

## Section 1: 8-K (8-K)

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D. C. 20549

FORM 8-K

CURRENT REPORT

PURSUANT TO SECTION 13 OR 15(d) OF THE  
SECURITIES EXCHANGE ACT OF 1934

Date of Report (Date of earliest event reported): April 23, 2018

<u>Commission File Number</u>	<u>Registrant; State of Incorporation; Address; and Telephone Number</u>	<u>I.R.S. Employer Identification No.</u>
333-21011	FIRSTENERGY CORP. (An Ohio Corporation) 76 South Main Street Akron, OH 44308 Telephone (800)736-3402	34-1843785

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2.):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (17 CFR §230.405) or Rule 12b-2 of the Securities Exchange Act of 1934 (17 CFR §240.12b-2).

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

**Item 7.01 Regulation FD Disclosure.**

As previously announced, on March 31, 2018, FirstEnergy Solutions Corp. and all of its subsidiaries (collectively, “FES”) and FirstEnergy Nuclear Operating Company (together with FES, the “FES Debtors”) voluntarily filed petitions for relief under Chapter 11 of the U. S. Bankruptcy Code with the U.S. Bankruptcy Court for the Northern District of Ohio in Akron (the “Bankruptcy Court”).

FirstEnergy Corp. (the “Company”) has been engaged in substantive negotiations (the “Settlement Discussions”) with two groups of key FES creditors regarding a comprehensive resolution of claims among the FES Debtors and the Company. The steering committee of one such group (the “FES Ad Hoc Noteholder Group”) collectively holds a majority in the aggregate of (i) the pollution control revenue bonds supported by notes issued by FirstEnergy Generation, LLC and FirstEnergy Nuclear Generation, LLC, and (ii) the senior notes issued by FES, and the other group (the “FES Mansfield Group”) holds a majority of pass-through certificates issued in connection with the sale-leaseback transaction for Unit 1 of the Bruce-Mansfield plant (the FES Mansfield Group and the FES Ad Hoc Noteholder Group, collectively, are referred to as the “FES Creditor Groups”). During the course of the Settlement Discussions and subject to the terms of non-disclosure agreements that the Company entered into with certain members of the FES Creditor Groups, the Company provided the FES Creditor Groups with certain confidential information. The Company and the FES Creditor Groups have reached an agreement in principle (the “Agreement in Principle”) to resolve certain claims by the Company against the FES Debtors and all claims by the FES Debtors and their creditors against the Company. The Company and the FES Creditor Groups have commenced discussions with the FES Debtors (approval by FES Debtors’ boards of directors ultimately required) and expect to engage with the official committee of unsecured creditors that was appointed in connection with the FES Debtors’ chapter 11 cases with respect to the Agreement in Principle. The Agreement in Principle is subject to, among other things, execution of definitive agreements, the approval by the boards of directors of the Company and Allegheny Energy Supply Company, LLC, and approval by the Bankruptcy Court. In addition, the FES Mansfield Group’s support for the Agreement in Principle is subject to and conditioned upon the ultimate implementation of the agreement between the FES Creditor Groups concerning the treatment of certain Mansfield-related claims set forth on the term sheet attached to the summary of material terms of the Agreement in Principle described in the immediately following sentence (the “Mansfield Claims Term Sheet”).

A summary of the material terms of the Agreement in Principle (including the Mansfield Claims Term Sheet) is set forth on Exhibit 99.1 furnished herewith and incorporated herein by reference thereto.

The information set forth in this Item 7.01 of this Current Report on Form 8-K is being furnished pursuant to Item 7.01 of Form 8-K and shall not be deemed “filed” for purposes of Section 18 of the Securities Exchange Act of 1934, or otherwise subject to the liabilities of that section, nor shall it be deemed incorporated by reference into any of the Company’s filings under the Securities Act of 1933 or the Securities Exchange Act of 1934, whether made before or after the date hereof and regardless of any general incorporation language in such filings, except to the extent expressly set forth by specific reference in such a filing. The furnishing of this Item 7.01 of this Current Report on Form 8-K shall not be deemed an admission as to the materiality of any information herein that is required to be disclosed solely by reason of Regulation FD.

**Item 9.01 Financial Statements and Exhibits.**

(d) Exhibits. The following exhibit is being furnished herewith:

Exhibit No.    Description

99.1        [Agreement in Principle Term Sheet](#)

**Forward-Looking Statements:** This Form 8-K includes forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995 based on information currently available to management. Such statements are subject to certain risks and uncertainties and readers are cautioned not to place undue reliance on these forward-looking statements. These statements include declarations regarding management's intents, beliefs and current expectations. These statements typically contain, but are not limited to, the terms "anticipate," "potential," "expect," "forecast," "target," "will," "intend," "believe," "project," "estimate," "plan" and similar words. Forward-looking statements involve estimates, assumptions, known and unknown risks, uncertainties and other factors that may cause actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements, which may include the following: the ability to successfully execute an exit of commodity-based generation that minimizes cash outflows and associated liabilities, including, without limitation, the losses, guarantees, claims and other obligations of FirstEnergy Corp., together with its consolidated subsidiaries (FirstEnergy) as such relate to the entities previously consolidated into FirstEnergy, including FirstEnergy Solutions Corp.(FES), its subsidiaries and FirstEnergy Nuclear Operating Company (FENOC), which have recently filed for bankruptcy protection; the potential for litigation and demands for payment against FirstEnergy by FES and FENOC or certain of their creditors; the risks associated with the bankruptcy cases of FES, its subsidiaries and FENOC, including, but not limited to, third-party motions in the cases that could adversely affect FirstEnergy, its liquidity or results of operations; the ability to experience growth in the Regulated Distribution and Regulated Transmission segments and the effectiveness of our strategy to operate as a fully regulated business; the accomplishment of our regulatory and operational goals in connection with our transmission and distribution investment plans, including, but not limited to, our planned transition to forward-looking formula rates; changes in assumptions regarding economic conditions within our territories, assessment of the reliability of our transmission and distribution system, or the availability of capital or other resources supporting identified transmission and distribution investment opportunities; the ability to accomplish or realize anticipated benefits from strategic and financial goals, including, but not limited to, the ability to grow earnings in our regulated businesses, continue to reduce costs and to successfully execute our financial plans designed to improve our credit metrics and strengthen our balance sheet; the risks and uncertainties associated with litigation, arbitration, mediation and like proceedings; the uncertainties associated with the deactivation of our remaining commodity-based generating units, including the impact on vendor commitments, and as it relates to the reliability of the transmission grid, the timing thereof; costs being higher than anticipated and the success of our policies to control costs; the uncertainty of the timing and amounts of the capital expenditures that may arise in connection with any litigation, including New Source Review litigation, or potential regulatory initiatives or rulemakings; changes in customers' demand for power, including, but not limited to, changes resulting from the implementation of state and federal energy efficiency and peak demand reduction mandates; economic and weather conditions affecting future sales, margins and operations, such as significant weather events, and all associated regulatory events or actions; changes in national and regional economic conditions affecting FirstEnergy and/or our major industrial and commercial customers, and other counterparties with which we do business; the impact of labor disruptions by our unionized workforce; the risks associated with cyber-attacks and other disruptions to our information technology system that may compromise our generation, transmission and/or distribution services and data security breaches of sensitive data, intellectual property and proprietary or personally identifiable information regarding our business, employees, shareholders, customers, suppliers, business partners and other individuals in our data centers and on our networks; the impact of the regulatory process and resulting outcomes on the matters at the federal level and in the various states in which we do business, including, but not limited to, matters related to rates; the impact of the federal regulatory process on Federal Energy Regulatory Commission (FERC) regulated entities and transactions, in particular FERC regulation of PJM Interconnection, L.L.C. (PJM) wholesale energy and capacity markets and cost-of-service rates, as well as FERC's compliance and enforcement activity, including compliance and enforcement activity related to North American Electric Reliability Corporation's mandatory reliability standards; the uncertainties of various cost recovery and cost allocation issues resulting from American Transmission Systems, Incorporated's realignment into PJM; the ability to comply with applicable state and federal reliability standards and energy efficiency and peak demand reduction mandates; other legislative and regulatory changes, including the federal administration's required review and potential revision of environmental requirements, including, but not limited to, the effects of the United States Environmental Protection Agency's Clean Power Plan, Coal Combustion Residuals, Cross-State Air Pollution Rule and Mercury and Air Toxics Standards programs, including our estimated costs of compliance, Clean Water Act (CWA) waste water effluent limitations for power plants, and CWA 316(b) water intake regulation; changing market conditions that could affect the measurement of certain liabilities and the value of assets held in our pension trusts and other trust funds, and cause us and/or our subsidiaries to make additional contributions sooner, or in amounts that are larger, than currently anticipated; the impact of changes to significant accounting policies; the impact of any changes in tax laws or regulations, including the Tax Cuts and Jobs Act, adopted December 22, 2017, or adverse tax audit results or rulings; the ability to access the public securities and other capital and credit markets in accordance with our financial plans, the cost of such capital and overall condition of the capital and credit markets affecting us and our subsidiaries; further actions that may be taken by credit rating agencies that could negatively affect us and/or our subsidiaries' access to financing, increase the costs thereof, letters of credit and other financial guarantees, and the impact of these events on the financial condition and liquidity of FirstEnergy Corp. and/or its subsidiaries; issues concerning the stability of domestic and foreign financial institutions and counterparties with which we do business; and the risks and other factors discussed from time to time in our United States Securities and Exchange Commission (SEC) filings, and other similar factors. Dividends declared from time to time on FirstEnergy Corp.'s common stock, and thereby on FirstEnergy Corp.'s preferred stock, during any period may in the aggregate vary from prior periods due to circumstances considered by FirstEnergy Corp.'s Board of Directors at the time of the actual declarations. A security rating is not a recommendation to buy or hold securities and is subject to revision or withdrawal at any time by the assigning rating agency. Each rating should be evaluated independently of any other rating. These forward-looking statements are also qualified by, and should be read together with, the risk factors included in our filings with the SEC. The foregoing review of factors also should not be construed as exhaustive. New factors emerge from time to time, and it is not possible for management to predict all such factors, nor assess the impact of any such factor on our business or the extent to which any factor, or combination of factors, may cause results to differ materially from those contained in any forward-looking statements. We expressly disclaim any obligation to update or revise, except as required by law, any forward-looking statements contained herein as a result of new information, future events or otherwise.



Subsidies are specifically provided for under a Health Care Plan. Nothing in the foregoing is intended to create any additional right or claims to coverage, including premium subsidies, or to create any vested right to such benefits for current retirees under any Health Care Plan(s) that do not otherwise currently exist. Such retirees will, at all times, be subject to the terms and conditions of such Health Care Plan(s) including, per the specific terms of the Health Care Plan (s), the reservation of the right by FE of the complete discretion to amend or terminate such Health Care Plan(s) or the access to such Health Care Plan(s). This foregoing commitments from FE are intended to include the Debtors' estimated administrative claims and unsecured claims related to the foregoing employee-related claims in (i)-(vi) above.

- FE and the Debtors will perform under the intercompany Tax Sharing Agreement with respect to all periods or portions thereof ending on or before the date of FirstEnergy Solutions' ("FES") emergence from chapter 11; FE will waive the 2017 overpayment that is due from FES/FENOC and restore the 2018 setoff amount.
- On the Effective Date of a Plan, FE will issue FE tax notes ("Tax Notes") to the Debtors calculated as follows: The amount of the Tax Notes shall be \$628 million less the amount, if any, of cash paid by FE to the Debtors under the intercompany tax sharing arrangement for the tax benefits related to the sale or deactivation, prior to or on the effective date of a Plan, of all or any portion of a nuclear or fossil plant, excluding the West Lorain Plant, it being understood that no losses related to any such sale or deactivation prior to the Effective Date have been included in the calculation of the principal amount of the Tax Notes as of the date hereof. If the amount of cash so paid is equal to or greater than \$628 million, then no Tax Notes will be issued. On the Effective Date of the Plan, FE shall make a cash payment to the Debtors (the "Upfront Payment") in an amount equal to the difference, if any, between the principal amount of the Tax Notes and the market price of the Tax Notes (as determined in reference to the yield curve of FE's issued debt and agreed to among the parties). The principal amount of Tax Notes issued shall bear an interest rate based on the Treasury rate appropriate to the maturity of the Tax Notes, be due December 31, 2022 (the "Maturity Date"), and be redeemable at par plus accrued interest at any time without premium or penalty.<sup>1</sup>

Such Tax Notes will be issued to the Debtors for distribution to creditors pursuant to a Plan and will be repaid from the realization by FE of benefits stemming from its consolidated tax attributes. The Tax Notes will be rated and supported by a credit wrap issued by FE, which shall guarantee full payment of principal and interest on the notes.

- FE and FirstEnergy Services Corp. ("FESC") will enter into amended Shared Services Agreements with reasonable modifications (to commence after 2018) to reduce overall costs to FES/FENOC as they no longer need services or have a need for reduced services and provide FE a date of certain termination of shared services. The amended Shared Services Agreements shall be assumed by the applicable Debtors.
- AES will transfer ownership of the Pleasants Power Plant to the Debtors' estates (which transfer may be to a newly established special purpose entity) and retain liabilities related thereto that arise prior to the Effective Date of a Plan subject to customary agreed-upon limits for AE Supply's indemnity obligations in both amount and duration.

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<sup>1</sup>The intent is that the coupon and due date will cause the Tax Notes to have a market value that, when combined with (i) cash payments by FE for the tax benefits, if any, received by Debtors under the intercompany tax sharing arrangement for the sale or deactivation of a plant and (ii) any Upfront Payment, as noted in this paragraph, will have delivered \$628 million of value to creditors.

*HIGHLY CONFIDENTIAL DRAFT  
FOR SETTLEMENT DISCUSSION PURPOSES ONLY  
SUBJECT TO FRE 408 AND EQUIVALENTS*

- FE, solely as agent of FES, will provide reasonable cooperation and coordination on regulatory and governmental matters. The cost of such services shall not be billed back to the Debtors under the Shared Services Agreements.
- The Debtors and all of their creditors shall release FE, its non-debtor affiliates, and each of FE's and its non-debtor affiliates' officers, directors, employees, agents, consultants and other representatives (collectively, the "Released Parties") for all past, present and future claims, liabilities and causes of action that could be asserted against the Released Parties by any of the Debtors or their creditors (the "Released Claims").
- Parties to this settlement shall enter into a Standstill Agreement regarding all Released Claims that will extend through the Effective Date of the Plan.
- On the Effective Date of a Plan, (i) FE and its non-Debtor subsidiaries will release their Claims against the Debtors related to the prepetition money pool balance, the FE/FES intercompany revolver and related surety bond credit support, the rail claim settlement and (ii) AE Supply will release its Claims against FES in respect of the AES/FES intercompany note.
- On the Effective Date of a Plan, FE will make a cash settlement payment of \$225 million less the cash attributable to the restoration of the 2018 setoff amount with respect to the intercompany Tax Sharing Agreement, for distribution to the Debtors' creditors pursuant to a Plan.
- FE will assist FES as it renegotiates and mitigates unfavorable contract terms and, if requested by the Debtors, provide reasonable cooperation to the Debtors in resolving the Debtors' unsecured claims. On the Effective Date of a Plan, Reorganized FES shall issue a penny warrant to FE, exercisable if and when the enterprise value of the reorganized Debtors taken as a whole is such that unsecured PCN claims recover 60% of such allowed claims (taking into account all sources of recovery). The penny warrant will be structured such that FE will share 50% of the incremental value above the 60% recovery on allowed unsecured PCN claims upon exercise of the warrant. The penny warrant shall expire after three years following the Effective Date.
- The Creditors will use their best efforts to have the Debtors and the Official Committee of Unsecured Creditors join the settlement by June 15, 2018.
- Any changes to these Proposed Settlement Terms require the consent of FE and the Creditors.



## EXHIBIT A

Final Version

### Agreed Terms of Resolution of Mansfield IT Claims

The ad hoc group of holders of the 6.85% pass-through certificates (the “Mansfield Certificateholders Group”) issued in connection with the Bruce Mansfield Unit 1 leveraged lease transaction (the “Leveraged Lease Transaction”) and the ad hoc group of holders of pollution control and corporate notes (the “Ad Hoc Noteholder Group” and, together with the Mansfield Certificateholders Group, the “Parties”) hereby agree to support a resolution of claims (the “Mansfield IT Claims”) held by Wilmington Savings Fund Society, FSB in its capacity as lease indenture trustees under the Bruce Mansfield leveraged lease documents (the “Mansfield ITs”) on the terms set forth herein, subject to acceptable documentation in definitive agreements. This agreement is part of a proposed settlement of matters that could otherwise be the subject of litigation among the Parties, and is protected by Federal Rule of Evidence 408 and all other applicable statutes or doctrines protecting the use or disclosure of confidential settlement discussions.

- **Treatment of the Undivided Interest:** In consideration of the treatment of the Mansfield IT Claims set forth herein, the following property shall be deemed and treated as unencumbered property of the Debtors’ estates: (a) the 93.825% undivided interest in Unit 1 of the Bruce Mansfield Facility that is the subject of the Leveraged Lease Transaction and (b) any and all insurance proceeds to which the Mansfield ITs might otherwise be entitled on account of its rights under the Leveraged Lease Transaction.
- **Claim Amount:** The Mansfield IT Claims will be allowed in the amount of \$786,763,400, i.e., the outstanding amount of principal and accrued interest on the pass-through certificates as of the petition date (the “Allowed Mansfield IT Claims”).
- **Liable Debtors and Priority:** The Allowed Mansfield IT Claims will be allowed as unsecured claims against each of FirstEnergy Generation, LLC (“FG”), FirstEnergy Nuclear Generation, LLC (“NG”), and FirstEnergy Solutions Corp. (“FES”), as unsecured claims.
- **Support Obligations:** The proposal set forth herein shall be incorporated into a chapter 11 plan and/or settlement pursuant to Bankruptcy Rule 9019, in each case reasonably acceptable to the Parties and the Mansfield ITs (such a plan or settlement, including all exhibits and supplements thereto, an “Acceptable Plan”). The Parties shall use best efforts to negotiate, and cause the Debtors and the Official Committee of Unsecured Creditors (the “UCC”) appointed in the Debtors’ cases to become party to, a restructuring support agreement (the “RSA”) pursuant to which the Parties, the Debtors, and the UCC agree to support confirmation or approval of such Acceptable Plan, subject to the terms and conditions set forth in the RSA.
- **Treatment of Secured PCN Claims:** The Parties agree that to the extent that an Acceptable Plan includes a chapter 11 plan of reorganization that includes the continued ownership by the reorganized Debtors of the generating assets of FG and/or NG, the PCNs secured by such assets shall be paid in full (which payment may be in the form of replacement notes or reinstatement of the PCNs). The Parties shall work in good faith to incorporate into an Acceptable Plan mutually agreeable terms consistent with this provision.

- **Litigation Standstill:** The Parties agree that upon the effectiveness of the RSA, the parties thereto shall cease and desist from any and all ongoing litigation activities, including activities contemplated by the Mansfield Issues Protocol, with respect to the allowance and priority status of the Mansfield IT Claims, except to the extent the Mansfield IT Claims are the subject of an objection or other litigation at such time or thereafter.
- **Capital Support:** The Parties agree that any capital or credit support for regulatory obligations required in respect of the nuclear assets owned by NG shall, to the extent not required or used for such purpose, be made available for distribution to the Debtors' existing unsecured creditors (whether or not such distribution occurs prior to, upon, or after the Debtors' emergence from chapter 11). The Parties shall work in good faith to incorporate into an Acceptable Plan mutually agreeable terms consistent with this provision.
- **Coordination:** The Mansfield Certificateholders Group and Ad Hoc Noteholder Group agree to reasonably cooperate and coordinate in negotiations with the Debtors and the Committee on all material issues concerning the Debtors' restructuring, including, without limitation, pursuit of a chapter 11 plan, material asset sales, exit financing, claims resolution, and valuation matters

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