

SHORT-TERM INCENTIVE PROGRAM (STIP)

PURPOSE OF PROGRAM

The Short-Term Incentive Program (STIP-or program) provides incentive awards to employees of FirstEnergy Corp. (FirstEnergy) and certain affiliates whose contributions support the successful achievement of Corporate Financial and Operational Key Performance Indicators (KPIs). STIP awards are cash-based awards based on the terms and conditions of the FirstEnergy Corp. 2022 Incentive Compensation Plan (Incentive Plan), which was approved by FirstEnergy's shareholders. The STIP KPIs are developed in accordance with the performance measures identified in the Incentive Plan.

PARTICIPATING COMPANIES

This program applies to the FirstEnergy companies listed in HR Letter 011, Participating Companies.

ELIGIBILITY

All regular, non-represented full-time and part-time employees unless covered by another short-term incentive program (i.e., the Sales Performance Incentive Plan) and those represented employees whose collective bargaining agreement specifically allows for participation in the STIP, may be eligible to participate in the program. Notwithstanding the foregoing, the FirstEnergy Board of Directors (Board), upon recommendation of the Compensation Committee of the Board (Compensation Committee) will review and make the final selection regarding participation in the STIP by individuals who are Section 16 officers of FirstEnergy (each, a Section 16 Officer). In addition, the Compensation Committee will review and make the final selection regarding participation in the STIP by individuals who are Executive Council members, but not a Section 16 Officer.

Each program year is from January 1 through December 31.

To be eligible, regular full-time and part-time employees must work a minimum of 500 hours of productive time in the program year in a position that is covered by the program. This includes represented employees who transfer from a non-eligible plan. Newly hired employees must be on the payroll prior to October 1 and have a minimum of 500 hours of productive time during the program year in a position that is participating in the program to be eligible.

For STIP eligibility purposes, productive time includes most time at work, company holidays, PTO, deferred PTO, deferred COVID-19 PTO, purchased PTO, PAD, VPAD, deferred VPAD, deferred COVID VPAD, VTO, vacation, deferred COVID-19 vacation, personal convenience time, floating holidays, approved Family and Medical Leave (FML), and military leave of absences. Productive time does not include worker's compensation, sick hours, Short-Term Disability (STD) not covered under FML, Long Term Disability (LTD), banked, frozen, donated or lump sum payment of vacation hours, or overtime hours.

Eligible employees who voluntarily resign (other than upon retirement) or are discharged for cause at any time during the program year are ineligible to receive a STIP award.

KEY PERFORMANCE INDICATORS (KPIs)

The Corporate performance goals consist of FirstEnergy system KPIs: Operating Earnings, FirstEnergy Cash Flow (collectively, the Financial KPIs) and safety as measured by the corporate or

business unit specific Life Changing Events and Days Away/Restricted or Job Transfer Rate (DART).

For 2022, there will also be a Compliance and Ethics (C&E) KPI. The C&E KPI applies to all regular non-bargaining, non-physical employees. The C&E KPI is a downward modifier and the only individual performance modifier in our STIP. The range of the modifier is 0% - 100%. Any substantiated violation of the Code of Business Conduct Policy may result in a STIP modification. Adjustments are at the individual level only to ensure there is line of sight and personal accountability. Should it be determined that it is a collective failure by a group or the entire organization, then multiple individuals may be impacted.

In addition to the system KPIs, employees may also have Operational goals that consist of business unit or departmental KPI(s). The Operational goal results help drive the Company's financial success.

For participants other than Executive Council members, the nature, number, weighting and targeted achievement levels of Operational KPIs are at the discretion of the business unit's respective Executive Council member.

Notwithstanding the foregoing, all determinations and approvals set forth in this Key Performance Indicators (KPIs) section or any other section of the STIP with respect to Section 16 Officers shall be made by the Compensation Committee and recommended to the Board for approval.

INCENTIVE OPPORTUNITY

STIP awards for the program year will be paid in late February or March (but not later than March 15th) of the following year. Awards are subject to applicable tax withholding. Awards are also eligible for Employee Savings Plan contributions if an employee is actively employed when the STIP award is paid. Payment of any STIP award is contingent upon the Company achieving the Operating Earnings threshold level, after accounting for the cost of the payout.

After the end of the program year, the Compensation Committee and/or Board will certify in writing whether and the extent to which the KPIs were achieved during the performance period. The awards will be calculated as earned based upon the final KPI results.

INCENTIVE CALCULATION

STIP awards will be calculated based on the annual achievement of KPIs. STIP award payouts are determined by multiplying the total percentage achievement of the Corporate Financial, Safety and Operational KPIs by the applicable incentive target opportunity. The incentive target opportunity is determined by multiplying the employee's annual base salary rate effective on December 31 of the program year, as identified in SAP, and the applicable STIP target percentage(s). Threshold is determined as 50% of the target opportunity and stretch is determined as 200% of the target opportunity. Awards are then calculated based on applied KPI weightings as previously approved by Executive Council or the Compensation Committee and/or the Board.

The base salary used in the calculation does not include any other forms of income received during the calendar year (e.g., shift differentials, meal allowances, any types of bonuses, incentive compensation, pay adders, licenses or bonuses associated with a license, overtime paid). For part-time employees the December 31 base annual salary is calculated based on the estimated work hours as identified in SAP on December 31. Finally, the guidelines defined in this program are applied, resulting in a final STIP award payout.

OVERTIME

Non-exempt employees who work overtime in the calendar year are eligible for an overtime payment on the non-exempt STIP award amount paid for the time periods the employee is non-exempt. Eligible overtime is calculated only on the weeks where the employee is paid for working overtime (refer to Example). Overtime on the STIP amount will be calculated based on Department of Labor (DOL) guidelines. Payment of overtime award amounts will be included in the same pay as the STIP award.

When overtime adjustments are required after STIP awards have been paid, the recalculation of the overtime award will be based on the year in which the overtime occurred. Therefore, an adjustment for overtime hours worked in 2022 will be paid in 2023, and the adjustment will be made based on the 2022 program results (when the overtime hours were worked) and not the 2023 program results (when the overtime was paid).

ELIGIBLE DAYS

The following will be used to determine the number of eligible days and proration calculations for employees:

New Hires and Rehires – Eligibility begins on an employee’s most recent hire date in a position that is covered by the program. Prorated awards (such proration based on the number of days as an eligible employee during the program year) will be paid to eligible employees hired prior to October 1 during the program year who also meet the minimum of 500 hours of productive time during the program year in a position that is covered by the program. Rehires who previously separated during the same program year forfeit their STIP award for periods of employment prior to their rehire date.

Incentive Target, Business Unit or Job Change – Employees who move to a different incentive target (e.g., 8% to 10%, 10% to 15%, etc.), **and/or** change business units or jobs during a program year, shall be credited for the incentive target and/or KPIs for the new business unit into which they have moved on the effective date of the change. Any such prorated award will be based on actual performance against the KPIs and paid at the same time STIP awards are generally paid to program participants.

Separation from Employment - Prorated awards (such proration based on the number of days as an eligible employee during the program year) will be paid to eligible employees who have separated from employment during the program year due to retirement¹, disability, death, the sale of a facility in which the employee has accepted a job offer from the purchasing entity or under conditions for which the employee qualifies and elects benefits under the FirstEnergy Severance or Executive Severance Benefits Plan or Executive Severance Benefits Plan, or any

¹ “Retirement” shall mean, with respect to any participant, the participant’s Separation from Service (within the meaning of Code Section 409A) (except due to death) on or after attaining age fifty-five (55) and providing at least ten (10) years of service to the Company or any of its subsidiaries or affiliates and any predecessor thereof.

replacement for either plan.

Transfer to a Non-Eligible Position – Prorated awards (such proration based on the number of days as an eligible employee during the program year) will be paid in situations where employees are transferring from a program-eligible position to a position that is not program-eligible, they must meet the minimum of 500 hours of productive time in the eligible position and the ending base salary in effect prior to the effective date of the move will be used to calculate the award.

ADJUSTMENTS TO INCENTIVE AWARDS

Adjustments to the STIP award calculation will be made for substantial time away from work. STIP awards will be reduced based on the number of full or partial days an employee is not at work for any reason during the program year including but not limited to, unexcused absence, unpaid disciplinary suspension, sick leave, leave of absence including Short-Term or Long-Term Disability due to medical reasons or worker’s compensation, banked, frozen or donated vacation, unless used concurrently with FML. Military leave is not included in this reduction factor. STIP awards will be reduced from 20% to 100% based on an employee’s substantial time away from work versus their total productive/non-productive time. The following matrix determines the percent reduction applied to the calculated STIP award and is reflective of a full-time employee who actively worked the full program year, 2080 hours

Work Days Absent	Reduction
<62	0%
63 - 101	20%
102 - 142	40%
143 - 181	60%
182 - 220	80%
221 - 260	100%

The Compensation Committee retains the discretion to adjust the STIP payouts downward/upward without the participant’s consent regardless of the Company’s actual performance against the Corporate Financial and Operational KPIs, either on a formula or discretionary basis or a combination of the two, as the Compensation Committee determines in its sole discretion.

If it is determined that there has been an error in the payment of a STIP award that results in an overpayment, repayment of the excess amount will be required. The Company will automatically withhold the amount of the overpayment from any wages, vacation pay, commissions, bonus or other compensation that is due to the employee. If no such amounts are owed, the employee will be required to return to the Company the overpayment in a manner acceptable to the Company. If the payment error results in the underpayment of a STIP award, the Company will make an additional payment, without interest, to the employee as soon as administratively possible.

PROGRAM PARAMETERS

For the purposes of this program, the term FirstEnergy is defined as FirstEnergy Corp. and the term “Company” refers to the employee’s respective Participating Company.

The program does not constitute a contract between the Company and any employee nor should anything contained in the program be deemed to give any employee any right to be retained in

the employ of the Company or to interfere with the right of the Company to discharge any employee at any time and to treat the employee without regard to the effect which such treatment might have upon the employee as a participant in the program.

All amounts payable under this program shall at all times constitute general unsecured liabilities of the Company, payable out of its own general assets. In no event shall the Company be obliged to reserve any funds or assets to secure the payment of such amounts and nothing contained in the program shall confer upon the participant any right, title or interest in any assets of the Company. The program is not a covered program under the Employee Retirement Income Security Act of 1974 (ERISA). No contributions are required by employees under this program.

Notwithstanding anything herein to the contrary, if a participant is entitled to receive all or a portion of his or her STIP award pursuant to an individual agreement or separate severance or change in control plan in which he or she participates, then his or her STIP award will be paid pursuant to such individual agreement or plan to avoid any duplication of payments.

DISPUTE PROCESS

If an employee has questions regarding how the STIP award is calculated or the amount of the award, the following steps should be followed:

- The employee should discuss the concern with his or her immediate Supervisor. Any concerns must be initiated by 12/31 of the calendar year in which the award is paid.
- The requesting Supervisor should contact the Manager, Employee Compensation and Payroll to discuss the concern on behalf of the employee.
- The Manager, Employee Compensation and Payroll and/or staff will review the specific concern.
- An explanation of the review will be documented by the Compensation Team of the Corporate Human Resources Department and provided to the requesting Supervisor. The requesting Supervisor will communicate the findings to the employee.
- If a correction is necessary, the Compensation Team of the Corporate Human Resources Department will ensure the adjustment is made as soon as administratively possible.
- All system corrections to adjust a STIP award payment or a reduction amount of a STIP award must be received by the Compensation Team of the Corporate Human Resources Department no later than the 2nd Friday of January following the calendar year in which the award is paid.

PROGRAM QUESTIONS

The program is administered by the Compensation Committee; provided, however, that the Compensation Committee may, subject to the requirements of the Incentive Plan, delegate such administrative powers as it may deem advisable to the Compensation Team of the Corporate Human Resources Department.

Questions regarding the STIP should be directed to the Compensation Team of the Corporate Human Resources Department.

Questions related to Operational / Departmental KPIs should be directed to the employee's local management or local Human Resources representative.

PROGRAM MODIFICATION OR TERMINATION

The program may be amended or terminated at any time by the Board or Compensation Committee during any program year; provided, however, that, except as permitted under the

section titled “Adjustments to Incentive Awards” above, no such amendment or termination shall materially and adversely affect the rights of any participant in respect of any program year that has already commenced.

RECOUPMENT

Any STIP award will be subject to and administered in compliance with Section 10D of the Securities and Exchange Act of 1934, as amended, any applicable rules or regulations promulgated by the Securities and Exchange Commission or any national securities exchange or national securities association on which the common stock of FirstEnergy is traded, and FirstEnergy’s Executive Compensation Recoupment Policy, as amended from time to time, or any other recoupment or “clawback” policy of FirstEnergy adopted pursuant to such law, rules, or regulations and, notwithstanding any other provision of this STIP, any STIP award may be amended to further such purposes without the consent of any participant.

INCENTIVE PLAN

The STIP is a cash-based award component of the Incentive Plan and shall be subject to the terms and conditions of the Incentive Plan in all respects. To the extent there is a conflict between the terms of the STIP and the terms of the Incentive Plan, the terms of the Incentive Plan shall control, except with respect to the Compensation Committee’s ability to adjust payment amounts downward, as set forth in the section titled “Adjustments to Incentive Awards” above.

COMPLIANCE WITH SECTION 409A

The STIP is intended to be, at all relevant times, in compliance with (or exempt from) Section 409A of the Internal Revenue Code of 1986, as amended (Code) and all other applicable laws, and the STIP shall be so interpreted and administered. In addition to the general amendment rights of FirstEnergy with respect to STIP, FirstEnergy specifically retains the unilateral right (but not the obligation) to make, prospectively or retroactively, any amendment to the STIP or any related document as it deems necessary or desirable to more fully address issues in connection with compliance with (or exemption from) Section 409A of the Code and other laws. In no event, however, shall this section or any other provisions of the STIP be construed to require FirstEnergy to provide any gross-up for the tax consequences of any provisions of, or payments under, the STIP. FirstEnergy and its affiliates shall have no responsibility for tax or legal consequences to any participant resulting from the terms or operation of the STIP.

GOVERNING LAW

The STIP shall be governed by and construed in accordance with the laws of the State of Ohio without regard to conflicts of laws. Recipients of an award and their beneficiaries, estates, successors and assignees are deemed to submit to the exclusive jurisdiction and venue of the U.S. District Court for the Northern District of Ohio or Summit County (Ohio) Court of Common Pleas, to resolve any and all issues that may arise out of or relate to the STIP.

STIP Non-Exempt Overtime Award Additional Information

A separate calculation based on overtime hours worked per week, as a non-exempt employee, will be used to determine the STIP Non-Exempt Overtime Award.

This is consistent with Department of Labor guidelines.

Calculation Example

Below is an example of how the STIP Non-Exempt Overtime Award would be calculated for a non-exempt employee, who worked overtime hours during specific payroll weeks:

Step 1: Determine “Weekly Award”

Divide the "total" STIP award for the time period the employee was non-exempt by the appropriate number of weeks the employee was classified as non-exempt -- $\$4,688 / 52 = \90.15 . For purposes of this illustration, Target values are being used. The STIP “Weekly Award” of \$90.15 is the weekly STIP equivalent amount.

Step 2: Determine “Half Time OT Rate”

Determine the half time overtime rate for the weeks where overtime was paid. Using payroll week 1, divide the STIP award weekly amount by the total hours and multiply that by 0.5 (half time rate) – $(\$90.15 / 44.75) * 0.5 = \1.01 . The half time rate for overtime due for week 1 is \$1.01.

Step 3: Determine “OT Award” Amount

Multiply the half time overtime rate by the total OT hours -- $\$1.01 * 4.75 = \4.80 . This amount represents the total amount due to the employee for that week.

Step 4: Total “OT Award” Amount

To determine the total amount due for the year, calculate all remaining weeks by performing Steps 1 through 3 and sum the total.