AS YOU SOW

2017 Shareholder Resolution
Firstenergy
Request: Report on Carbon Asset Risk

WHEREAS: The use of coal, the most carbon intensive fossil fuel, is a key driver of climate change; its use must be dramatically reduced to meet carbon reduction goals set forth in the 2015 Paris Agreement to 2 degrees Celsius. In addition to global carbon reduction commitments, coal is becoming uncompetitive due to other climate-related factors:

- *Lower carbon technology deployed at scale.* "Gas-fired power plants and wind farms have pushed prices down on regional wholesale markets in which [FirstEnergy's] power plants must compete." ("FirstEnergy to sell or close power plants if Ohio, Pennsylvania do not return to regulated rates", Cleveland.com, November 2016)

- *Large utility customers moving to clean energy.* As of November 2016, 83 companies including Apple, GM, and Walmart made commitments to achieve 100% renewable energy use, creating pressure on utilities to meet demand for clean energy or lose large customers. (RE100)

- *Environmental and public health consequences*. Fossil-fuel emissions, especially from coal-based power, create many negative environmental and health impacts. Further, coal waste, known as "coal ash", is laced with heavy metals that can leach and spill from disposal sites, contaminating water supplies. These concerns add to coal's cost.

Across the U.S., these market forces have caused coal assets to lose value. For example, in 2016 AEP posted a $2.3 billion write down, and NRG reported a $6.4 billion dollar loss, both related to unprofitable coal plants.

FirstEnergy itself posted a $1.1 billion loss on its Ohio coal plants, even after waging a lengthy campaign pushing for billions of dollars in government subsidies to "bail out" the plants. In November 2016, FirstEnergy's CEO told analysts that its coal plants could not compete in current energy markets and would likely be shuttered or sold. (Cited above, Cleveland.com, November 2016)

FirstEnergy's commitment to coal has destroyed shareholder value for years. By December 2016, FirstEnergy's stock value had dropped over 35% from its 2008 peak, and Moody's downgraded two of its subsidiaries' credit ratings in July 2016. Despite such stark financial red flags, FirstEnergy subsidiaries, MonPower and Potomac Edison, disclosed plans to buy a new coal plant. ("First Energy being questioned about future plans", Charleston Gazette-Mail, March 2016).

FirstEnergy had launched an environmental campaign focused on a cleaner energy future called "The Switch Is On", but in July 2016 ended the campaign, took down the website, and removed the only chart showing its annual carbon emissions from its 2016 Sustainability Report. FirstEnergy adopted a commendable carbon target, but has not identified a path to achieving it, and its management remains focused on coal.

BE IT RESOLVED: Shareholders request that FirstEnergy prepare a report, at reasonable cost and omitting proprietary information, disclosing its strategy for aligning business operations with the 2015 Paris Agreement's goal of limiting global warming to a maximum of 2 degrees Celsius, while maintaining the provision of safe, affordable, reliable energy.