

**FIRSTENERGY CORP. SAVINGS PLAN**  
**Member Loan Program**  
**Second Restatement**

The Savings Plan Committee (the "Committee"), in its capacity of Administrator, adopts this Second Restatement of the Member Loan Program (the "Program") to govern the administration of loans from the FirstEnergy Corp Savings Plan (the "Savings Plan") to Members who are active Employees or former Employees who are plan fiduciaries, officers, directors or ten percent (10%) owners of FirstEnergy Corp or a Participating Company. This Restatement of the Program is made pursuant to Labor Regulations Section 2550.408b-1(d) and in accordance with Section 17.2 of the Savings Plan. All capitalized terms in this Program shall have the meanings given to them in the Savings Plan.

**1. Authorization to Administer.** The Committee is authorized to administer the Program.

**2. Applications.** Two types of loans shall be available under the Savings Plan: (1) general loans with a repayment period of six months to five years ("General Loans"); or, (2) residential loans with a repayment period of 61 months to 30 years ("Residential Loans"). Applications for General Loans shall be made via either the Savings Plan Information Line or the Savings Plan web site. Applications for Residential Loans shall be made in writing on a form approved by the Committee and supplied by the third party administrator for Member Accounts (the "Recordkeeper"). A Residential Loan application must be signed by the Member and be submitted to the Recordkeeper with the proper documentation for the purposes of reviewing and approving the loan application. The term "spouse" is defined in the Savings Plan, effective September 16, 2013, as an individual who is in a relationship recognized as a valid and legal marriage under the laws of the state (including for this purpose any domestic or foreign jurisdiction having the legal authority to sanction marriages) in which the marriage was performed and sanctioned.

**3. Review and Approval.** Loans shall be made available on a reasonably equivalent basis. All complete applications shall be reviewed, either electronically or manually, and granted under such terms and conditions established by the Committee and the Recordkeeper including conditions that are set forth in this Program and conditions that are in the best interests of the Savings Plan and its Members. A Member may have no more than two loans outstanding at any time and a loan in default that is not distributed or offset is treated as an outstanding loan until such time that the Member repays the Savings Plan the full defaulted amount(s) (including accrued interest).

**4. Loan Terms.** Notwithstanding any other provision of this Program, all loans granted from the Savings Plan shall be subject to the following:

- a. No loan shall be granted in an amount less than \$1,000. The maximum loan amount is 50% of a Member's vested account balance reduced by any outstanding balance of any other loans a Member currently has outstanding or \$50,000 reduced by the highest outstanding balance of any other loans over the last 12 months taken from the Savings Plan by a Member. Loans will only be issued in whole dollar amounts.
- b. All loans shall be secured by an assignment, pledge or other security interest in the vested balances of the Member's Accounts. All loans made pursuant to this Program will be considered a directed investment for the Accounts of the Member. Effective January 1, 2014, loan amounts will be deducted proportionally from each Account of the Member, except that no amount shall be deducted from the Member's Accumulated Payments Portion Subaccount, and within each Account, proportionately from the core investment options and the FirstEnergy Common Stock Fund. However, in the event that the Member is subject to the requirements of Section 16(b) of the Securities Exchange Act of 1934, amounts shall be deducted proportionately from the core investment options first, and then from the FirstEnergy Common Stock Fund if necessary and if compliant with Section 16(b) requirements as determined by the Corporate Department. Amounts held in the self-managed brokerage option must be transferred to the core investment options before they can be used to provide proceeds for the loan. Repayments shall be invested in accordance with the Member's then current investment instructions.
- c. Loans shall bear a reasonable rate of interest as determined by the Recordkeeper at the time of granting the loan. The interest rate will be determined quarterly. Effective January 1, 2014, it will be equal to the prime rate that is published by Reuters on the 15th of the month before the start of the calendar quarter in which the loan is approved, plus one percent (1%), or equal to such other reasonable rate as recommended by the Recordkeeper and approved by the Committee. The interest rate will remain fixed over the term of the loan. It will not change when the new quarter's interest rates are announced.
- d. Loans made to Members shall be repaid under a level amortization schedule over the term of the loan with repayments based on the Member's pay cycle. Repayments

shall consist of principal and interest, over the term of the loan. Repayments shall be made by automatic payroll deduction unless otherwise provided in this Program. If a Member is on an unpaid leave of absence, he or she must submit a payment each month to the Recordkeeper pursuant to guidelines provided by the Recordkeeper. If payments are not made during an unpaid leave of less than 90 days, the loan payment amount will be reamortized to a new amount upon the Member's return to work but the entire loan must be repaid within the existing term of the loan. If an employee is on a military leave of absence, payments will be suspended in accordance with the Uniformed Services Employment and Reemployment Rights Act. Further, interest accruing during the period of military leave of absence will be capped at a rate of six percent pursuant to the Soldiers' and Sailors Civil Relief Act.

- e. The Members are provided a check for the loan proceeds along with the loan agreement. A Member who requests a loan through the web site may also have the loan electronically deposited into his bank account if he or she satisfies all requirements for such electronic deposit including acknowledgement of review of all required disclosures. By endorsing the check or by electing to have the loan proceeds electronically deposited into a bank account, a Member has agreed to the terms of the loan, and acknowledges review of the disclosure material and authorizes payroll deductions for loan repayment.
- f. Each Member who initiates a loan shall be charged a non-refundable administrative fee as set forth in the Summary Plan Description for the Savings Plan at the time the loan is issued. The administrative fee will not be refunded if for any reason the loan is not completed.
- g. Notwithstanding anything to the contrary in this Program, a Member shall have the right to prepay any loan from the Savings Plan in whole at any time by remitting such prepayment to the Savings Plan, The loan payoff balance must be paid by a certified check or a cashier's check. Alternatively, a Member may pay the loan payoff balance by authorizing the electronic withdrawal of the full amount from his or her bank account. Partial loan prepayments will not be accepted.

- h. Qualified Domestic Relations Order ("QDRO") Policy. When the Savings Plan has received notice of a pending domestic relations order, a "hold" is placed on a Member's Accounts and the Member will not be permitted to take a loan until the earlier of: 1) a certified QDRO is received and processed, or 2) a representative of the Administrator receives a copy of a judgment order satisfactory to the representative providing that no domestic relations order will be issued or that amounts in the Plan are retained by the Member. The Committee and its delegate reserve the right to deny a loan request by a Member at any time if there is an open question as to whether a portion of a Member's Account must be segregated pursuant to a QDRO.
- i. Loan rules for a Member that files Bankruptcy. If the filing for bankruptcy is on or after October 18, 2005, the loan repayments will continue to be deducted by automatic payroll deduction from the Member's salary, wages or other remuneration.

**5. Default.**

- a. Default shall be defined as the failure of any Member to comply with the terms of any loan from the Savings Plan which continues uncorrected for a period commencing on the date payment is due and ending on the last day of the quarter following the quarter in which the payment is due (the "Cure Period"). A Member may cure the default at any time within the Cure Period. Upon expiration of the Cure Period, the loan shall be deemed to be a defaulted loan and the outstanding loan balance including any interest accruing thereon shall be treated as a taxable distribution to the Member. A Form 1099-R will be issued to the Member for the deemed distribution for income tax purposes in the year that the loan was defaulted. Any such loan must be repaid by the Member until the loan is distributed or offset as provided below. This payment may not be made by any Savings Plan contributions and must be made from outside personal funds.
- b. If at the end of the Cure Period, the Member is entitled to a distribution from the Savings Plan, the unpaid balance of principal and interest on the delinquent loan shall be offset against the Member's benefits and shall constitute a distribution from the Savings Plan. If at the end of the Cure Period, the Member has not incurred a distribution event,

then the offset procedure set forth in the preceding sentence shall not be instituted and no further action shall be taken with respect to the loan until the Member has incurred a distribution event. At that time the Member's Accounts shall be offset and shall constitute a distribution from the Savings Plan.

**6. Severance from Employment.** When a Member retires or otherwise has a Severance from Employment for any reason, except his death, the Member will have the following options available regarding outstanding loans:

- a. Within a reasonable time following his Severance from Employment, the Recordkeeper will mail a loan confirmation statement indicating the outstanding loan balance and the adjusted monthly loan payment information. After receipt of the notice, the Member may:
  - 1) Pay off the loan(s) in full before the end of the 90 day period before the loans go into default;
  - 2) Continue to make monthly payments by ACH, money order or cashier's check and they must be made by the specified date each month communicated to the Member on the confirmation statement; or
  - 3) Do nothing. The loan will automatically be defaulted and a Form 1099-R will be issued for tax purposes.
- b. In the event of a Member's death, any outstanding loan balance will be treated as a distribution from the Savings Plan. A Form 1099-R will be issued to the estate for tax purposes.

Nothing contained in this Program shall be construed to modify any provision of the Savings Plan. This Program may be amended by the Administrator at any time and in its sole discretion.

IN WITNESS WHEREOF, the Committee hereby adopts this Member Loan Program this 30<sup>th</sup> day of August, 2016.



Ana M. Fluke  
Chairperson, Savings Plan Committee