

Consolidated Report to the Financial Community

FIRSTENERGY CORP.

Second Quarter 2000

Release Date: July 18, 2000

Highlights

- Net income for the second quarter of 2000 was \$134.6 million, up \$9.3 million from the \$125.3 million earned in the same period last year. Earnings for the quarter were \$0.60 per share, reflecting an increase of 9.1% over the \$0.55 per share earned in the second quarter last year.
- Consolidated electric generation sales were 10% higher than the same period last year and produced approximately \$53 million in additional revenue. Regulated electric generation sales rose 2.5% demonstrating continued economic growth in the region, as weather was comparable to last year. Unregulated electric generation sales rose 63% over the same period last year primarily as a result of our expansion efforts into deregulated retail markets.
- Net fuel and purchased power expenses were \$9 million or 4.5% higher than during the same period last year. Fuel expenses decreased by \$34 million (19%) despite a 4.5% increase in mWh generated. This resulted from increased nuclear production, expiration of an above-market coal contract at the end of 1999, and the use of lower cost western coal at several plants. Purchased power expenses increased \$43 million, primarily reflecting replacement power during Perry's 11-day outage, Davis-Besse's refueling outage, and fossil plant maintenance outages.
- Other electric operation and maintenance expenses were in line with the same period last year. Planned boiler and turbine maintenance work at the fossil plants and higher nuclear expenses associated with our increased ownership of Beaver Valley and Perry resulting from the asset swap were partially offset by an increase of \$12 million in the amount of gains realized from sales of emission allowances.
- Accelerated depreciation and amortization for the quarter was \$87 million, up \$23 million from the same period last year. Year-to-date accelerations totaled \$144 million compared with \$109 million last year.
- Net interest charges declined \$13 million. Redemption and refinancing activities during the quarter totaled \$113 million and \$254 million, respectively, and will produce annualized savings of \$10.8 million.
- Nearly 1.7 million shares were repurchased in the quarter bringing cumulative acquisitions to 9.3 million shares for \$237.8 million, or an average share price of \$25.62.

After Tax EPS Variance Analysis (Unaudited)

Second Quarter 1999 EPS	\$0.55
Electric Gross Margin	(0.01)
Emission Allowance Gains	0.04
Accelerated Depreciation & Amortization	(0.05)
Financing Costs	0.04
Shares Outstanding	0.01
Other	<u>0.02</u>
Second Quarter 2000 EPS	\$0.60

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FIRSTENERGY CORP. CONSOLIDATED INCOME STATEMENTS (thousands):	Three Months Ended			Six Months Ended		
	June 30,			June 30,		
	2000	1999	Change	2000	1999	Change
REVENUES:						
Electric Utilities	\$1,348,685	\$1,342,321	\$ 6,364	\$2,629,615	\$2,625,645	\$ 3,970
Unregulated businesses	353,419	176,418	177,001	680,419	315,646	364,773
Total revenues	1,702,104	1,518,739	183,365	3,310,034	2,941,291	368,743
EXPENSES:						
Fuel and purchased power	213,364	204,273	9,091	392,554	408,630	(16,076)
Other expenses:						
Electric utilities	420,036	418,956	1,080	828,481	789,971	38,510
Unregulated businesses	341,841	165,866	175,975	645,153	307,393	337,760
Provision for depreciation and amortization	224,794	216,700	8,094	426,878	407,913	18,965
General taxes	137,977	139,466	(1,489)	279,032	277,560	1,472
Total expenses	1,338,012	1,145,261	192,751	2,572,098	2,191,467	380,631
INCOME BEFORE INTEREST AND INCOME TAXES						
	364,092	373,478	(9,386)	737,936	749,824	(11,888)
Net interest charges:						
Interest expense	124,243	131,359	(7,116)	247,086	260,740	(13,654)
AFUDC-Debt and capitalized interest	(7,022)	(3,376)	(3,646)	(13,126)	(6,061)	(7,065)
Subsidiaries' preferred stock dividends	17,125	19,379	(2,254)	35,413	38,760	(3,347)
Net interest charges	134,346	147,362	(13,016)	269,373	293,439	(24,066)
Income taxes	95,142	100,794	(5,652)	193,041	194,342	(1,301)
Net income	\$134,604	\$125,322	\$9,282	\$275,522	\$262,043	\$13,479
Weighted average number of common shares outstanding						
	223,542	227,367	(3,825)	224,201	228,254	(4,053)
Basic and diluted earnings per share:						
	\$0.60	\$0.55	\$0.05	\$1.23	\$1.15	\$0.08

KILOWATT-HOUR SALES STATISTICS						
	Three Months Ended			Six Months Ended		
	June 30,			June 30,		
	2000	1999	Change	2000	1999	Change
ELECTRIC GENERATION SALES:						
Regulated	14,510	14,161	2.5%	29,312	28,773	1.9%
Unregulated	3,263	2,001	63.1%	6,429	3,304	94.6%
Total Electric Generation Sales	17,773	16,162	10.0%	35,741	32,077	11.4%
DISTRIBUTION DELIVERIES:						
Residential	3,715	3,656	1.6%	8,179	8,315	-1.6%
Commercial	4,271	4,227	1.0%	8,395	8,235	1.9%
Industrial	6,552	6,345	3.3%	12,832	12,290	4.4%
Other	90	90	0.0%	183	186	-1.6%
Total Distribution Deliveries	14,628	14,318	2.2%	29,589	29,026	1.9%

FIRSTENERGY CORP.**CAPITALIZATION (thousands):**

	At June 30,			
	2000	% Total	1999	% Total
Common Stock and Paid-In Capital	\$3,673,875		\$3,797,690	
Retained Earnings	1,052,245		809,017	
Unallocated ESOP Shares	(117,715)		(133,470)	
Total Common Equity	4,608,405	40%	4,473,237	39%
Preferred Stock	892,751	8%	929,391	8%
Long-Term Debt	5,965,925	52%	6,142,847	53%
Total Capitalization	<u>\$11,467,081</u>		<u>\$11,545,475</u>	

MARKET STATISTICS:

High/Low Price During Quarter	\$25.75/\$23.25	\$32.125/\$27.938
Closing Price	\$23.375	\$31.000
Dividends Declared per Share (Quarter)	\$0.375	\$0.375
Annualized Dividend Yield	6.4%	4.8%
Price/Earnings Ratio (12 mos ending)	9.1	13.7
Dividend Payout Ratio (12 mos ending)	58%	66%
Cash Coverage of Dividend	4.5	3.9
Book Value Per Share	\$20.67	\$19.68
Annualized Dividend/Book Value	7.3%	7.6%

OTHER STATISTICS, 12 mos. ending:

Return on Average Common Equity	12.6%	11.8%
Cash Provided from Operations (000s)	\$1,603,881	\$1,139,771
Shareholder Cash Flow (000s)	\$794,628	\$854,146
SEC Fixed Charge Ratio	2.05	1.91
Embedded Cost of Debt	7.49%	7.68%
Embedded Cost of Preferred	7.97%	7.99%
System Load Factor	61.9%	60.8%
Capacity Factors:		
Fossil	57.4%	54.6%
Beaver Valley Unit 1	81.4%	75.6%
Beaver Valley Unit 2	91.5%	61.3%
Davis Besse	87.3%	91.3%
Perry	97.9%	87.7%

CONSOLIDATED FIRSTENERGY DATA (EXCLUDES FIRSTENERGY FACILITIES SERVICES GROUP AND MARBEL ENERGY CORP.)

Number of Employees (at month end) *	8,729	8,785
Number of Customers (at month end)	2,200,548	2,173,888
Customers/Employee	252	247

* Year 2000 Number of Employees excludes approximately 1,100 Beaver Valley Nuclear Plant employees added in December 1999 as a result of generation plants' asset swap.

RECENT DEVELOPMENTS

Transition Plan

On May 9, FirstEnergy entered into a supplemental agreement that resolved the concerns raised by several power marketers that had intervened in our restructuring proceeding. The supplemental agreement made a few modifications to the April 17 Stipulated Agreement that had been reached with the majority of the parties involved in the case. Brief regulatory hearings were held between May 4 through May 15, with no opposing witnesses testifying. A PUCO decision on FirstEnergy's transition plan is expected soon.

Combustion Turbines

FirstEnergy has begun operational testing of the first of two, 130-megawatt combustion turbine unit additions planned for this summer at the Richland Station in Defiance, Ohio. Commercial operation is expected to begin this week. The second unit is scheduled to be operational in early August. A third 130-megawatt unit at the site is scheduled for completion in November 2000 and five, 85-megawatt units are scheduled to be added at our West Lorain site in 2001.

Nuclear Plant Performance

Beaver Valley Unit 1 completed its thirteenth refueling outage in 51 days and returned to service on April 7, while Davis-Besse returned to service on May 16, after completing its twelfth refueling outage in 45 days. The Perry plant completed an 11-day mid-cycle outage to replace defective fuel bundles on June 16 after completing its longest operational run in its history (399 days).

UWUA Local 270 Agreement

In June, FirstEnergy and Local 270 of the Utility Workers Union of America agreed to a new three-year labor agreement that resolves all contractual issues. UWUA Local 270 represents approximately 1,200 distribution and power plant employees of FirstEnergy's Cleveland Electric Illuminating Company. The new contract includes a voluntary retirement program for current employees and those who were laid off in June 1998 but still have recall rights.

Unregulated Sales Contract

FirstEnergy Services signed a three-year Master Energy Services Supply Agreement with Kent State University to serve as energy manager for the main campus and its seven regional campuses. The agreement provides for the provision of electricity, natural gas and energy-related products and services.

FirstEnergy Services was also named as the preferred supplier of natural gas and fuel oil for a pilot aggregation program of the Association of Independent Colleges & Universities of Pennsylvania which represents 81 private higher education institutions in the state.

Utility.Com Form Alliance

FirstEnergy Services is forming an alliance with Utility.com enabling FirstEnergy Services to sell electricity, natural gas and other energy-related services through Utility.com's eUtilities Program to consumers in Ohio and selected other states. FE also will have an equity position in Utility.com. The alliance will enable FirstEnergy to more economically reach consumers and small businesses in our targeted regional market.