

FirstEnergy Corporation

QDRO PROCEDURES

Effective August 17, 2018

Retired Participants
Shared Payment Assignments



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INTRODUCTION

FirstEnergy Corporation is the Plan Administrator of the Plans identified in the “DEFINITIONS” section on page 4 (**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.

Please Note: Use these QDRO Procedures only if the Plan Participant has already begun to receive Plan benefit payments, in which case the DRO must be a Shared Payment QDRO and not a Separate Interest QDRO. Otherwise, contact QDRO Consultants to obtain the appropriate QDRO Procedures. See the “DEFINITIONS” section, below, for information about Shared Payment and Separate Interest QDROs.

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 Corporation QDRO Team
Phone: (800) 527-8481
Fax: (330) 722-2735

If you need Plan documents (such as a summary plan description), or if you need a Participant's benefit statement or other related information, please contact the Plan Administrator at:

FirstEnergy Corporation
76 South Main Street
Akron, OH 44309
Attn: Retirement Board

H.R. Service Center: 800-543-4654

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, or an order issued by another authorized state agency, 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 that is signed and file stamped by the appropriate state court, or signed and dated by the relevant state agency, including a copy of such DRO.

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

Plan: One of the defined benefit plans as identified below

1999 FirstEnergy Corp. Pension Plan
2005 FirstEnergy Corp. Pension Plan
FirstEnergy Corp. Cash Balance Pension Plan
The Cleveland Electric Illuminating Company Bargaining Unit Retirement Plan
The Toledo Edison Company Bargaining Unit Retirement Plan
Jersey Central Power & Light Company Bargaining Unit Retirement Plan
Metropolitan Edison Company Bargaining Unit Retirement Plan
Pennsylvania Electric Company Bargaining Unit Retirement Plan
The Metropolitan Edison Company Employee Pension Plan
The Pennsylvania Electric Company Employee Pension Plan
The Jersey Central Power & Light Company Employee Pension Plan
The GPU Generation, Inc. Employee Pension Plan
The GPU Nuclear, Inc. Employee Pension Plan
The GPU Service, Inc. Employee Pension Plan
Beaver Valley Bargaining Unit Retirement Plan
Seneca Plant Bargaining Unit Retirement Plan
Allegheny Energy Retirement Plan

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.

Separate Interest QDRO: A QDRO that assigns a benefit that is based on an Alternate Payee’s life expectancy, not a Participant’s. Under this type of QDRO an Alternate Payee can elect benefit payments that (1) may be different from, and may begin sooner than, the Participant’s benefit payments, and (2) continue for the Alternate Payee’s life, even if the Participant dies before the Alternate Payee. QDRO Consultants will reject a Separate Interest QDRO if the Participant has already begun to receive Plan benefit payments.

Shared Payment QDRO: A QDRO that assigns a benefit that is based on a Participant’s life expectancy, not an Alternate Payee’s. Under this type of QDRO an Alternate Payee receives a portion of a Participant’s payments that (1) are based on the form and timing of payment the Participant elected, and (2) generally do not continue after the Participant’s death, even if the Alternate Payee is still alive at that time. The parties must use a Shared Payment QDRO if the Participant has already begun to receive Plan benefit payments.

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, or includes instructions that are not clear. However, if a DRO does not contain a party’s last known mailing address, social security number, and/or date of birth, and if QDRO Consultants otherwise receives the missing information, QDRO Consultants will review the DRO as if it contains the missing information. Also, if a DRO contains a retirement plan name that is not the Plan’s exact legal name, as identified below, and if it is clear that the plan referenced in the DRO is intended to be the Plan, QDRO Consultants will review the DRO as if it contains the Plan’s legal name.

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 for the Participant and Alternate Payee. For privacy reasons, you may provide these in a separate document.

Dates of Birth: The DRO must include the dates of birth for 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 legal name(s) of the Plan(s).

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 each Plan benefit payment made to the Participant that is assigned to the Alternate Payee, either as (1) a percentage, (2) a dollar amount, or (3) a formula that results in a percentage or dollar amount that is applied to each benefit payment and that does not require the Plan Administrator to calculate actuarial equivalence.

Please Note – If the DRO assigns a benefit using a formula that is based on the Participant’s service under the Plan (e.g., credited service, benefit service, etc.) the Plan Administrator will interpret this as the service the Plan uses to calculate the Participant’s accrued benefit amount, if applicable, unless the DRO clearly specifies that another meaning is intended. The Model QDRO uses the term “benefit accrual service.”

Assignment Date: The DRO must include a date or other instruction indicating when the benefit assignment is effective. Keep in mind that a DRO may not include a retroactive assignment date that requires the Plan Administrator (1) to recoup benefits that were previously paid to the Participant, or (2) to calculate the portion of previously paid benefits that are assigned to the Alternate Payee. Generally, the earliest assignment date a DRO may include is “the earliest date that is administratively possible.”

Shared Payment Form/Period: The DRO must clearly indicate that it is a Shared Payment QDRO and that the assigned benefits shall be paid in the form, and over the period, that the Participant elected.

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. If the DRO contains directions that are not clear or that conflict with the instructions in this section, QDRO Consultants will not apply the default provision but instead will reject the DRO.

Early Retirement Subsidies/Supplements: If the parties intend to exclude any early retirement subsidy or supplement from the benefit assignment, the DRO should specify that the benefit assignment shall not apply to any portion of the Participant’s benefit payments that is attributable to an early retirement subsidy or supplement. Otherwise, if the DRO is silent on this matter, the Plan Administrator will apply the benefit assignment to any such subsidy or supplement.

Cost-of-Living Adjustments (“COLA”): If a DRO assigns a percentage (including a formula used to determine a percentage) of each of the Participant’s benefit payments, the DRO should specify whether the Alternate Payee is entitled to a pro rata share of any COLA or other post-retirement benefit increase that the Participant receives from the Plan. If such a DRO is silent on this matter, the Alternate Payee is entitled to a pro rata share of any such COLA or other post-retirement increase. If a DRO assigns a dollar amount of each of the Participant’s benefit payments, the Alternate Payee is not entitled to any portion of such COLA or other post-retirement increase.

DEATH OF PARTICIPANT OR ALTERNATE PAYEE

The procedures in this section will automatically apply to the DRO once it is approved and, although the model QDRO language below contains these procedures, the DRO does not need to include them. If the DRO contains directions with respect to these issues, and if such directions are not clear or conflict with these procedures, QDRO Consultants will reject the DRO.

Alternate Payee's Death Before Participant: If the Alternate Payee dies before the Participant dies, the benefits assigned to the Alternate Payee shall revert to the Participant. The DRO may not direct the Plan to treat a successor individual as an alternate payee upon the Alternate Payee's death.

Participant's Death Before Alternate Payee: Generally, the Plan will cease paying benefits to the Participant upon his/her death and, as a result, the Alternate Payee will also cease receiving his/her assigned share of those payments at that time. However, if the Participant elected a form of payment with a guaranteed minimum number of payments, and if the Participant dies before the guaranteed payments are made, then the Plan will continue to pay the assigned benefits to the Alternate Payee until the earlier of (1) the guaranteed payments are completed, and (2) the Alternate Payee's death. The Alternate Payee will receive a survivor annuity upon the Participant's death only if the Participant's form of payment and beneficiary elections provide for such payments.

DRO REVIEW AND APPEAL PROCESS

When you have prepared a DRO and you would like the Plan to enforce it, you must submit the DRO to QDRO Consultants for review. Please see the “CONTACT INFORMATION” section above for QDRO Consultants’ address, phone, and fax information. Consistent with these QDRO Procedures and as directed by the Plan Administrator, QDRO Consultants will determine whether an Executed DRO qualifies as a QDRO, or whether a draft DRO would qualify if it were executed.

Review of Draft DROs: You may choose to submit a draft DRO to QDRO Consultants for review before having it executed. Addressing potential issues in the DRO before having it executed reduces the likelihood that you will need to submit multiple revised drafts to the court.

DRO IS REJECTED

If QDRO Consultants rejects a DRO, QDRO Consultants will promptly notify the Participant, Alternate Payee, and their attorneys and/or representatives in writing, including the specific reason(s) why the DRO failed to qualify.

Revise a Rejected DRO: Generally, interested parties will have an opportunity to revise a rejected DRO and to resubmit it to QDRO Consultants for another review and determination.

DRO IS APPROVED

If QDRO Consultants determines that a draft DRO would be a QDRO if it were executed, QDRO Consultants will promptly send a Pre-Approval Letter to those parties. If QDRO Consultants determines that an Executed DRO is a QDRO, QDRO Consultants will promptly send an Approval Letter to the Participant, Alternate Payee, and their attorneys and/or representatives.

APPEAL AN APPROVED DRO

Either party may appeal an approved Executed DRO, as described below. However, these appeal provisions do not apply to an approved draft DRO.

30 Day Appeal Period: 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 Plan will not begin to pay the assigned benefits (or other withheld benefits if applicable) until the 30 day appeal period has expired. If the parties want to expedite the payment of these benefits, they may waive their appeal rights if both parties complete and return to QDRO Consultants 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 QDRO, the party will have 90 days (from the date that QDRO Consultants sends a letter acknowledging the appeal) to submit, and to have QDRO Consultants approve, an amended Executed DRO. The Plan Administrator, in its sole discretion, may extend the 90 day period by giving written direction to QDRO Consultants of such additional period. If the party does not submit, or if QDRO Consultants does not approve, an amended Executed DRO by the end of the applicable extension period, the Plan Administrator will administer the originally approved QDRO according to its terms and the Approval Letter.

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 payment (or portion of a payment) 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.

BEGIN ALTERNATE PAYEE'S BENEFIT PAYMENTS

If QDRO Consultants approves a DRO, and if the Alternate Payee is eligible to begin receiving his/her assigned benefits, the Alternate Payee may contact **FirstEnergy Corp.** at the address identified on page 3 of these procedures to obtain the appropriate payment forms and instructions. Once an Executed QDRO is received by FirstEnergy, they will work with Aon Hewitt to arrange for the commencement of the Alternate Payee's benefit. Payments will commence as soon as administratively possible and are always paid on the first of a month. Please remember that the Alternate Payee generally cannot request a Plan distribution prior to the end of the QDRO appeal period (as described in the "QDRO DETERMINATIONS AND APPEALS" section above).

BENEFIT REDUCTIONS

In limited circumstances, a Participant's Plan benefits may be reduced. For example, if the Plan is taken over by the Pension Benefit Guaranty Corporation (**PBGC**) due to the Plan's and/or the Plan sponsor's bankruptcy, the PBGC's guaranty may not cover all of a Participant's accrued benefit. If a Participant's Plan benefits are reduced for reasons other than the Participant's action or failure to act, the Plan Administrator will apply a pro rata share of such reduction to the Alternate Payee's assigned benefit.

FEDERAL TAXES

The Internal Revenue Code provides that an Alternate Payee, who is the Participant's spouse or former spouse, is responsible for all federal taxes on Plan distributions to the Alternate Payee. On the other hand, for distributions to an Alternate Payee who is the Participant's child or other dependent, the Participant is responsible for all such federal taxes. A QDRO may not change these rules of federal taxation and, as a result, a DRO does not need to identify which party is responsible. If a DRO does address federal taxes, QDRO Consultants will not reject the DRO even if it is inconsistent with federal tax law. However, the Plan Administrator will report distributions as required by law, regardless of any conflicting provisions in the QDRO.