

Consolidated Report to the Financial Community (Unaudited)

FIRSTENERGY CORP.

First Quarter 2001

Release Date: April 17, 2001

Highlights

- Net income for the first quarter of 2001 was \$106 million, or \$0.49 per share before the cumulative effect of a change in accounting principle, which was in line with company guidance and First Call consensus estimates. The reduction from the \$0.63 earned in the same period last year was primarily attributable to changes in depreciation and amortization patterns, along with anticipated changes in benefit and pension expenses.
- Consolidated electric generation sales rose 13.1% compared with the first quarter of 2000. Increased wholesale sales were the major contributing factor as they increased by 128%. Regulated electric generation sales increased by 1.5%.
- Electric gross margin increased by \$16 million compared to the same period last year. Electric sales revenues rose \$96 million, while fuel and purchased power costs increased \$80 million. Fuel expense decreased \$9 million as a result of lower generation. Purchased power increased by \$88 million, reflecting a combination of higher prices and volumes. Generation output was down 6% due to planned unit outages as well as coal supply and delivery problems at some of our Ohio River plants.
- Electric operating expenses, excluding other items (noted on page 3), were \$29 million higher during the quarter. The primary contributing factors included higher fossil operating expenses (\$22 million), as well as the anticipated increases in both employee benefit costs (\$5 million) and pension expenses (\$11 million). These costs were partially offset by lower nuclear operating expenses (\$8 million).
- Unregulated non-electric business margins were approximately \$20 million lower than the same quarter last year. This reduction was primarily due to timing issues associated with implementation of our natural gas choice program, as our sourcing costs this winter exceeded our annual fixed rate contract prices. Also negatively affecting margins were the greater than anticipated customer enrollments and consumption, both of which necessitated additional spot purchases in a rising-price market.
- Total depreciation and amortization increased by \$25 million. The majority of this increase (\$18 million) resulted from the increase of transition cost accelerations over the rate plan accelerations taken in the first quarter of 2000. Including associated income tax amortization, transition cost amortization accelerations totaled \$79 million, compared with \$57 million under the rate plans in the first quarter of 2000.
- Net interest charges for the quarter declined \$9 million compared with the first quarter 2000. A total of 550,000 common shares were repurchased bringing cumulative acquisitions to 13.1 million shares.
- General taxes decreased by \$22 million during the quarter, the majority of which is due to timing differences in the implementation of state tax changes associated with Ohio restructuring.

<u>After Tax EPS Variance Analysis</u>	<u>1st Qtr</u>
1st Qtr. 2000 EPS	\$0.63
Electric Gross Margin	0.05
Unregulated Business Margin (Non-Electric)	(0.05)
Generation O&M Expenses	(0.04)
Employee Benefit/Pension Expenses	(0.05)
Depreciation and Amortization	(0.09)
Financing Costs	0.03
General Taxes	0.06
Other Items (See page 3)	(0.05)
1st Qtr. 2001 EPS (Before Cumulative Effect)	\$0.49
1st Qtr. 2001 EPS (After Cumulative Effect)	\$0.45

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FIRSTENERGY CORP. CONSOLIDATED INCOME STATEMENTS (thousands):	Three Months Ended March 31,		
	2001	2000	Change
REVENUES:			
Electric utilities	\$1,311,289	\$1,280,930	\$ 30,359
Unregulated businesses	674,452	327,000	347,452
Total revenues	1,985,741	1,607,930	377,811
EXPENSES:			
Fuel and purchased power	324,579	244,640	79,939
Purchased gas	352,817	102,038	250,779
Other operating expenses	645,403	544,269	101,134
Provision for depreciation and amortization	227,214	202,084	25,130
General taxes	119,422	141,055	(21,633)
Total expenses	1,669,435	1,234,086	435,349
INCOME BEFORE INTEREST AND INCOME TAXES	316,306	373,844	(57,538)
Net interest charges:			
Interest expense	118,219	122,843	(4,624)
Capitalized interest	(8,823)	(6,104)	(2,719)
Subsidiaries' preferred stock dividends	16,934	18,288	(1,354)
Net interest charges	126,330	135,027	(8,697)
Income taxes	83,769	97,899	(14,130)
Income before cumulative effect of a change in accounting	106,207	140,918	(34,711)
Cumulative effect of a change in accounting	(8,499)	-	(8,499)
NET INCOME	\$97,708	\$140,918	(\$43,210)
Weighted average number of common shares outstanding	218,107	224,859	(6,752)
Basic and diluted earnings per share:			
Before cumulative effect of a change in accounting	\$0.49	\$0.63	(\$0.14)
Cumulative effect of a change in accounting	(0.04)	-	(0.04)
Net income	\$0.45	\$0.63	(\$0.18)

KILOWATT-HOUR SALES STATISTICS	Three Months Ended March 31,		
	2001	2000	Change
	(In Millions)		
ELECTRIC GENERATION SALES:			
Retail - Regulated	15,028	14,802	1.5%
Retail - Unregulated	1,453	1,483	-2.0%
Wholesale	3,832	1,683	127.7%
Total Electric Generation Sales	20,313	17,968	13.1%
DISTRIBUTION DELIVERIES:			
Residential	4,827	4,464	8.1%
Commercial	4,071	4,124	-1.3%
Industrial	6,505	6,280	3.6%
Other	95	93	2.2%
Total Distribution Deliveries	15,498	14,961	3.6%

FIRSTENERGY CORP.

Capitalization (in thousands):	At March 31,			
	2001	% Total	2000	% Total
Common Stock and Paid-In Capital	\$3,575,462		\$3,712,568	
Retained Earnings	1,225,945		1,001,704	
Unallocated ESOP Shares	(106,711)		(121,137)	
Total Common Equity	4,694,696	42%	4,593,135	40%
Preferred Stock	809,023	7%	904,641	8%
Long-Term Debt	5,767,079	51%	6,056,213	52%
Total Capitalization	<u>\$11,270,798</u>		<u>\$11,553,989</u>	

Common Stock Data

Stock Price During the Quarter		
High	\$31.75	\$23.56
Low	\$25.10	\$18.00
Close	\$27.92	\$20.63
Dividends Declared per Share (Quarter)	\$0.375	\$0.375
Annualized Dividend Yield	5.4%	7.3%
Price/Earnings Ratio (12 mos ending)*	10.9	8.2
Dividend Payout Ratio (12 mos ending)*	59%	59%
Cash Coverage of Dividend	4.5	4.5
Return on Average Common Equity (12 mos ending)	12.2%	12.7%
Book Value Per Share	\$21.51	\$20.47
Annualized Dividend/Book Value	7.0%	7.3%

* Before cumulative effect of a change in accounting principle

Other Statistics (12 mos. Ending)

System Load Factor	63.3%	61.6%
Capacity Factors:		
Fossil	57.6%	57.4%
Nuclear	88.2%	88.9%

Three Months Ended March 31,

	Three Months Ended March 31,		
	2001	2000	Change
(in thousands)			
Accelerations: Transition Cost (2001) vs. Regulatory Plan (2000)			
Depreciation and Amortization	\$68,570	\$50,556	\$18,014
Income Tax Amortization	10,419	6,734	3,685
Total Accelerations	<u>\$78,989</u>	<u>\$57,290</u>	<u>\$21,699</u>
EPS Effect	<u>(\$0.21)</u>	<u>(\$0.15)</u>	<u>(\$0.06)</u>
Mark-to-Market Adjustment			
Revenues	\$11,016		\$11,016
Expenses	7,219		7,219
Pre-Tax Income Effect	3,797		3,797
EPS Effect	<u>\$0.01</u>		<u>\$0.01</u>
Other Items			
Contract Settlement Income - Ended in 2000		\$5,700	(\$5,700)
Early Retirement Costs - 2000 Carryover	\$8,800		8,800
Reserves for Uncollectible Accounts - Steel	3,400		3,400
Gains on Emission Allowance Sales	(2,200)	(1,100)	(1,100)
Pre-Tax Income Effect	<u>(\$10,000)</u>	<u>\$6,800</u>	<u>(\$16,800)</u>
EPS Effect	<u>(\$0.03)</u>	<u>\$0.02</u>	<u>(\$0.05)</u>

RECENT DEVELOPMENTS

Merger Update

The merger of FirstEnergy and GPU is on track to be completed by mid-summer. Regulatory approvals have now been obtained from the Federal Energy Regulatory Commission (FERC), the Nuclear Regulatory Commission, the State of New York, Argentina, Federal Communications Commission, and the Department of Justice and Federal Trade Commission (Hart Scott Rodino Act). Remaining approvals needed include the states of New Jersey and Pennsylvania, and the Securities and Exchange Commission (SEC). Approval in Pennsylvania is expected in May, while approval in New Jersey is anticipated by early summer. SEC approval is expected approximately thirty days after the last state approval.

The merger integration teams are on schedule to complete their recommendations and implementation plans prior to merger closing

Alliance Regional Transmission Organization (RTO)

On January 24, the Alliance RTO received FERC approval on all major issues including the four RTO characteristics and most of the RTO functions. In February, the Alliance RTO reached a settlement agreement with the Midwest ISO. The Administrative Law Judge certified the agreement and has sent it to FERC for final approval, which is expected by May 1, 2001. The Alliance RTO's goal is to be operational by mid-December 2001.

Generation Performance

The Perry Nuclear Power Plant completed its eighth refueling outage on March 21, setting a new plant record of only 34 days. Major work during the outage included completion of the five-percent uprate project, which increases the plant's rated electrical output to 1,320 megawatts. Beaver Valley Unit 1 will begin its 14th refueling outage this fall. A one-percent capacity uprate is planned for this unit during the outage.

Construction of the five 85-megawatt combustion turbine units at our West Lorain site is on schedule to support summer operation.

Unregulated Businesses

On March 21, FirstEnergy Services signed a Master Energy Services and Supply Agreement with PinnacleHealth System headquartered in Harrisburg, Pennsylvania. Under the long-term agreement, FirstEnergy Services will manage the procurement of electricity and natural gas, and provide energy management services to four PinnacleHealth hospitals.

As a result of changing market conditions, which have limited opportunities in deregulated states, FirstEnergy Services implemented a staff reorganization, which resulted in a reduction of approximately 30% of the sales and marketing staff effective in April 2001.

Ohio Customer Choice Update

Effective January 1, 2001, electric choice became available for Ohio consumers. The majority of customer switching activity to date, has come from the "market support generation (MSG)" made available as part of FirstEnergy's restructuring plan. Claims for the MSG exceeded the 1,120 megawatts made available. Approximately 90% of the MSG has already been allocated.