

FIRSTENERGY CORP
Form PRE 14A
February 28, 2011

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**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549**

**SCHEDULE 14A
(RULE 14a-101)
SCHEDULE 14A INFORMATION**

Proxy Statement Pursuant to Section 14(a) of the Securities
Exchange Act of 1934 (Amendment No.)

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

Preliminary Proxy Statement

Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))

Definitive Proxy Statement

Definitive Additional Materials

Soliciting Material Pursuant to Section 240.14a-12

FirstEnergy Corp.

(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement)

Payment of Filing Fee (Check the appropriate box):

No fee required.

Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

(1) Title of each class of securities to which transaction applies:

(2) Aggregate number of securities to which transaction applies:

(3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

(4) Proposed maximum aggregate value of transaction:

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- o Fee paid previously with preliminary materials.
- o Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

(1) Amount Previously Paid:

(2) Form, Schedule or Registration Statement No.:

(3) Filing Party:

(4) Date Filed:

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***NOTICE OF
ANNUAL MEETING
OF SHAREHOLDERS
AND
PROXY STATEMENT***

***ANNUAL MEETING OF SHAREHOLDERS
MAY 17, 2011***

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76 South Main St.,
Akron, Ohio 44308

Rhonda S. Ferguson
Vice President and Corporate Secretary

April 1, 2011

Dear Shareholder:

You are invited to attend the 2011 FirstEnergy Corp. Annual Meeting of Shareholders at 10:30 a.m., Eastern time, on Tuesday, May 17, 2011, at the John S. Knight Center, 77 E. Mill Street, Akron, OH. Please see your proxy card for directions to the meeting.

As part of the agenda, business to be voted on includes 10 items which are explained in this proxy statement. The first two items are the election of the 13 nominees to your Board of Directors named in the attached proxy statement and the ratification of the appointment of our independent registered public accounting firm. **Your Board of Directors recommends that you vote FOR Items 1 and 2.** Item 3 is a management proposal to amend our Amended Code of Regulations to reduce the percentage of shares required to call a special meeting of shareholders. **Your Board of Directors recommends that you vote FOR Item 3.** The next two items are non-binding, advisory votes regarding executive compensation. **Your Board of Directors recommends that you vote FOR the advisory vote to approve executive compensation, Item 4, and 1 Year for the advisory vote regarding the frequency of the vote on executive compensation, Item 5.** In addition, there are five shareholder proposals. **Your Board of Directors recommends that you vote AGAINST these shareholder proposals, which are Items 6 through 10.**

Please carefully review the notice of meeting and proxy statement. Then, to ensure that your shares are represented at the Annual Meeting, appoint your proxy and vote your shares. Voting instructions are provided in this proxy statement and on your proxy card. We encourage you to take advantage of our telephone or Internet voting options. Please note that submitting a proxy using any one of these methods will not prevent you from attending the Annual Meeting and voting in person.

As you vote, you may choose, if you have not done so already, to stop future mailings of paper copies of the annual report and proxy statement and view these materials through the Internet. If you make this choice, for future meetings we will mail you a proxy card along with instructions to access the annual report and proxy statement using the Internet.

Your vote and support are important to us. We hope you will join us at this year's Annual Meeting.

Sincerely,

IMPORTANT NOTE:

Recent changes to voting rules approved by the Securities & Exchange Commission have increased the importance of voter participation.

Under the new rules, if your shares are held in a broker account, you must provide your broker with voting instructions for the election of FirstEnergy directors; your broker no longer has the discretion to vote those shares on your behalf without the specific instruction from you to do so.

Please take time to vote your shares!

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NOTICE OF ANNUAL MEETING OF SHAREHOLDERS

To the Holders of Shares of Common Stock:

The 2011 FirstEnergy Corp. Annual Meeting of Shareholders will be held at 10:30 a.m., Eastern time, on Tuesday, May 17, 2011, at the John S. Knight Center, 77 E. Mill Street, Akron, OH. The purpose of the Annual Meeting will be to:

Elect the 13 nominees to the Board of Directors named in the attached proxy statement to hold office until the next Annual Meeting;

Ratify the appointment of PricewaterhouseCoopers LLP as our independent registered public accounting firm for 2011;

Vote on a management proposal;

Recommend, by non-binding vote, executive compensation;

Recommend, by non-binding vote, the frequency of future non-binding votes on executive compensation;

Vote on five shareholder proposals, if properly presented at the Annual Meeting; and

Take action on other business that may come properly before the Annual Meeting and any adjournment or postponement thereof.

Please read the accompanying proxy statement and vote your shares by following the instructions on your proxy card to ensure your representation at the Annual Meeting.

Only shareholders of record at the close of business on March 28, 2011, or their proxy holders, may vote at the meeting.

On behalf of the Board of Directors,

Rhonda S. Ferguson
Vice President and Corporate Secretary

This notice and proxy statement is being mailed to shareholders on or about April 1, 2011.

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April 1, 2011

PROXY STATEMENT

ANNUAL MEETING AND VOTING INFORMATION

Important Notice Regarding the Availability of Proxy Materials for the Annual Shareholder Meeting To Be Held on May 17, 2011. This proxy statement and annual report are available at www.firstenergycorp.com/financialreports. In addition to the Notice of Annual Meeting of Shareholders, this proxy statement and the annual report, any letters to shareholders and savings plan participants, our latest Annual Report on Form 10-K, and sample proxy cards also are available at www.firstenergycorp.com/financialreports.

Why am I receiving this proxy statement and proxy card?

You are receiving this proxy statement and proxy card, which are being mailed on or about April 1, 2011, because you were the owner of shares of common stock of FirstEnergy Corp. (later referred to as the Company) at the close of business on March 28, 2011 (later referred to as the record date). The Board of Directors (later referred to as the Board) set the record date to determine the shareholders entitled to vote at the Annual Meeting of Shareholders to be held at 10:30 a.m., Eastern time, on May 17, 2011 (later referred to as the Meeting). This proxy statement describes items expected to be voted upon and gives you information about the Meeting and the Company. The Company's address is 76 South Main Street, Akron, OH 44308-1890.

Is my vote important?

Your vote is important, no matter how many shares you own. Please also note that if you hold your shares in street name through a bank or broker, that custodian cannot vote your shares on many agenda items, including the election of directors, without your specific instructions. Please see the detailed instructions below to learn more about voting your shares.

How do I vote?

If your shares are held in street name in the name of a bank, broker, or other nominee, you will receive instructions from the holder of record that you must follow for your shares to be voted. Please follow their instructions carefully. Also, please note that if the holder of record of your shares is a bank, broker, or other nominee and you wish to vote in person at the Meeting, you must request a legal proxy from your bank, broker, or other nominee that holds your shares and present that legal proxy identifying you as the beneficial owner of your shares of FirstEnergy common stock and authorizing you to vote those shares at the Meeting, along with proof of identification.

If you are a registered shareholder, you may vote your shares through a proxy appointed by telephone, Internet, or mail using your control/identification number(s) on your proxy card; or you may vote your shares in person at the Meeting. The telephone and Internet voting procedures are designed to authenticate your identity, allow you to give your voting instructions, and verify that your instructions have been recorded properly. To appoint a proxy and vote:

1. By telephone

- a. Call the toll-free number indicated on your proxy card using a touch-tone telephone. Telephone voting is available at any time until 10:30 a.m., Eastern time, on Tuesday, May 17, 2011.
- b. Have your proxy card in hand and follow the simple recorded instructions.

2. By Internet

- a. Go to the Internet site indicated on your proxy card. Internet voting is available at any time until 10:30 a.m., Eastern time, on Tuesday, May 17, 2011.

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b. Have your proxy card in hand and follow the simple instructions on the Internet site.

3. By mail

- a. Mark your choices on your proxy card. If you properly sign your proxy card but do not mark your choices, your shares will be voted as recommended by your Board.
- b. Date and sign your proxy card.
- c. Mail your proxy card in the enclosed postage-paid envelope. If your envelope is misplaced, send your proxy card to Corporate Election Services, the Company's independent proxy tabulator and Inspector of Election. The address is FirstEnergy Corp., c/o Corporate Election Services, P.O. Box 3200, Pittsburgh, PA 15230-3200. Your proxy card must be received by 10:30 a.m., Eastern time, on Tuesday, May 17, 2011, to be counted in the final tabulation.

4. At the Meeting

You may vote in person at the Meeting, even if you previously appointed a proxy by telephone, Internet, or mail.

If you are a participant in the FirstEnergy Corp. Savings Plan, you can vote shares allocated to your plan account by completing, signing, and dating your voting instruction form and returning it in the enclosed postage-prepaid envelope or by submitting your voting instructions by telephone or through the Internet as instructed on your voting instruction form. The plan trustee will vote the shares held in your plan account in accordance with your instructions. If you do not provide the plan trustee with instructions, the unvoted shares will be voted by the plan trustee in the same proportion as the voted shares.

If you are a participant in the Allegheny Energy Employee Stock Ownership and Savings Plan, the proxy/voting instruction card sent to you includes the number of shares of Company common stock you own through the plan and will serve as a voting instruction card to the trustee of the plan for all shares of Company common stock you own through the plan. By providing your voting instructions by telephone, via the Internet, or by mail as described in your proxy/voting instruction card, you instruct the trustee on how to vote your shares in the plan. To allow sufficient time for voting, you must provide your voting instructions by 9:00 a.m. Eastern Time on May 13, 2011. The trustee will vote your shares held in the plan in accordance with your instructions. If you do not provide your instructions by 9:00 a.m. Eastern Time on May 13, 2011, your plan shares will not be voted by the trustee.

How may I revoke my proxy?

You may revoke your appointment of a proxy or change your voting instructions one or more times before the Meeting commences by:

Sending a proxy card that revises your previous appointment and voting instructions;

Appointing a proxy and voting by telephone or Internet after the date of your previous appointment;

Voting in person at the Meeting; or

Notifying the Corporate Secretary of the Company in writing prior to the commencement of the Meeting.

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The proxy tabulator will treat the last instructions it receives from you as final. For example, if a proxy card is received by the proxy tabulator after the date that a telephone or Internet appointment is made, the tabulator will treat the proxy card as your final instruction. For that reason, it is important to allow sufficient time for your voting instructions on a mailed proxy card to reach the proxy tabulator before changing them by telephone or Internet.

If your shares are held in the name of a bank, broker, or other nominee, you must follow the directions you receive from your bank, broker, or other nominee in order to change your vote.

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How does the Board recommend that I vote?

Your Board recommends that you vote as follows:

For the 13 nominees to the Board who are listed in this proxy statement (Item 1);

For the ratification of the appointment of PricewaterhouseCoopers LLP as our independent registered public accounting firm for 2011 (Item 2);

For the approval of an amendment to our Amended Code of Regulations to reduce the percentage of shares required to call a special meeting of shareholders (Item 3);

For the approval, in a non-binding vote, of our executive compensation (Item 4);

1 Year, in a non-binding vote, for the frequency of the non-binding vote on executive compensation (Item 5); and

Against the five shareholder proposals (Items 6 through 10).

What is a quorum and what other voting information should I be aware of?

As of the record date, 418,216,437 shares of our common stock were outstanding. A majority of these shares represented at the Meeting either in person or by proxy constitutes a quorum. A quorum is required to conduct business at the Meeting. All shares represented at the Meeting are counted for the purpose of determining a quorum, without regard to abstentions or broker non-votes (as described below). You are entitled to one vote for each share you owned on the record date.

If your shares are held by a broker or bank in street name, we encourage you to provide instructions to your broker or bank by executing the voting form supplied to you by that entity. We expect your broker will be permitted to vote your shares on Item 2 and Item 3 without your instructions. However, your broker cannot vote your shares on Item 1 and Items 4 through 10 unless you provide instructions. Therefore, your failure to give voting instructions means that your shares will not be voted on these items, and your unvoted shares will be referred to as broker non-votes (as described below).

An item to be voted on may require a percentage of votes cast, rather than a percentage of shares outstanding, to determine passage or failure. Votes cast is defined to include both For and Against votes and excludes abstentions and broker non-votes. Abstentions and broker non-votes are the equivalent of negative votes when passage or failure is measured by a percentage of shares outstanding. If your proxy card is not completed properly, such as marking more than one box for an item, your vote for that particular item will be treated as an abstention.

What is the vote required for each item to be voted on?

For the election of directors named under Item 1, the 13 nominees receiving the most For votes (among votes properly cast in person or by proxy) will be elected. Abstentions and broker non-votes will have no effect.

With respect to Item 2, our Amended Code of Regulations does not require that shareholders ratify the appointment of PricewaterhouseCoopers LLP as our independent registered public accounting firm. However, we are submitting the proposal for ratification as a matter of good corporate governance. If shareholders do not ratify the appointment, the Audit Committee will reconsider whether or not to retain PricewaterhouseCoopers LLP. Even if the appointment is

ratified, the Audit Committee, at its discretion, may change the appointment at any time during the year if the Audit Committee determines that such a change would be in the best interests of the Company and its shareholders. Ratification of the appointment of PricewaterhouseCoopers LLP as the Company's independent registered public accounting firm requires a For vote from a majority of votes cast. Abstentions and broker non-votes will have no effect.

To be approved, Item 3, the management proposal requesting an amendment to our Amended Code of Regulations to reduce the percentage of shares required to call a special meeting of shareholders, must

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receive a For vote from at least 80% of the shares of common stock outstanding as of the record date. Abstentions and broker non-votes will have the same effect as a vote against this proposal.

With respect to Item 4, the affirmative vote of a majority of the votes cast is required to approve, by non-binding vote, executive compensation. Abstentions and broker non-votes will have no effect.

With respect to Item 5, the frequency of the advisory vote on executive compensation receiving the greatest number of votes (every one, two, or three years) will be considered the frequency recommended by shareholders. Abstentions and broker non-votes will have no effect.

To be approved, Item 6, the shareholder proposal requesting the Board prepare a report on Coal Combustion Waste, must receive a For vote from a majority of votes cast. Abstentions and broker non-votes will have no effect.

To be approved, Item 7, the shareholder proposal requesting that the Board undertake such steps as may be necessary to permit written consent by shareholders entitled to cast the minimum number of votes that would be necessary to authorize the action at a meeting at which all shareholders entitled to vote thereon were present and voting (to the fullest extent permitted by law), must receive a For vote from a majority of votes cast. Abstentions and broker non-votes will have no effect.

To be approved, Item 8, the shareholder proposal requesting that the Board initiate the appropriate process to amend the Company's Amended Articles of Incorporation to provide that director nominees shall be elected by the affirmative vote of the majority of votes cast at an annual meeting of shareholders, with a plurality vote standard retained for contested director elections, must receive a For vote from a majority of votes cast. Abstentions and broker non-votes will have no effect.

To be approved, Item 9, the shareholder proposal requesting that the Board issue a report on the financial risks of reliance on coal, must receive a For vote from a majority of votes cast. Abstentions and broker non-votes will have no effect.

To be approved, Item 10, the shareholder proposal requesting that the Company adopt quantitative goals for the reduction of greenhouse gas and other air emissions, must receive a For vote from a majority of votes cast. Abstentions and broker non-votes will have no effect.

Notwithstanding the shareholder vote on Items 6 through 10, the ultimate adoption of such shareholder proposals is at the discretion of the Board.

What changes to the Board will occur upon the completion of the merger with Allegheny Energy, Inc.?

On February 25, 2011 FirstEnergy completed its previously announced merger with Allegheny Energy, Inc., (later referred to as Allegheny Energy) and on such date Allegheny Energy became a wholly-owned subsidiary of FirstEnergy. Pursuant to the requirements of the merger agreement (later referred to as the Merger Agreement) with Allegheny Energy, on February 25, 2011 your Board of Directors increased the size of the Board from 11 to 13 members and appointed two of the Allegheny Energy directors, Julia L. Johnson and Ted J. Kleisner, to your Board of Directors. Ms. Johnson and Mr. Kleisner have also been nominated for election to the Board at the Meeting for a term expiring at the Annual Meeting of Shareholders in 2012 and until their successors have been elected.

Who is soliciting my vote, how are proxy cards being solicited, and what is the cost?

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The Board is soliciting your vote. We have arranged for the services of Innisfree M&A Incorporated to solicit votes personally or by telephone, mail, or other electronic means for a fee not expected to exceed \$15,000, plus reimbursement of expenses. Votes also may be solicited in a similar manner by officers and employees of the Company on an uncompensated basis. The Company will pay all solicitation costs and will reimburse brokers and banks for postage and expenses incurred by them for sending proxy material to beneficial holders.

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Will any other matters be voted on other than those described in this proxy statement?

We do not know of any business that will be considered at the Meeting other than the matters described in this proxy statement. However, if other matters are presented properly, your executed appointment of a proxy will give authority to the appointed proxies to vote on those matters at their discretion, unless you indicate otherwise in writing.

Do I need an admission ticket to attend the Meeting?

No. An admission ticket is not necessary, but you will be asked to sign in upon arrival at the Meeting. Only shareholders or their proxies and the Company's invited guests may attend the Meeting. If your shares are held in street name by a broker or bank, upon arrival at the Meeting, you will need to present a letter or account statement from your broker or bank indicating your ownership of FirstEnergy common stock on the record date. You should contact your broker or bank to obtain such a letter or account statement.

Where can I find the voting results of the Meeting?

We will announce preliminary voting results at the Meeting. Final voting results will be posted on our Internet site at www.firstenergycorp.com/ir as soon as practicable and also will be published in a Current Report on Form 8-K, which is expected to be filed with the Securities and Exchange Commission (later referred to as the SEC) within four business days after the date of the Meeting and with respect to Item 5, the Company will disclose its position on the frequency of the advisory vote on executive compensation in an amended Form 8-K within the applicable time limits as directed by the Securities and Exchange Commission.

Can I view future FirstEnergy proxy statements and annual reports on the Internet instead of receiving paper copies?

Yes. If you are a registered shareholder, you can elect to view future proxy statements and annual reports on the Internet by marking the designated box on your proxy card or by following the instructions when voting by Internet or by telephone. If you choose this option, prior to the next annual meeting, you will be mailed a proxy card along with instructions on how to access the proxy statement and annual report using the Internet. Your choice will remain in effect until you notify us that you wish to resume mail delivery of these documents. If you hold your stock through a broker or bank, refer to the information provided by that entity for instructions on how to elect this option.

Why did we receive just one copy of the proxy statement and annual report when we have more than one stock account in our household?

We are following an SEC rule that permits us to send one copy of this proxy statement and annual report to a household if shareholders provide written or implied consent. We previously mailed a notice to eligible registered shareholders stating our intent to use this rule unless a shareholder provided an objection. Using this rule reduces unnecessary publication and mailing costs. Shareholders continue to receive a separate proxy card for each stock account. If you are a registered shareholder and received only one copy of the proxy statement and annual report in your household, you can request multiple copies for some or all accounts, either by calling Shareholder Services at 1-800-736-3402 or by writing to FirstEnergy Corp., c/o American Stock Transfer & Trust Company, LLC, P.O. Box 2016, New York, NY 10272-2016. You also may contact us in the same manner if you are receiving multiple copies of the proxy statement and annual report in your household and desire to receive one copy. If you are not a registered shareholder and your shares are held by a broker or bank, you will need to contact such broker or bank to revoke your election and receive multiple copies of these documents.

When are shareholder proposals for the 2012 Annual Meeting due?

A shareholder who wishes to offer a proposal for inclusion in the Company's proxy statement and proxy card for the 2012 Annual Meeting must submit the proposal and any supporting statement by December 5,

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2011, to the Corporate Secretary, FirstEnergy Corp., 76 South Main Street, Akron, OH 44308-1890. Any proposal received after that date will not be eligible for inclusion in the 2012 proxy statement and proxy card.

Under our Amended Code of Regulations, and as permitted by the rules of the SEC, certain procedures must be followed by a shareholder for business to be brought properly before an annual meeting of shareholders. These procedures provide that we must receive the notice of intention to introduce an item of business at an annual meeting not less than 30 nor more than 60 calendar days prior to the annual meeting. In the event public announcement of the date of the annual meeting is not made at least 70 calendar days prior to the date of the meeting, notice must be received not later than the close of business on the 10th calendar day following the day on which the public announcement is first made. Our Amended Code of Regulations is available upon written request to the Corporate Secretary, FirstEnergy Corp., 76 South Main Street, Akron, OH 44308-1890.

Our Annual Meeting of Shareholders generally is held on the third Tuesday of May. Assuming that our 2012 Annual Meeting is held on schedule, we must receive any notice of intention to introduce an item of business at that meeting no earlier than March 16, 2012 and no later than April 15, 2012. If we do not receive notice as set forth above, or if we meet certain other requirements of the SEC rules, the persons named as proxies in the proxy materials relating to that meeting will use their discretion in voting the proxies when these matters are raised at the meeting.

How can I learn more about FirstEnergy's operations?

You can learn more about our operations by reviewing the annual report to shareholders for the year ended December 31, 2010, that is included with the mailing of this proxy statement. You also can view the annual report and other information by visiting our Internet site at www.firstenergycorp.com/financialreports.

A copy of our latest annual report on Form 10-K filed with the SEC, including the financial statements and the financial statement schedules, will be sent to you, without charge, upon written request to Rhonda S. Ferguson, Corporate Secretary, FirstEnergy Corp., 76 South Main Street, Akron, OH 44308-1890. You also can view the Form 10-K by visiting the Company's Internet site at www.firstenergycorp.com/financialreports. Information contained on any of the Company Internet sites is not deemed to be part of this proxy statement.

CORPORATE GOVERNANCE AND BOARD OF DIRECTORS INFORMATION

What is the leadership structure of the FirstEnergy Board and why did FirstEnergy separate the positions of Chief Executive Officer and Chairman of the Board?

The Board separated the positions of Chief Executive Officer and Chairman of the Board in 2004 when it elected George M. Smart as its non-executive Chairman of the Board and Anthony J. Alexander as President and Chief Executive Officer. Our Amended Code of Regulations and Corporate Governance Policies do not require that our Chairman of the Board of Directors and Chief Executive Officer positions be separate, and the Board has not adopted a specific policy or philosophy on whether the role of the Chief Executive Officer and Chairman of the Board of Directors should be separate. However, the Corporate Governance Committee currently believes that having a separate Chairman of the Board and Chief Executive Officer is the appropriate board structure at this time and that a non-executive chairman helps to enhance the independent oversight of management, more closely aligns the Board with shareholders, and allows our Chief Executive Officer to focus on our day-to-day operations. In this regard, the independent Chairman of the Board provides a non-management point of contact for shareholders and other interested parties to send written communications to the Board. An independent Chairman of the Board also is able to provide the leadership necessary to ensure that the Board fulfills its roles of advising and providing independent oversight of management and engaging fully in the development of the Company's business strategy and evaluating how well that strategy is being implemented.

As required by the NYSE Listing Standards, FirstEnergy schedules regular executive sessions for our independent directors to meet without management participation. Because an independent director is required to preside over each such executive session of independent directors, we believe it is more efficient

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to have our independent Chairman preside over all such meetings as opposed to rotating that function among all of the Company's independent directors.

What action has the Board taken to determine the independence of directors?

The Board annually reviews the independence of each of its members to make the affirmative determination of independence that is called for by our Corporate Governance Policies and required by the listing standards of the New York Stock Exchange (later referred to as the NYSE).

The Board adheres to the definition of an independent director as established by the NYSE and the SEC. The definition used by the Board to determine independence is included in our Corporate Governance Policies and can be viewed by visiting our Internet site at www.firstenergycorp.com/ir.

Compliance with the definition of independence is reviewed annually by the Corporate Governance Committee. Each independent director is required to report to the Corporate Secretary any changes in information that were used to determine independence. The Corporate Governance Committee chair must notify the entire Board upon receipt of such notification from the director or Corporate Secretary.

Which directors and nominees are independent?

Based on the most recent independence review, the Board determined that all directors are independent, with the exception of President and Chief Executive Officer (later referred to as the CEO) Anthony J. Alexander. Directors Paul T. Addison, William T. Cottle, and Jesse T. Williams, Sr. were deemed independent based on the independence criteria as discussed in the answer to the immediately preceding question, and the Board was not aware of any other types and categories of transactions for these directors that are required to be considered. However, for the directors listed below, additional specific types and categories of transactions were considered by the Board, as noted, in determining their independence. The Board determined that the relationships described below for directors Michael J. Anderson, Dr. Carol A. Cartwright, Robert B. Heisler, Jr., Julia L. Johnson, Ted J. Kleisner, Ernest J. Novak, Jr., Catherine A. Rein, George M. Smart, and Wes M. Taylor were not material and that such directors are independent. Additionally, the Board determined that none of the relationships described below constituted a related person transaction requiring disclosure as set forth in the Related Person Transactions Policy described under the heading Certain Relationships and Related Person Transactions in this proxy statement.

Michael J. Anderson

Electric purchases from subsidiaries of the Company by a company for which Mr. Anderson serves as Chairman, CEO and President, as well as purchases of fertilizer and other goods by FirstEnergy Service Company on behalf of other subsidiaries of the Company from the same company;

Non-electric purchases from subsidiaries of the Company by a non-profit organization for which Mr. Anderson serves as a trustee;

Electric purchases from subsidiaries of the Company by two non-profit organizations for which Mr. Anderson serves as a trustee or trustee emeritus;

Non-Electric purchases by subsidiaries of the Company from a non-profit organization for which Mr. Anderson serves as a trustee; and

Charitable contributions made by the FirstEnergy Foundation to three non-profit organizations for which Mr. Anderson serves as a director, trustee, or trustee emeritus.

Dr. Carol A. Cartwright

Electric and non-electric purchases from subsidiaries of the Company by a company for which Dr. Cartwright serves as a director;

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Electric purchases from subsidiaries of the Company by a company and two non-profit organizations for which Dr. Cartwright serves as a director or President;

Non-electric purchases from subsidiaries of the Company by a non-profit organization for which Dr. Cartwright serves as a director;

Purchases of financial services by the Company and its subsidiaries from a bank for which Dr. Cartwright serves as a director; and

Charitable contributions made by the First Energy Foundation to two non-profit organizations for which Dr. Cartwright serves as a director.

Robert B. Heisler, Jr.

Electric and non-electric purchases from subsidiaries of the Company by a non-profit organization for which Mr. Heisler serves as a university dean;

Electric purchases from subsidiaries of the Company by two non-profit organizations for which Mr. Heisler serves as a member of the Board of Governors or an advisory board member; and

Charitable contributions and/or membership fees made by the FirstEnergy Foundation and by the Company to three non-profit organizations for which Mr. Heisler serves as a trustee, a member of the Board of Governors, or an advisory board member.

Julia L. Johnson

Purchases of temporary labor by subsidiaries of the Company from a company for which Ms. Johnson serves as a director.

Ted J. Kleisner

Electric purchases from subsidiaries of the Company by a company for which Mr. Kleisner serves as an officer;

Purchases by subsidiaries of the Company for banquet services from a company for which Mr. Kleisner serves as an officer; and

Purchases by subsidiaries of the Company for membership dues and related expenses from a non-profit organization for which Mr. Kleisner serves as a director.

Ernest J. Novak, Jr.

Electric purchases from subsidiaries of the Company by a company and two non-profit organizations for which Mr. Novak serves as a director; and

Charitable contributions made by the FirstEnergy Foundation to two non-profit organizations for which Mr. Novak serves as a director.

Catherine A. Rein

Purchases of financial services by a subsidiary of the Company from a bank for which Ms. Rein serves as a director.

George M. Smart

Electric purchases from subsidiaries of the Company by a non-profit organization for which Mr. Smart serves as a trustee; and

Charitable contributions made by the FirstEnergy Foundation to a non-profit organization for which Mr. Smart serves as a trustee.

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Wes M. Taylor

Purchases of fuel by a subsidiary of the Company from a company for which Mr. Taylor serves as a director.

What function does the FirstEnergy Board perform?

Although your Board has the responsibility for establishing broad corporate policies and for our overall performance, the Board is not involved in day-to-day operations of the Company. We keep the directors informed of our business and operations with various reports and documents that we send to them each month. We also make operating and financial presentations at Board and committee meetings. The Board established the committees described below to assist in performing its responsibilities.

The Board believes that the Company's policies and practices should enhance the Board's ability to represent your interests as shareholders. In support of this philosophy, the Board established Corporate Governance Policies which, along with charters of the Board committees, serve as a framework for meeting the Board's duties and responsibilities with respect to the governance of the Company. Our Corporate Governance Policies and Board committee charters can be viewed by visiting our Internet site at www.firstenergycorp.com/ir.

What is FirstEnergy's Risk Management Process and the Board's Role in Risk Oversight?

The Company faces a variety of risks and recognizes that the effective management of those risks contributes to the overall success of the Company. The Company has implemented a process for identifying, prioritizing, reporting, monitoring, managing, and mitigating its significant risks. A Risk Policy Committee, consisting of the Chief Risk Officer and senior executive officers, provides oversight and monitoring to ensure that appropriate risk policies are established and carried out and processes are executed in accordance with selected limits and approval levels. Other Company committees exist to address topical risk issues. Timely reports on significant risk issues are provided as appropriate to employees, management, senior executive officers, respective Board committees, and the whole Board. The Chief Risk Officer also prepares enterprise-wide risk management reports that are presented to the Audit Committee, the Finance Committee and the Board.

The Board administers its risk oversight function through both the whole Board, as well as through the various Board committees. Specifically, the Audit Committee Charter requires the Audit Committee to discuss the Company's policies with respect to risk assessment and risk management. The Audit Committee reviews and discusses guidelines and policies to govern the process to assess and manage the Company's exposure to risk, including risk associated with our credit, liquidity, and operations. It also reviews and discusses the Company's major financial risk exposures and the steps management has taken to monitor and control such exposures. Through this oversight process, the Board obtains an understanding of significant risk issues on a timely basis, including the risks inherent in the Company's strategy. In addition, while the Company's Chief Risk Officer administratively reports to the Executive Vice President and Chief Financial Officer, he has full access to the Audit and Finance Committees and attends each of their Committee meetings.

In addition to the Audit Committee's role in risk oversight, our other Board committees also play a role in risk oversight within each of their areas of responsibility. The Compensation Committee is responsible for reviewing, discussing, and assessing risks related to compensation programs, including incentive compensation and equity-based plans, and risks related to compensation philosophy and structure. The Corporate Governance Committee considers risks relating to corporate governance, Board and committee membership, the performance of the Board, and related party transactions. The Finance Committee evaluates the impact of risk resulting from financial resources and strategies, including capital structure policies, financial forecasts, budgets and financial transactions, commitments,

and expenditures. The Nuclear Committee considers the risks associated with the safety, reliability, and quality of our nuclear operations. Further, day-to-day risk oversight is conducted by our Enterprise Risk Management department and our senior management and is shared with our Board or Board committees, as appropriate.

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Does FirstEnergy provide any training for its Board members?

Yes. The Board recognizes the importance of its members keeping current on Company and industry issues and their responsibilities as directors. All new directors attend orientation training (either provided or approved by the Corporate Governance Committee) soon after being elected to the Board. Also, the Board makes available and encourages continuing education programs for Board members, which may include internal strategy meetings, third-party presentations, and externally offered programs.

How many meetings did the Board hold in 2010?

Your Board held 14 regularly scheduled or special meetings during 2010. All directors attended 75 percent or more of the meetings of the Board and of the committees on which they served in 2010.

Non-management directors, including the independent directors, are required to meet as a group in executive sessions without the CEO, any other non-independent director, or management at least six times in each calendar year. George M. Smart, the non-executive chairman of the Board, presides over all executive sessions. During 2010, the non-management directors met 14 times in executive sessions.

What committees has the Board established?

The Board established the standing committees listed below. All committees are comprised solely of independent directors as determined by the Board in accordance with our Corporate Governance Policies, which incorporate the NYSE listing standards and applicable SEC rules.

Audit Committee

The purpose of the Audit Committee is to assist Board oversight of: the integrity of the Company's financial statements; the Company's compliance with legal, risk management, and regulatory requirements; the independent auditor's qualifications and independence; the performance of the Company's internal audit function and independent auditor; and the Company's systems of internal control with respect to the accuracy of financial records, adherence to Company policies, and compliance with legal and regulatory requirements. The committee prepares the report that SEC rules require be included in the Company's annual proxy statement and performs such other duties and responsibilities enumerated in the Committee Charter. The committee's function is