

RELOCATION PROGRAM FOR CURRENT EMPLOYEES

This policy supersedes and cancels Human Resources Letter 204 issued April 1, 2016.

PARTICIPATING COMPANIES

The current list of FirstEnergy companies that are covered by the following policy letter is provided in Human Resources Letter 011 entitled Participating Companies.

PURPOSE

This letter explains the provisions of the Employee Relocation Program available to current fulltime regular employees of FirstEnergy and its operating companies (“the Company”) who are relocating to another Company location.

The relocation program has three levels for current employees: Basic Plan, Professional Plan, and Executive Plan. An employee’s eligibility for a particular plan is based on the level of the employee’s position and is contingent upon the employee meeting the eligibility requirements listed below. The relocation program is intended to reduce the financial burden caused by relocation, but there is no guarantee that all expenses associated with the relocation will be reimbursed. Within each plan, based on the employee’s current status as a homeowner or renter, the employee will be eligible to receive different provisions as applicable.

Additional information regarding eligible expenses is located on the *FirstEnergy Today* portal under [Services & Support > Employment > more...> Relocation > Relocation Program](#). Please refer to the Relocation Policy Handbooks under Relocation Information Resources for more complete information on the benefits and eligibility requirements of the program. You may also contact our Relocation Company, Weichert Workforce Mobility (WWM), at 1-888-468-7907.

ELIGIBILITY

To be eligible for reimbursement under this policy, one of the following two criteria must be met:

- The employee must bid on and be offered a position with a higher standard rate.
 - Employees who bid on and are offered a position with an equal or lower standard rate are not eligible for relocation benefits under this policy, regardless of whether the position requires the employee to live within a specified proximity of the new reporting location due to job-related requirements.
 - Employees who bid on and are offered a position considered to be a lateral move or demotion from their current position, but for which the standard rate is higher due only to a geographic differential, are not eligible for relocation benefits under this policy.
- The employee is transferred to another Company location at the request and for the convenience of the Company.

Additionally, to be eligible for reimbursement under this policy, all of the following criteria must be met:

- The employee must meet minimum distance requirements. To determine if the minimum distance requirement criteria is met there must be a difference in the mileage of 50 miles or greater, comparing the mileage from the employee's old home to new reporting location and the employee's old home to old reporting location. This requirement may be waived in situations where the employee is transferred at the request of the company and is required to live within a specified proximity of the new reporting location due to job-related requirements.
- The employee must significantly reduce their commute to their new work location. The new residence must be at least 30 miles closer to their new work location than that of their prior residence.
- If an employee's new reporting location is within FirstEnergy's regulated distribution company's service territory, it is preferred that the employee's new residence be served on the distribution company's lines.
- The employee must relocate within one year of the effective date of the transfer.

The Basic Plan covers all current employees who are in professional, technical, or administrative positions which are eligible for the 6% or 8% Incentive Compensation target.

The Professional Plan covers all current employees not eligible for the Executive Plan, whose positions are eligible for the 10% Incentive Compensation Plan or more.

The Executive Plan covers all current employees eligible for the Executive Compensation program.

POLICY

The Company has contracted with Weichert Workforce Mobility (WWM) to administer its relocation program. An employee's eligibility for a particular plan is based on the level of the employee's position and is contingent upon the employee meeting the additional eligibility requirements outlined.

To be eligible for reimbursement under the Relocation Program, the employee must sign a Relocation Repayment Agreement. Local management may require a two or more year agreement period. This agreement states that if the employee does not begin the job assignment, voluntarily leaves the Company, or is discharged for not meeting Company standards, including but not limited to disciplinary, performance and attendance reasons within the agreement period, the employee will reimburse the Company for the cost of the relocation. WWM will provide employees with the applicable form to sign.

Original receipts are to be submitted for all expenses with a relocation expense report through the relocation management company (WWM). Any expenses submitted without an original receipt will not be considered for reimbursement. Tax assistance ("gross-up") is provided on many of the taxable payments made to the employee to help minimize the employee's tax burden. A complete listing is outlined in the Policy Handbook.

The following expenses associated with an employee's relocation are eligible for reimbursement through WWM:

Basic Plan: An employee who meets the general relocation program eligibility requirements and the job level requirements for the Basic Plan is eligible for reimbursement for the following expenses. Additional information is outlined in the Basic Plan Relocation Handbook.

- Temporary Living Expenses – up to 30 consecutive days at the destination location, coordinated by the relocation management company. Arrangements made by the employee will be subject to reimbursement only versus direct bill.
- Household Goods Move - to the destination location including a professional mover to pack, transport, and unload the employee's household goods and personal belongings. Storage expenses will be paid for up to 30 days, as applicable.
- Final Move/En Route Trip – meals and mileage for the employee and his/her immediate family on the day of the move.
- Lump Sum Payment – in lieu of receiving a household goods move, temporary storage and temporary living, the employee may elect a one-time lump sum payment. A current homeowner will receive \$15,000, minus applicable taxes and a current renter will receive \$7,500, minus applicable taxes.
- Home Finding Assistance – referral to a realtor in the WWM Broker Registration Program to assist the employee with home finding and area counseling.
- House Hunting Trip – one trip for the employee and his/her immediate family for not more than a total of five days/four nights, including travel time.
- Cost of Living Adjustment (COLA) – a geographical differential will be paid over a three-year period when the cost of living for the destination location is at least 10% higher than that of the departure location.

Professional Plan: An employee who meets the general relocation program eligibility requirements and the job level requirements for the Professional Plan is eligible for the reimbursement of the following expenses. Additional information is outlined in the Professional Plan Relocation Handbook.

- Incidental Expense Allowance – equal to one month's base salary up to a maximum of \$8,000, minus taxes, for homeowners and one half a month's base salary up to a maximum of \$4,000, minus taxes, for renters. The allowance is to cover incidental expenses incurred that are not specifically covered by other provisions of this policy.
- Temporary Living Expenses – up to 60 consecutive days for homeowners and 30 consecutive days for renters in the destination location, coordinated by the relocation management company. Arrangements made by the employee will be subject to reimbursement only versus direct bill.
- Household Goods Move - to the destination location including a professional mover to pack, transport, and unload the employee's household goods and personal belongings. Storage expenses will be paid for up to 60 days for homeowners and 30 days for

renters, as applicable. One operable automobile will be shipped if the distance between work locations exceeds 500 miles.

- Final Move/En Route Trip – meals and mileage for the employee and his/her immediate family on the day of the move
- Destination Rental Option – a current homeowner may choose to rent in the new location and in this case a “rental subsidy” will be provided in lieu of any home sale and home purchase benefits, including home finding and equity advance benefits. See the Relocation Policy Handbook for further details. This option is subject to review and approval.
- Home Sale – current homeowners will receive professional marketing assistance through WWM in the selling of the employee’s primary residence at the time of authorization. The program is mandatory and includes an incentive payment of \$1,000 to encourage the use of the Broker Registration Program. The incentive is paid out upon the selling of the employee’s home. Please refer to the Relocation Policy Handbook for further details, as not all properties qualify.
- Guaranteed Offer / Purchase of Home – the program provides for a guaranteed offer for the employee’s home, based on professional appraisals, if the property qualifies under the program. The employee cannot accept the guaranteed offer until the home has been marketed for at least 90 days.
- Amended Value Sale – if the employee finds/sells to an independent buyer after the appraisal process starts, WWM will amend the “guaranteed offer” to reflect the sale price established and will conclude the sale with the buyer. A home sale incentive payment of \$2,500 will be paid to the employee upon the successful sale of the home through an amended sale. Please refer to the Relocation Policy Handbook for further details.
- Home Finding Assistance – referral to a realtor in the WWM Broker Registration Program to assist the employee with home finding and area counseling. A WWM registered broker must be utilized to be eligible for Home Purchase benefits.
- Home Purchase - closing costs on the new residence applies to current homeowners only. All normal and customary closing costs that are typically the buyer’s expense, based on geographical area, are covered. Home must be purchased utilizing a WWM registered broker to be eligible for this benefit. See the Relocation Policy Handbook for further details.
- House Hunting Trip – up to two trips for the employee and his/her immediate family for not more than a total of seven days/six nights, including travel time.
- Equity Advance – a loan that must be used to assist the employee in the purchase of a new residence. The loan will not exceed 90% of the “guaranteed offer” amount or 70% of the Broker Market Analysis (BMA) and is interest free for 180 days. Employees subject to Sarbanes-Oxley or any officer will not be eligible for an equity advance.
- Lease Cancellation Expense – up to two months’ rent caused by the termination of a lease agreement, if applicable.

- Cost of Living Adjustment (COLA) – a geographical differential will be paid over a three-year period when the cost of living for the destination location is at least 10% higher than that of the departure location.

Executive Plan: An employee who meets the general relocation program eligibility requirements and the job level requirements for the Executive Plan is eligible for reimbursement for the following expenses. Additional information is outlined in the Executive Plan Relocation Handbook.

- Incidental Expense Allowance – equal to one month’s base salary up to a maximum of \$10,000, minus taxes, for homeowners and one half a month’s base salary up to a maximum of \$5,000, minus taxes, for renters. The allowance is to cover incidental expenses incurred that are not specifically covered by other provisions of this policy.
- Temporary Living Expenses – up to 90 consecutive days for homeowners and 30 consecutive days for renters in the destination location, coordinated by the relocation management company. Arrangements made by the employee will be subject to reimbursement only versus direct bill.
- Household Goods Move - to the destination location including a professional mover to pack, transport, and unload the employee’s household goods and personal belongings. Storage expenses will be paid for up to 90 days for homeowners and 30 days for renters, as applicable. Up to two operable automobiles will be shipped if the distance between work locations exceeds 500 miles.
- Final Move/En Route Trip – meals and mileage for the employee and his/her immediate family on the day of the move.
- Destination Rental Option – a current homeowner may choose to rent in the new location and in this case a “rental subsidy” will be provided in lieu of any home sale and home purchase benefits, including home finding and equity advance benefits. See the Relocation Policy Handbook for further details. This option is subject to review and approval.
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- House Hunting Trips – up to two trips for the employee and his/her immediate family for not more than a total of eight days/seven nights, including travel time.
- Equity Advance – a loan that must be used to assist the employee in the purchase of a new residence. The loan will not exceed 90% of the “guaranteed offer” amount or 70% of the Broker Market Analysis (BMA) and is interest free for 180 days. Employees subject to Sarbanes-Oxley or any officer will not be eligible for an equity advance.
- Lease Cancellation Expense – up to two months' rent caused by the termination of a lease agreement, if applicable.
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PROCEDURE

Prior to making a job offer to a candidate, the Recruiter or Local Human Resources Representative for a job that has been posted, or the Hiring Manager, for a job that has not been posted, should review the candidate's eligibility with the Company Relocation Administrator in the Recruiting Section of the Human Resources Department. A determination will be made on the employee's eligibility for the Basic Plan, Professional Plan or Executive Plan of the relocation program.

After the employee accepts a job offer that requires relocation, the Recruiter or Local Human Resources Representative will initiate the move through WWM's online system. A Relocation Counselor from WWM will then contact the employee and provide the Relocation Policy Handbook, policy counseling, and other applicable services. The employee will be given the Relocation Repayment Agreement by WWM and must submit the form to WWM before any reimbursements will be paid.

Any allowance for time off for moving purposes is at the discretion of the business unit. At the end of each year, reimbursements, allowances, and amounts paid on behalf of an employee for relocation expenses that are not deductible according to the Internal Revenue Code will be included as gross income on the employee's Form W-2, Wage and Tax Statement.

CLARIFICATION

Questions from employees that arise during the administration of the relocation program should be referred to the Relocation Counselor from WWM who has been assigned to the employee. WWM will review questions on policy interpretation with the Relocation Administrator in the Recruiting Section of the Human Resources Department and obtain any necessary approvals. Questions from human resources representatives or supervisors regarding the interpretation of this policy should be referred to the Manager, Recruiting.