FirstEnergy Corp. Savings Plan

QUALIFIED DOMESTIC RELATIONS ORDER PROCEDURES

Effective **October 11, 2018**

QDRO Consultants

your partner in QDRO and QMCSO services

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INTRODUCTION

FirstEnergy Corp. is the Plan Administrator of the FirstEnergy Corp. Savings Plan (**Plan**). The Plan Administrator has arranged for QDRO Consultants to review domestic relations orders (**DROs**) related to the Plan, and to determine whether they are qualified domestic relations orders (**QDROs**). The Plan Administrator may also delegate other duties, including those identified in these QDRO Procedures, to QDRO Consultants, the Plan's recordkeeper, or another party.

The Plan Administrator adopted these QDRO Procedures to help Plan Participants and other interested parties prepare QDROs more effectively and efficiently. Among other things, these QDRO Procedures explain:

- Who to contact for relevant information or Plan documents;
- The required information that must be in a DRO;
- The important information that should be in a DRO, and how the DRO will be interpreted if such information is not included;
- Model or sample language to assist the parties in preparing a DRO;
- Where to send a draft or Executed DRO for review;
- How the Alternate Payee's interests will be protected during the DRO review process, including any time or other limits on the review period;
- The opportunity to revise a rejected DRO;
- The opportunity to appeal an approved DRO;
- Who the Alternate Payee should contact to begin benefit payments; and
- What happens when the Participant or Alternate Payee dies.

CONTACT INFORMATION

If you have questions or requests related to the review or administration of a QDRO, please contact QDRO Consultants at:

QDRO Consultants
3071 Pearl Road
Medina, OH 44256
Attn: FirstEnergy QDRO Team
Phone: (800) 527-8481
Fax: (330) 722-2735

If you need Plan documents (such as a summary plan description), or if you have other questions or requests related to the Plan or a Participant, please contact the Plan Administrator at:

FirstEnergy Corp.
76 South Main Street
Akron, OH 44308
Phone: (800) 543-4654

If you need a Participant's benefit statement or other related information, please contact the Plan Recordkeeper at:

Fidelity
Phone: 800-982-3451

DEFINITIONS

Alternate Payee: An Alternate Payee is a Participant's spouse, former spouse, child, or other dependent who is assigned Plan benefits in a DRO.

Approval Letter: A letter to the interested parties that (1) indicates QDRO Consultants has approved an Executed DRO, (2) explains how the Plan Administrator will administer the QDRO's terms and provisions, and (3) outlines the parties' right to appeal the QDRO.

Domestic Relations Order (DRO): Generally, a DRO is a court order that (1) is made pursuant to a state domestic relations law, and (2) provides for payment of child support, alimony, or marital property rights to an Alternate Payee.

ERISA: ERISA is the acronym for the Employee Retirement Income Security Act of 1974, as amended, which governs most retirement and pension plans.

Executed DRO: A DRO, including a copy of such DRO, that is signed and file stamped by the appropriate state court or relevant state agency.

Participant: An individual who has accrued a benefit in the Plan based on his/her employment with the Plan's sponsor.

Plan: The defined contribution plan identified in the "INTRODUCTION" section above.

Plan Administrator: The person(s) or entity identified in the "INTRODUCTION" section, above, designated by the Plan's sponsor to have primary authority and responsibility to administer the Plan's terms and provisions.

Pre-Approval Letter: A letter to the interested parties that indicates QDRO Consultants has approved a draft DRO that would be a QDRO if it were an Executed DRO.

QDRO Consultants: QDRO Consultants Co., LLC, which was hired by the Plan Administrator to review DROs related to the Plan, to determine whether DROs are qualified pursuant to the Plan Administrator's instructions, and to send relevant notices to the interested parties.

Qualified Domestic Relations Order (QDRO): A QDRO is a DRO that (1) requires the Plan Administrator to assign or transfer some or all of a Participant's Plan benefits to an Alternate Payee, (2) contains the information required by ERISA Section 206(d)(3)(C), (3) does not violate the restrictions in ERISA Section 206(d)(3)(D), and (4) satisfies the other requirements contained in these QDRO Procedures. Also, a DRO is not a QDRO until QDRO Consultants has determined, consistent with the Plan Administrator's instructions, that the DRO is qualified.

QDRO CONTENTS

Generally, a DRO must contain certain “required information” to be a QDRO, and should include certain other “important information.” The subsections below discuss these categories of information in more detail.

Model QDRO Language, which addresses all required issues, can be provided to assist you in preparing the DRO.

REQUIRED INFORMATION

Generally, QDRO Consultants will reject a DRO that does not contain the required information listed below. However, if QDRO Consultants already has the missing or incorrect information, they will review the DRO as if it contains the relevant information. For example, if a DRO does not contain the Participant’s address but QDRO Consultants already has that information, they will review the DRO as if it contains the Participant’s last known address.

Names and Addresses: The DRO must include the names and last known mailing addresses of the Participant and Alternate Payee.

Social Security Numbers: The DRO must include the social security numbers of the Participant and Alternate Payee. For privacy reasons, you may provide these in a separate document.

Birth Dates: The DRO must include the birth dates of the Participant and Alternate Payee. For privacy reasons, you may provide these in a separate document.

The Plan’s Legal Name: The DRO must identify the Plan by its legal name: FirstEnergy Corp. Savings Plan

State Domestic Relations Law: The DRO must state that it is made pursuant to a state domestic relations law.

Child Support / Alimony / Marital Property Rights: The DRO must indicate that it provides child support, alimony, and/or marital property rights to the Alternate Payee.

Alternate Payee's Benefits: The DRO must clearly state the portion of the Participant's Plan benefits that are assigned to the Alternate Payee, either as a lump-sum dollar amount **OR** a percentage of the Participant's vested account balance, and must include the date as of which the assignment is effective ("**Assignment Date**").

As a result of a change in recordkeepers for the Plan, the current recordkeeper cannot obtain account balance information or calculate investment gains/losses on any Participant accounts for periods prior to January 1, 2014 ("**Restriction Date**"). Therefore, the DRO must not contain an Assignment Date that is prior to the Restriction Date.

Please Note: QDRO Consultants will not approve a DRO that includes awarding the alternate payee a portion of contributions that were made after the valuation date, but were attributable to periods before the valuation date.

Payment Date: The DRO must include language that permits the Alternate Payee to elect to begin receiving his/her benefits as soon as administratively possible after the date that QDRO Consultants determines that the DRO is a QDRO.

Payment Period: The DRO must include language that the Alternate Payee shall receive his/her benefits in a single lump-sum payment, or in any other form of payment that the Plan permits.

Alternate Payee's Death: The DRO must specify that, if the Alternate Payee dies before receiving payment of his/her entire benefit, the Plan shall pay any remaining benefits to the Alternate Payee's beneficiary.

Participant's Death: The DRO must specify that the Participant's death shall not affect the Alternate Payee's right to his/her benefits as provided in the QDRO.

IMPORTANT INFORMATION / DEFAULT PROVISIONS

The DRO should also address the following issues. If it does not, QDRO Consultants will review the DRO as if it includes the default provision identified below for that issue.

Investment Gains/Losses: The DRO should specify whether the Alternate Payee's share of the Participant's benefits will be credited with investment earnings (which include both gains and losses) from the Assignment Date to the date that the Plan Administrator establishes and funds a separate account for the Alternate Payee ("**Segregation Date**").

If the DRO is silent on this matter, the Plan Administrator will credit investment earnings to the Alternate Payee from the Assignment Date to the Segregation Date.

The Plan Administrator will always credit investment earnings to the Alternate Payee's account from the Segregation Date to the date the Alternate Payee receives payment of his/her benefits.

Allocation to Alternate Payee from Participant's Accounts: The DRO should state how the Alternate Payee's assigned benefits shall be allocated from all of the Participant's vested sub-accounts and/or investment funds (excluding any Plan loan) as of the Segregation Date. If the DRO is silent on this matter, the Plan Administrator will administer the QDRO as if it included a provision to allocate the Alternate Payee's assigned benefits on a pro rata basis from all of the Participant's vested sub-accounts and/or investment funds (excluding any Plan loans) as of the Segregation Date.

Initial Investment of Alternate Payee's Benefits: The DRO should state that the Alternate Payee's benefits shall be initially invested in the same funds and in the same proportion as the Participant's account. The DRO should also state that the Alternate Payee may then elect any investment option that the Plan offers. If the DRO is silent on this matter, the Plan Administrator will administer the QDRO as if it included these default provisions.

Participant Loans: If the DRO assigns a percentage of the Participant's vested account balance to the Alternate Payee, the DRO should specify whether the Participant's Plan loans, if any, will be included or excluded in the Participant's vested account balance when calculating the Alternate Payee's share of the Participant's benefits. The examples below show that including Plan loan value will increase the amount assigned to the Alternate Payee.

Example – 50% assignment / <u>Excluding</u> loan balance

Participant's Account Balance	$100,000
Participant's Outstanding Loan Balance	$20,000
Participant's Account Balance Excluding Loans ($100,000 - $20,000)	$80,000
50% Assignment to Alternate Payee (0.5 x $80,000)	$40,000

Example – 50% assignment / <u>Including</u> loan balance

Participant's Account Balance	$100,000
Participant's Outstanding Loan Balance	$20,000
Participant's Account Balance Including Loans (loan is not subtracted)	$100,000
50% Assignment to Alternate Payee (0.5 x $100,000)	$50,000

Please note that even if a portion of the Participant's Plan loan value is transferred to the Alternate Payee, no portion of the actual Plan loan (i.e., the obligation to pay it back) may be transferred to the Alternate Payee. The Participant will have to pay back the entire loan.

If the DRO is silent on this matter, the Plan Administrator will administer the QDRO as if it specified that the Participant's Plan loans will be excluded from the Participant's vested account balance for this purpose.

QDRO Review and Determination Fee: To cover the cost of reviewing a DRO, the Plan Administrator will deduct from the Participant's and/or the Alternate Payee's vested account balance a one-time QDRO review and determination fee equal to $300. This fee applies even if QDRO Consultants determines that the DRO is not qualified.

The DRO should specify, from among the following options, how the fee should be allocated between the Participant's and/or the Alternate Payee's vested account balance:

- Divided equally between the Participant and the Alternate Payee;
- Charged entirely to the Participant; or
- Charged entirely to the Alternate Payee.

If the DRO is silent on this matter, the Plan Administrator will interpret the DRO as if it specified that the fee be divided equally between the Participant and Alternate Payee.

Regardless of how the DRO directs the fee to be allocated, when you first submit a DRO (or a draft DRO) to QDRO Consultants, the Plan Administrator will deduct the entire fee from the Participant's vested account balance. If QDRO Consultants determines that the DRO is qualified, the Plan Administrator will reduce the amount of benefits assigned to the Alternate Payee by the portion of the fee, if any, that is allocated to the Alternate Payee.

BENEFIT HOLD / RESTRICTION

The Plan Administrator will place a "hold" on the Participant's account balance during the DRO review process, as well as upon certain other triggering events. The hold will protect benefits that may be assigned to an Alternate Payee by preventing the Participant from receiving a distribution from the Plan.

PLACING A BENEFIT HOLD

QDRO Consultants will direct the Plan's recordkeeper to place a hold on a Participant's account balance as soon as administratively feasible after receiving any of the following:

- Draft DRO;
- Executed DRO;
- Other court order that attempts to place a hold on, or assign part of, a Participant's Plan benefit (e.g., temporary restraining order, income withholding order, etc.);
- Joinder or other similar court document that attempts to join the Plan as a party to a domestic relations proceeding;
- Letter of adverse interest or other written notice from a potential Alternate Payee, or his/her attorney, that the Alternate Payee has an interest in the Participant's account balance; or
- Plan Administrator's written direction to place a hold.

Divorce Decree – Generally, QDRO Consultants will not direct the recordkeeper to place a hold if it receives a divorce decree or similar court order. However, if a party requests QDRO Consultants to review the order to determine if it is a QDRO, QDRO Consultants will treat the order as an Executed DRO for benefit hold purposes. QDRO Consultants will provide the Plan Administrator with any divorce decree and the Plan Administrator will place a hold on the participant's account if the plan assets are to be shared with the alternate payee.

Please Note – Simply requesting a copy of the Plan's QDRO Procedures or Model QDRO is not sufficient to place a hold on a Participant's account balance.

LENGTH OF BENEFIT HOLD

Generally, a benefit hold will continue until it is removed by a subsequent action, as described in the subsection below. However, a benefit hold pursuant to a draft or Executed DRO will not extend beyond 18 months after the date the DRO first permits the Alternate Payee to receive Plan benefits (assuming the DRO is approved).

REMOVING A BENEFIT HOLD

The requirements to remove a benefit hold may be different depending on the reason the hold was placed. Each paragraph in this subsection lists, in bold type, a document that can cause a hold to be placed, followed by the method(s) to remove a hold placed pursuant to that document.

Draft DRO / Letter of Adverse Interest: If a benefit hold was placed due to receiving a draft DRO, or a letter of adverse interest or similar written notice, QDRO Consultants will direct the Plan's recordkeeper to remove the hold upon receiving any of the following:

- Executed DRO (at which time an Executed DRO benefit hold will commence);
- Subsequent court order to remove the hold, or that clearly indicates the Alternate Payee has no interest in the Participant's account balance;
- Plan Administrator's written direction to remove the hold; or
- Notarized letter from the Alternate Payee, or letter from his/her attorney, that requests the removal of the hold, and that names the Plan and the Participant.

Executed DRO: If a benefit hold was placed due to receiving an Executed DRO, QDRO Consultants will direct the Plan's recordkeeper to remove the hold (1) if it approves the DRO, after the expiration of any applicable appeal period, or (2) upon receiving any of the following:

- Subsequent Executed DRO that vacates or revises the prior Executed DRO (at which time a new Executed DRO benefit hold will commence);
- Subsequent court order that terminates the Alternate Payee's right to the Participant's account balance, including an order to vacate the Executed DRO; or
- Plan Administrator's written direction to remove the hold.

Other Court Order / Joinder: If a benefit hold was placed due to receiving a court order, other than a DRO, or a joinder or other similar court document, QDRO Consultants will direct the Plan's recordkeeper to remove the hold upon receiving any of the following:

- Executed DRO (at which time an Executed DRO benefit hold will commence);
- Subsequent court order to remove the hold, that vacates the court order or joinder that caused the hold, or that clearly indicates the Alternate Payee has no interest in the Participant's account balance; or
- Plan Administrator's written direction to remove the hold.

Plan Administrator's Written Direction: If a benefit hold was placed due to receiving the Plan Administrator's written direction, QDRO Consultants will direct the Plan's recordkeeper to remove the hold only upon receiving the Plan Administrator's subsequent written direction to remove the hold.

EFFECT OF REMOVING HOLD / SUBSEQUENT DRO

Approved DRO Before Hold Removal: If QDRO Consultants approves an Executed DRO before a benefit hold is removed, QDRO Consultants will instruct the recordkeeper to segregate the Alternate Payee's assigned share into a separate account. Once the Alternate Payees' account has been established and the appropriate funds transferred, the recordkeeper will remove the hold from the Participant's account.

No Approval Before Hold Removal: If QDRO Consultants does not approve an Executed DRO before a benefit hold is removed, the Participant will be permitted to receive benefits.

Approved DRO After Hold Removal: If QDRO Consultants approves an Executed DRO after a hold is removed, the Plan Administrator will apply the QDRO on a prospective basis only. The Plan Administrator will not apply the QDRO to benefits previously distributed, including those which may have been distributed while the hold was not in place.

QDRO DETERMINATIONS AND APPEALS

DRO IS NOT A QDRO

If QDRO Consultants determines that a DRO is not a QDRO, they will promptly notify the Participant, Alternate Payee, and their attorneys in writing. The letter will include the specific reason(s) why the DRO failed to qualify.

Revise a Failed DRO: Generally, interested parties will have an opportunity to revise a failed DRO and to resubmit it to QDRO Consultants for another review and determination. However, please see the "BENEFIT HOLD / RESTRICTION" section, above, for information about the maximum period the Plan Administrator will "hold" a Participant's account during the DRO review process.

DRO IS A QDRO

If QDRO Consultants determines that a DRO is a QDRO, it will promptly notify the Participant, Alternate Payee, and their attorneys in writing ("**Approval Letter**"). The Approval Letter will include QDRO Consultants' interpretation of the QDRO's terms, including the parties' rights and responsibilities.

30 Day Appeal Period: Either party may appeal the Approval Letter. The appeal must be in writing, fully explain the issue(s) in dispute, and be received by QDRO Consultants within 30 days of the date on the Approval Letter. If neither party timely appeals, the Plan Administrator will administer the QDRO as provided in the Approval Letter.

Waiver of Appeal Period: Generally, the parties will not be permitted to receive their benefits during the 30 day appeal period. If the parties want to expedite the payment of their benefits, they may waive their appeal rights if both parties complete and return the waiver form that is included with the Approval Letter.

90 Day Extension in the Event of an Appeal: If either party timely appeals the Approval Letter, the party will have 90 days (from the date that QDRO Consultants sends a letter acknowledging the appeal) to submit an amended DRO that clarifies the parties' intent. If the party does not submit an amended DRO by the end of the 90 day period, the Plan Administrator will administer the originally approved QDRO according to its terms and the Approval Letter. Generally, the parties will not be permitted to receive their benefits during the 90 day extension.

MISCELLANEOUS

FAIR SPLIT OF PARTICIPANT'S BENEFITS

QDRO Consultants will not answer questions regarding whether a QDRO has fairly or equitably divided the Participant's benefits among the Participant and Alternate Payee. Instead, QDRO Consultants' role is limited to the technical requirements of DRO review and QDRO administration. It is the responsibility of the parties and/or their attorneys to determine what is fair and equitable, and to negotiate the QDRO's substantive provisions.

INCORRECT PAYMENTS

The Plan Administrator has the right to require the Participant and/or the Alternate Payee to return to the Plan any overpayment. An overpayment is any Plan distribution (or portion of a distribution) to a party that was not required by the Plan or a QDRO. If the overpayment should have been paid to the other party, the Plan will recover the overpayment from the overpaid party and, in turn, will pay that amount to the other party.

QDROs ISSUED AFTER DEATH

A DRO will not fail to qualify as a QDRO solely because it was submitted to the Plan Administrator after the death of the Participant or Alternate Payee. For example, if an attorney submits a draft DRO to be preapproved and the Participant or Alternate Payee dies before the DRO is signed by the court, the Plan Administrator would honor an Executed DRO submitted after the Participant's or Alternate Payee's death if it otherwise would qualify as a QDRO.

BEGIN ALTERNATE PAYEE'S BENEFIT PAYMENTS

If QDRO Consultants approves a DRO, and if the Alternate Payee is eligible to begin receiving his/her Plan benefits, the Alternate Payee must contact **Fidelity** at 800-982-3451 or via www.netbenefits.com. Please remember that the Alternate Payee generally cannot request a Plan distribution prior to the end of the QDRO appeal period (see the "QDRO DETERMINATIONS AND APPEALS" section, above, for more information). The Alternate Payee should allow sufficient time subsequent to expiration of the appeal period, or waiver of appeal period, if earlier, for the Plan Recordkeeper to calculate and segregate the Alternate Payee's assigned benefit, before contacting Fidelity.