

FIRSTENERGY NYSE-FE

RECENT PRICE **32.30** P/E RATIO **12.9** (Trailing: 12.4 Median: 15.0) RELATIVE P/E RATIO **0.72** DIV'D YLD **4.5%** **VALUE LINE**

TIMELINESS **2** Lowered 8/8/14 SAFETY **3** Lowered 2/22/13 TECHNICAL **3** Lowered 8/8/14 BETA **.70** (1.00 = Market)

High: 38.9 35.4 61.7 75.0 84.0 53.6 47.8 46.5 51.1 46.8 35.6
 Low: 25.8 35.2 37.7 47.8 57.8 41.2 35.3 33.6 36.1 40.4 31.3 30.0

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

2017-19 PROJECTIONS

Price	Gain	Ann'l Total
High 45	(+40%)	12%
Low 30	(-5%)	3%

Insider Decisions

S	O	N	D	J	F	M	A	M
to Buy	0	0	0	0	0	0	0	0
Options	0	0	0	0	1	0	1	0
to Sell	0	0	0	0	1	0	1	0

Institutional Decisions

3Q2013	4Q2013	1Q2014
to Buy	184	242
to Sell	221	226
Hld's(000)	294754	295953
	303716	

Percent shares traded

% TOT. RETURN 7/14

THIS STOCK	VL ARITH. INDEX
1 yr. -13.6	12.9
3 yr. -18.7	52.3
5 yr. -2.9	131.3

1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	© VALUE LINE PUB. LLC	17-19
24.72	27.19	31.31	26.88	40.83	37.31	37.76	36.35	36.03	42.00	44.70	41.70	43.76	38.87	36.57	35.60	36.60	37.05	Revenues per sh	39.00
5.33	6.89	7.28	5.48	6.45	4.79	7.60	7.55	7.22	8.34	9.04	8.80	8.50	5.75	6.05	6.30	5.55	6.35	"Cash Flow" per sh	6.75
1.95	2.50	2.69	2.84	2.54	1.47	2.77	2.84	3.82	4.22	4.38	3.32	3.25	1.88	2.13	2.97	2.15	2.85	Earnings per sh A	3.00
1.50	1.50	1.50	1.50	1.50	1.50	1.91	1.71	1.85	2.05	2.20	2.20	2.20	2.20	2.20	1.65	1.44	1.44	Div'd Decl'd per sh B	1.60
2.75	2.69	2.74	2.86	3.35	2.60	2.57	3.66	4.12	5.36	9.47	7.23	6.44	5.45	7.09	6.90	8.60	6.60	Cap'l Spending per sh	7.25
18.77	19.63	20.72	24.86	23.92	25.13	26.04	27.86	28.30	29.45	27.17	28.08	28.03	31.75	30.32	30.32	31.10	32.50	Book Value per sh C	36.50
237.07	232.45	224.53	297.64	297.64	329.84	329.84	329.84	319.21	304.84	304.84	304.84	304.84	418.22	418.22	418.63	421.00	423.50	Common Shs Outst'g D	431.00
15.4	11.3	9.2	10.9	13.0	22.5	14.1	16.1	14.2	15.6	15.6	13.0	11.7	22.4	21.1	13.1	13.1	13.1	Avg Ann'l P/E Ratio	12.5
.80	.64	.60	.56	.71	1.28	.74	.86	.77	.83	.94	.87	.74	1.41	1.34	.74	.74	.74	Relative P/E Ratio	.80
5.0%	5.3%	6.1%	4.8%	4.6%	4.5%	4.9%	3.7%	3.4%	3.1%	3.2%	5.1%	5.8%	5.2%	4.9%	4.3%	4.3%	4.3%	Avg Ann'l Div'd Yield	4.3%

CAPITAL STRUCTURE as of 3/31/14
 Total Debt \$21305 mill. Due in 5 Yrs \$10339 mill.
 LT Debt \$16804 mill. LT Interest \$893 mill.
 Incl. \$154 mill. capitalized leases.
 (LT interest earned: 2.8x)

Leases, Uncapitalized Annual rentals \$202 mill.
Pension Assets-12/13 \$6171 mill. **Oblig.** \$8263 mill.

Pfd Stock None

Common Stock 419,908,686 shs. as of 4/30/14
MARKET CAP: \$14 billion (Large Cap)

ELECTRIC OPERATING STATISTICS

	2011	2012	2013
% Change Retail Sales (KWH)	+1	+3.5	+9
Avg. Indust. Use (MWH)	NMF	NMF	NMF
Avg. Indust. Revs. per KWH (¢)	NA	NA	NA
Capacity at Peak (Mw)	NA	NA	NA
Peak Load, Summer (Mw)	NA	NA	NA
Annual Load Factor (%)	NA	NA	NA
% Change Customers (yr-end)	NA	NA	NA

ANNUAL RATES

	Past 10 Yrs.	Past 5 Yrs.	Est'd '11-'13 of change (per sh)	to '17-'19
Revenues	.5%	-2.0%	1.0%	
"Cash Flow"	1.0%	-6.0%	2.0%	
Earnings	-	-11.0%	4.5%	
Dividends	3.0%	-	-4.0%	
Book Value	2.5%	2.0%	2.5%	

QUARTERLY REVENUES (\$ mill.)

Cal-endar	Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2011	3576	4060	4719	3903	16258
2012	3986	3757	4051	3500	15294
2013	3724	3512	4020	3647	14903
2014	4189	3496	4000	3715	15400
2015	4050	3750	4100	3800	15700

EARNINGS PER SHARE A

Cal-endar	Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2011	.15	.48	1.27	d.09	1.88
2012	.78	.52	1.05	d.23	2.13
2013	.51	.47	.88	1.11	2.97
2014	.34	.27	.85	.69	2.15
2015	.70	.50	.90	.75	2.85

QUARTERLY DIVIDENDS PAID B

Cal-endar	Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2010	.55	.55	.55	.55	2.20
2011	.55	.55	.55	.55	2.20
2012	.55	.55	.55	.55	2.20
2013	.55	.55	.55	.55	2.20
2014	.36	.36			

BUSINESS: FirstEnergy Corp. is a holding company for Ohio Edison, Pennsylvania Power, Cleveland Electric, Toledo Edison, Metropolitan Edison, Penelec, Jersey Central Power & Light, West Penn Power, Potomac Edison, & Mon Power. Provides electric service to over 6 million customers in OH, PA, NJ, WV, MD, & NY. Acq'd Allegheny Energy 2/11. Electric revenue breakdown by cus-

FirstEnergy's utility subsidiaries have rate cases pending in four states. Jersey Central Power & Light is still awaiting an order on its request for a \$9.1 million increase, based on an 11% return on equity. This would enable the utility to recover \$156 million of storm costs incurred in 2011. An order is expected in the fourth quarter. JCP&L will have to make a separate filing to recoup \$580 million of storm costs incurred in 2012. The utilities in West Virginia are seeking rate increases totaling \$151.6 million, based on an 11% ROE. A ruling is expected in the first quarter of 2015. All four of FirstEnergy's Pennsylvania utilities have filed for tariff hikes totaling \$415.7 million, based on a 10.9% ROE. Orders are expected in April of 2015. Finally, the company filed a new electric plan for its Ohio utilities to cover the period from June of 2016 through May of 2019. It would enable the utilities to recover certain costs through a rider on customers' bills, which should help stabilize their earnings. **This is a sign of management's increased focus on the regulated side of FirstEnergy's business.** The nonregu-

lateral side hasn't fared well in recent years. Due to unfavorable conditions in the power markets and lower margins in the retail energy supply operation, the company's earnings are sharply lower than they were several years ago. This culminated in a dividend cut in the first quarter of 2014. In addition, FirstEnergy has shut some coal-fired units for economic and environmental reasons, and is exiting the mass-market residential and medium commercial and industrial segments of the retail electric service business in order to focus on customers that are less weather-sensitive. (The exit reduced profits by \$0.07 a share in the second quarter, but is expected to save \$90 million annually.) On the regulated side, besides the aforementioned rate cases, the company is stepping up its investment in electric transmission. FirstEnergy has budgeted \$4.2 billion for transmission from 2014 through 2017. This is significant because transmission earns a higher ROE than distribution. **This timely stock has a dividend yield and 3- to 5-year total return potential that are above average, for a utility.** Paul E. Debbas, CFA August 22, 2014

(A) Dil. EPS. Excl. nonrec. gain (losses): '05, (28¢); '09, (3¢); '10, (68¢); '11, 33¢; '12, (29¢); '13, (\$2.07); '14, (17¢); gains from disc. ops.: '05, 5¢; '13, 4¢; '14, 20¢. '11-'12 EPS don't add due to rounding or chng. in shs. Next egs. early Nov. (B) Div'ds paid early Mar., June, Sep. & Dec. 5 div'ds decl. in '04, 3 in '13. Div'd reinv. avail. (C) Incl. intang.: In '13: \$19.76/sh. (D) In mill. (E) Rate base: Depr. orig. cost. Rates all'd on com. eq.: 9.75%-12.9%; earned on OH com. eq., '13: 9.3%. Regulatory Climate: AV Above Avg.; PA, NJ Avg.; MD, WV Below Avg.

Company's Financial Strength B+
 Stock's Price Stability 90
 Price Growth Persistence 25
 Earnings Predictability 65

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