WHEREAS:

Coal dependent electric utilities face numerous challenges and uncertainty from coal prices and volatility, competition from alternative generating sources, and costs of environmental compliance.

The merger with Allegheny Energy increased FirstEnergy's reliance on coal-fired generation from 7,469 MW of capacity (54.2% of total) to 14,863 MW (64% of total). The average age of the company's 55 coal units is 50 years, the majority of which are merchant generators; 16% of the coal fleet lacks required pollution controls.

Combined, FirstEnergy and Allegheny sourced 67% of their coal from Central Appalachia and 29% from Powder River Basin in 2010. Between December 2009 and October 2011, Central Appalachian coal prices increased 48% and Powder River Basin coal increased 78%. Analysts predict continued upward pressure on coal prices with more erratic price swings.

Deutsche Bank calculates that it is more economical to burn natural gas than coal to generate electricity when natural gas costs $4-6/mmBtu. The Henry Hub price for natural gas through 2025 is under $6. Lazard Ltd. calculated the levelized cost of electricity for wind, in most cases, as less than that for coal; thin-film solar, biomass, and geothermal are, in many cases, less than that for coal.

Coal dependent utilities face increased capital cost for coal plant emissions controls. While EPA has agreed to ease or delay some new regulations for power plant pollution, it is moving, pursuant to court order, to adopt new rules that will keep 91% of coal's mercury emissions from the air. Analysts estimate compliance costs for mercury could cause retirement of 61-75 GW of U.S. coal-fired generation capacity. Utility analysts agree that older, smaller coal plants without control technology and much of the nation's merchant coal fleet are uneconomical and should be retired.

Fitch Ratings estimates that 4,264 MW of FirstEnergy's coal capacity is at risk of retirement. FirstEnergy recorded a $69 million write down for two coal units retired at R.E. Burger plant.

In response to the economic downturn, decreased demand, and uncertainty regarding environmental compliance, FirstEnergy reduced generation at four of its smaller coal-fired plants. Allegheny placed several coal-fired plants in reserve status due to economic conditions and lower market prices for electricity. FirstEnergy estimates capital expenditures between $2 and $3 billion over five to seven years for compliance with Cross State Air Pollution Rule alone. To meet state renewable portfolio standards, FirstEnergy is procuring renewable energy credits rather than investing in renewable energy capacity.

THEREFORE BE IT RESOLVED:

Shareowners request that FirstEnergy Board of Directors report to shareholders by December 2012, at reasonable cost and omitting proprietary information, on plans to reduce our company's exposure to coal-related costs and risks, including progress toward achieving specific goals to minimize commodity risks, emissions other than greenhouse gases, and costs of environmental compliance.