclosures by either Party to its officers, directors, employees, partners, advisors, representatives, successors, permitted assigns and agents (each such officer, director, employee, advisor, representative or agent, a "Representative") so long as such Party agrees to cause each such Representative to keep such information confidential on terms substantially identical to the terms contained in this Section 7; provided, further, that either Party may disclose the existence and terms of this letter agreement to the extent required by any applicable Law, Governmental Body or stock exchange rules or pursuant to any dispute, litigation or claim arising out of or relating to the transactions contemplated hereby.

8. Governing Law; Consent to Jurisdiction and Service of Process. This letter agreement and all disputes arising out of or relating to this letter agreement shall be construed and enforced in accordance with the Laws of the State of New York without giving effect to the choice of law principles thereof. Each Party irrevocably (a) consents to personal jurisdiction in any action brought in any court, federal or state, within the Borough of Manhattan having subject matter jurisdiction arising under this letter agreement, (b) agrees that any action instituted by any of them against the other with respect to this letter agreement will be instituted exclusively in a court, federal or state, within the Borough of Manhattan, (c) agrees service of process, summons, notice or document by registered mail addressed to them at their respective addresses provided in Annex A to this letter agreement shall be effective service of process against it for any such action, suit or proceeding brought in any such court, (d) waives the defense of an inconvenient forum to the maintenance of any such action and (e) agrees that all claims in respect of such disputes or actions may be heard and determined in any such court. Each of the Parties hereby agrees that a final judgment in any action, suit or proceeding shall be conclusive and may be enforced in other jurisdictions by suit on the judgment or in any other manner provided by applicable Law. Nothing in this Section 8, however, shall affect the right of any Party to serve legal process in any other manner permitted by Law. Each Party agrees that a final, non-appealable judgment in any action or proceeding so brought shall be conclusive and may be enforced by suit on the judgment or in any other manner provided by Law.

9. WAIVER OF JURY TRIAL. EACH PARTY ACKNOWLEDGES AND AGREES THAT ANY CONTROVERSY WHICH MAY ARISE UNDER THIS LETTER AGREEMENT IS LIKELY TO INVOLVE COMPLICATED AND DIFFICULT ISSUES, AND THEREFORE EACH PARTY HEREBY IRREVOCABLY AND UNCONDITIONALLY WAIVES ANY RIGHT A PARTY MAY HAVE TO A TRIAL BY JURY IN RESPECT OF ANY LITIGATION RESULTING FROM, ARISING OUT OF OR RELATING TO THIS LETTER AGREEMENT OR THE CONTEMPLATED TRANSACTIONS. EACH PARTY CERTIFIES

AND ACKNOWLEDGES THAT (a) NO REPRESENTATIVE, AGENT OR ATTORNEY OF ANY OTHER PARTY HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT SUCH OTHER PARTY WOULD, IN THE EVENT OF LITIGATION, CHALLENGE OR DISPUTE THE ENFORCEMENT OF THE FOREGOING WAIVER, (b) EACH PARTY UNDERSTANDS AND HAS CONSIDERED THE IMPLICATIONS OF THIS WAIVER, (c) EACH PARTY MAKES THIS WAIVER VOLUNTARILY, AND (d) EACH PARTY HAS BEEN INDUCED TO ENTER INTO THIS LETTER AGREEMENT BY, AMONG OTHER THINGS, THE MUTUAL WAIVERS AND CERTIFICATIONS IN THIS SECTION 8.

10. Waiver of Presentment. Guarantor hereby waives presentment and demand for payment, notice of protest, notice of non-payment or dishonor and notice of intent to demand, before or after the Maturity Date.

11. Counterparts. This letter agreement may be executed in two or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument. Delivery of an executed counterpart of a signature page of this letter agreement by facsimile transmission or other electronic transmission shall be effective as delivery of a manually executed counterpart of this letter agreement.

12. No Fiduciary Relationship. This letter agreement will not create any fiduciary relationship between Guarantor and any other Person.

[*Signature pages follow*]

Please confirm the above agreement between the Parties by signing and returning to the undersigned a copy of this letter agreement.

BROOKFIELD CORPORATION

By: /s/ Swati Mandava
Name: Swati Mandava
Title: Authorised Signatory

[*Signature Page to Guaranty of Promissory Note*]

Accepted and Agreed as of the date first written above:

FirstEnergy Corp.

By**:** /s/ Steven R. Staub
Name: Steven R. Staub
Title: Vice President and Treasurer

Annex A

Parties

Brookfield Corporation
c/o Brookfield Infrastructure Group
1200 Smith Street Suite 640
Houston, Texas 77002
Attention: Fred Day
Email: fred.day@brookfield.com

FirstEnergy Corp.
76 South Main St.
Akron, Ohio 44308
Attention: David W. Pinter
Email: dpinter@firstenergycorp.com

FirstEnergy

Exhibit 10.2

March 26, 2023

Brian X. Tierney

Dear Brian:

We are pleased to offer you the position of President & Chief Executive Officer of FirstEnergy Corp. (FirstEnergy), reporting to the FirstEnergy Board of Directors, located at our Corporate Headquarters, 76 S. Main Street, Akron, Ohio 44308.

Compensation and Benefits

Your compensation package includes:

- An annual salary of $1,500,000, which will be reviewed annually.
- You will become a participant in FirstEnergy's 2020 Incentive Compensation Plan (ICP) and will be eligible to receive an annual bonus under the Short-Term Incentive Program (STIP) component of the ICP (or any successor program). Your target STIP opportunity will be 150% of your annual salary. Performance can range between 0% and 200% of your target STIP opportunity. Your STIP eligibility for 2023 will be prorated based upon your hire date and STIP guidelines.
- Beginning in 2024, you will be eligible to receive long-term incentive awards under the Long-Term Incentive Program (LTIP), another component of the ICP, in the ordinary course of business (prorated awards for 2023 are discussed separately below). LTIP awards are comprised of Cash-Based and Stock-Based Performance-Adjusted Restricted Stock Units (RSUs). You will be eligible for an annual Cash-Based Performance-Adjusted RSU grant of 227% of your base salary. You will also be eligible for an annual Stock-Based Performance-Adjusted RSU grant of 456% of your base salary (for a total LTIP target opportunity of 683%). Performance can range between 0% and 200% of your target LTIP opportunity. The terms of the LTIP awards will be set forth in the ICP and individual award agreements.
- A voluntary termination of employment by you after (a) attaining age 60, and (b) accruing five years of service with FirstEnergy shall be considered a retirement by you solely for the purpose of determining eligibility for award proration or other treatment applicable to a retirement with respect to awards under the LTIP and STIP; provided, further, that beginning in 2026, any individual award agreements memorializing LTIP awards to you will reflect such retirement terms.
- Assuming a start date of June 1, 2023, you will be eligible for prorated LTIP awards based on your annual salary and your total LTIP target opportunity for the 2023-2025 LTIP cycle (payable in March 2026).
- Additionally, as a partial make-whole for awards that you will forfeit in connection with leaving your current employment, assuming a start date of June 1, 2023, you will be eligible for prorated LTIP awards based on your annual salary and your total LTIP target opportunity for the LTIP cycles already in progress as follows:
    - 9 months out of 36 months of the 2021-2023 LTIP cycle (payable in March 2024), and
    - 21 months out of 36 months of the 2022-2024 LTIP cycle (payable in March 2025).

- The 2021-2023 and 2022-2024 prorated LTIP awards will be in the form of Stock-Based Performance-Adjusted RSUs. The 2023-2025 prorated LTIP award will be in the form of 33% Cash-Based Performance-Adjusted RSUs and 67% Stock-Based Performance-Adjusted RSUs. Each such award will be based on a number of shares of FirstEnergy common stock determined by dividing the prorated target opportunity by the average of the high and low stock prices on the grant date. All prorated LTIP cycles include the performance criteria established for all other participants. Performance can range between 0% and 200%.
- As a partial make-whole for awards that you will forfeit in connection with leaving your current employment, you will be provided with a Lump Sum Award (Hiring Bonus) of $1,500,000. Please note this sum will be paid as soon as administratively possible after your start date. Further, you will be required to repay 100% (one-hundred percent) of this Hiring Bonus if you voluntarily leave FirstEnergy or are terminated by FirstEnergy for Cause (as defined in the ICP) before June 1, 2024; it being understood that, for this purpose, a voluntary termination shall not include a termination due to your death or Disability (as defined in the ICP) or a termination by you for Good Reason (as defined in the FirstEnergy Corp. 2017 Change in Control Severance Plan (the "CIC Severance Plan")). Payment of this Bonus is contingent upon our receipt of the signed Bonus Agreement, a copy of which is included.
- As a partial make-whole for awards that you will forfeit in connection with leaving your current employment, you will be eligible for a special, one-time restricted stock award under the 2020 ICP in the amount of $5,000,000 (determined by dividing such value by the average high and low prices of FirstEnergy common stock on the grant date) with 1/4 vesting in 2024, 2025, 2026 and 2027 (in each of those years on your service anniversary based upon your start date), subject to your continued service until the relevant vesting date. The applicable award agreement for this award shall provide that a voluntary termination by you shall result in a forfeiture of unvested shares; provided, however, a voluntary termination shall not include a termination due to your death or Disability (as defined in the ICP) or a termination by you for Good Reason (as defined in the CIC Severance Plan).
- You will be a participant in the Cash Balance Pension Plan and the Cash Balance Restoration Plan.
- You will be a participant in the CIC Severance Plan, a copy of which is included.
- You will be eligible to participate in the FirstEnergy Corp. Executive Deferred Compensation Plan and may choose to make elective deferrals of your base salary (1%-50%), STIP (1%-85%) and LTIP (1%-85%) in accordance with the terms of the plan.
- You will be eligible to participate in the FirstEnergy Corp. Savings Plan. FirstEnergy matches 50% of your contribution up to 6% of eligible Savings Plan Earnings in FirstEnergy common stock.
- Your position as President & Chief Executive Officer has a Share Ownership Guideline (SOG) requirement of 7x base salary. You will have five years from your start date to meet this requirement (as calculated in accordance with the SOG), subject to the following milestones:
    - Achieve 60% of SOG target after three years, and
    - Achieve 80% of SOG target after four years.

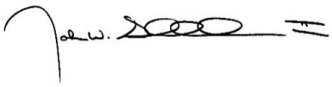
- You are eligible for the Executive Relocation Plan and are expected to relocate within one year of your start date. Benefits include, but are not limited to temporary housing, storage of household goods, home buy-out offer, trips between your current home and Akron, etc. Weichert Workforce Mobility, Inc. will be working directly with you to ensure your information for housing will be processed in a timely manner.
- In addition to the relocation benefits available through Weichert, you will be provided the opportunity to work with Executive Arrangements concierge services (https://executivearrangements.com) which will provide a personalized introduction to the Akron area and the surrounding communities.
- Assuming a start date in June, you will be eligible for 15 paid time off (PTO) days in 2023 and 29 PTO days beginning in 2024.
- Ten holidays are currently observed by FirstEnergy – New Year's Day, Martin Luther King Jr. Day, Memorial Day, Independence Day, Labor Day, Veterans Day, Thanksgiving Day, the Day after Thanksgiving, Christmas Eve Day, and Christmas Day.
- Please note: All benefit and compensation plans are subject to amendment and/or termination, as set forth in the plan documents and, in accordance with the applicable plan documents, the grant of all LTIP awards and restricted stock awards is subject to approval of the FirstEnergy Board of Directors (or a committee thereof). In addition, consistent with the ICP, all awards granted to you will be subject to FirstEnergy's Executive Compensation Recoupment Policy, as amended from time to time, and any other compensation recoupment policy that FirstEnergy is required to adopt pursuant to the listing standards of any national securities exchange or association on which FirstEnergy's securities are listed or as is otherwise required by the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010, as amended, or other applicable law. Further, all amounts payable to you by FirstEnergy are subject to tax withholding pursuant to applicable federal, state and local tax requirements, and all amounts payable to you are intended to be structured to comply with, or be exempt from, Section 409A of the Internal Revenue Code.
- You will be required to comply with all applicable policies of FirstEnergy and its affiliates as in effect from time to time, including (without limitation) the FirstEnergy Code of Conduct. Further, while employed, you shall serve FirstEnergy and its affiliates on an exclusive basis and devote your full business time and attention to the performance of your duties and, except for an agreed upon list of positions otherwise disclosed in writing to FirstEnergy prior to the date hereof, shall not serve on any board of directors (whether public or private and whether or not for profit) without the prior approval of FirstEnergy's Board of Directors.
- At the request of FirstEnergy's Board of Directors, you shall serve as an officer or director of FirstEnergy or any of its affiliates without additional compensation, and upon termination of your employment with FirstEnergy for any reason, you shall resign immediately from all such offices and positions with FirstEnergy and its affiliates.

[Remainder of Page Intentionally Blank]

A copy of our Executive Compensation and Benefits Overview, our Total Rewards Guide and our executive relocation plan is included for your information.

Brian, we look forward to you joining us at FirstEnergy and leading our company to be a premier electric utility. Please confirm your acceptance of this offer by signing this letter below and returning it to Chris Walker, Chief Human Resources Officer, by 6:00 p.m. on March 26, 2023.

Sincerely,



John Somerhalder
Board Chair
Interim President & Chief Executive Officer

Agreed and Accepted:

/s/ Brian X. Tierney

Brian X. Tierney

cc: C. Walker
L. Hicks
J. O'Neil

Attachments:
- Bonus Agreement
- Executive Compensation & Benefits Overview
- Executive Relocation Plan
- Change in Control Severance Plan

EXHIBIT 31.1

Certification

I, John W. Somerhalder II, certify that:

1. I have reviewed this report on Form 10-Q of FirstEnergy Corp.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

    a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

    b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

    c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

    d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

    a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

    b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: April 27, 2023

/s/ John W. Somerhalder II

John W. Somerhalder II

Interim President and Chief Executive Officer

EXHIBIT 31.2

Certification

I, K. Jon Taylor, certify that:

1. I have reviewed this report on Form 10-Q of FirstEnergy Corp.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

    a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

    b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

    c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

    d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

    a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

    b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: April 27, 2023

/s/ K. Jon Taylor

K. Jon Taylor
Senior Vice President, Chief Financial Officer and Strategy

EXHIBIT 32

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350

In connection with the Report of FirstEnergy Corp. ("Company") on Form 10-Q for the period ended March 31, 2023 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), each undersigned officer of the Company does hereby certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that to the best of his knowledge:

(1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ John W. Somerhalder II
John W. Somerhalder II
Interim President and Chief Executive Officer

/s/ K. Jon Taylor
K. Jon Taylor
Senior Vice President, Chief Financial Officer and Strategy

Date: April 27, 2023