FIRSTENERGY CORP
Form DEF 14A
April 02, 2007

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

SCHEDULE 14A

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

Filed by the Registrant o
Filed by a Party other than the Registrant o
Check the appropriate box:

o	Preliminary Proxy Statement
o	**Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**
x	Definitive Proxy Statement
o	Definitive Additional Materials
o	Soliciting Material Pursuant to §240.14a-12

FirstEnergy
(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

x No fee required.

o 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:

(5) Total fee paid:

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:

Persons who are to respond to the collection of information contained in this form are not
required to respond unless the form displays a currently valid OMB control number.

NOTICE OF ANNUAL MEETING OF SHAREHOLDERS AND PROXY STATEMENT

ANNUAL MEETING OF SHAREHOLDERS
MAY 15, 2007

---

76 South Main St.,
Akron, Ohio 44308

David W. Whitehead
Corporate Secretary

April 2, 2007

Dear Shareholder:

You are invited to attend the 2007 FirstEnergy Corp. Annual Meeting of Shareholders at 10:30 a.m., Eastern time, on Tuesday, May 15, 2007, at the John S. Knight Center, 77 E. Mill Street, Akron, Ohio.

As part of the agenda, business to be voted on includes six items which are explained in this proxy statement. The first three items are the election of eleven members to your Board of Directors, the ratification of our independent registered public accounting firm, and approval of the FirstEnergy Corp. 2007 Incentive Plan. **Your Board of Directors recommends that you vote FOR Items 1-3.** In addition, there are three shareholder proposals. **Your Board of Directors recommends that you vote AGAINST these shareholder proposals, which are Items 4-6.**

First, 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 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 send 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 can join us at our meeting.

Sincerely,

NOTICE OF ANNUAL MEETING OF SHAREHOLDERS

To the Holders of Shares of Common Stock:

The 2007 FirstEnergy Corp. Annual Meeting of Shareholders will be held at 10:30 a.m., Eastern time, on May 15, 2007, at the John S. Knight Center, 77 E. Mill Street, Akron, Ohio. The purpose of the Annual Meeting will be to:

- Elect eleven members to the Board of Directors to hold office until the next Annual Meeting;
- Ratify the appointment of PricewaterhouseCoopers LLP as our independent registered public accounting firm for 2007;
- Approve the FirstEnergy Corp. 2007 Incentive Plan;
- Vote on three shareholder proposals, if properly presented at the Annual Meeting; and
- Take action on other business that may properly come before the Annual Meeting and any adjournment or postponement thereof.

Please read the accompanying proxy statement, then 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 21, 2007, or their proxy holders, may vote at the meeting.

On behalf of the Board of Directors,
David W. Whitehead
Corporate Secretary

This notice and proxy statement are being mailed to shareholders on or about April 2, 2007.

PROXY STATEMENT
TABLE OF CONTENTS

	Page
ANNUAL MEETING AND VOTING INFORMATION	1
CORPORATE GOVERNANCE AND BOARD OF DIRECTORS INFORMATION	5
CERTAIN RELATIONSHIPS AND RELATED PERSON TRANSACTIONS	11
SECTION 16(a) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE	12
COMPENSATION COMMITTEE INTERLOCKS AND INSIDER PARTICIPATION	13
COMPENSATION COMMITTEE REPORT	13
AUDIT COMMITTEE REPORT	13
ITEMS TO BE VOTED ON	14
BIOGRAPHICAL INFORMATION ON NOMINEES FOR ELECTION AS DIRECTORS	29
SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS	31
SECURITY OWNERSHIP OF MANAGEMENT	32
COMPENSATION DISCUSSION AND ANALYSIS	33
SUMMARY COMPENSATION TABLE	44
GRANTS OF PLAN-BASED AWARDS	46
OUTSTANDING EQUITY AWARDS AT FISCAL YEAR-END	50
OPTION EXERCISES AND STOCK VESTED	51
POST-EMPLOYMENT COMPENSATION	52
PENSION BENEFITS	52
NONQUALIFIED DEFERRED COMPENSATION	56
COMPENSATION OF DIRECTORS	63
DIRECTOR COMPENSATION	65
EQUITY COMPENSATION PLAN INFORMATION	68

April 2, 2007

PROXY STATEMENT

ANNUAL MEETING AND VOTING INFORMATION

Why am I receiving this proxy statement and proxy card?

You are receiving this proxy statement and a proxy card, which are being mailed beginning on or about April 2, 2007, 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 21, 2007 (later referred to as the record date). The Board of Directors (later referred to as the Board) set the record date to determine shareholders entitled to vote at the Annual Meeting of Shareholders to be held at 10:30 a.m., Eastern time, on May 15, 2007 (later referred to as the Meeting). This proxy statement describes issues 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, Ohio 44308-1890.

How do I vote?

If your shares are held in street name by a broker or bank, you will receive specific voting instructions from your broker or bank for voting those shares.

If you are a registered shareholder, you may vote your shares through a proxy appointed by telephone, Internet, or mail, 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 (do not return your proxy card)**

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 15, 2007.

b. Have your proxy card in hand and follow the simple recorded instructions.

2. **By Internet (do not return your proxy card)**

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 15, 2007.

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 of Directors.

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. Your proxy card must be received by 10:30 a.m., Eastern time, on Tuesday, May 15, 2007, 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.

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 Meeting.

The proxy tabulator will treat as final the last instructions it receives from you. 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 tabulator before changing them by telephone or Internet.

How does the Board of Directors recommend that I vote?

Your Board recommends that you vote as follows:

- **For** the eleven nominees to the Board who are listed in this proxy statement (Item 1);
- **For** the ratification of PricewaterhouseCoopers LLP as our independent registered public accounting firm for 2007 (Item 2);
- **For** the approval of the FirstEnergy Corp. 2007 Incentive Plan (Item 3); and
- **Against** the three shareholder proposals (Items 4-6).

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

As of the record date, 304,835,407 shares of 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. 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 that your broker will be permitted to vote your shares on Items 1 and 2 without your instructions. However, your broker cannot vote your shares on Items 3-6 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.

An item to be voted on may require a percent of votes cast, rather than a percent 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 percent of shares outstanding. If your proxy card is not voted 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 under Item 1, the eleven 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 Code of Regulations does not require that shareholders ratify the selection of PricewaterhouseCoopers LLP as our independent registered public accounting firm. However, we are submitting the proposal for ratification as a matter of good corporate practice. If shareholders do not ratify the selection, the Audit Committee will reconsider whether or not to retain PricewaterhouseCoopers LLP. Even if the selection is ratified, the Audit Committee, at its discretion, may change the appointment at any time during the year if the Company determines that such a change would be in the best interests of the Company and its shareholders. Ratification 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, approval of the FirstEnergy Corp. 2007 Incentive Plan, must receive a For vote from a majority of votes cast. Abstentions and broker non-votes will have no effect.

To be approved, Item 4, the shareholder proposal requesting that the Board take the measures necessary to change the Company s jurisdiction of incorporation from Ohio to Delaware, must receive a For vote from a majority of votes cast. Abstentions and broker non-votes will have no effect.

To be approved, Item 5, the shareholder proposal requesting that the Board adopt a policy establishing an engagement process with the proponents of shareholder proposals that are supported by a majority of the votes cast, excluding abstentions and broker non-votes, at any annual meeting, must receive a For vote from a majority of votes cast. Abstentions and broker non-votes will have no effect.

To be approved, Item 6, the shareholder proposal recommending that the Board take each step necessary to adopt a simple majority vote to apply to the greatest extent possible, 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 4-6, the ultimate adoption of such provisions is at the discretion of the Board.

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

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 $12,500, 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 shareholders.

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 other than the matters described in this proxy statement. However, if other matters are presented properly, your executed appointment of 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 register upon arrival at the Meeting. Only shareholders or their proxies and the Company s 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 our quarterly report on Form 10-Q for the second quarter of the 2007 fiscal year, which is expected to be filed with the Securities and Exchange Commission (later referred to as the SEC) in August 2007.

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 the 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, we will promptly deliver multiple copies for some or all accounts upon your request, either by calling FirstEnergy Shareholder Services at 1-800-736-3402 or by writing to FirstEnergy Corp., Shareholder Services, 76 South Main Street, Akron, Ohio 44308-1890. 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 call that entity to revoke your election and receive multiple copies of these documents.

When are shareholder proposals for the 2008 Annual Meeting due?

A shareholder who wishes to offer a proposal for inclusion in the Company s proxy statement and proxy card for the 2008 Annual Meeting must submit the proposal and any supporting statement by December 4, 2007, to the Corporate Secretary, FirstEnergy Corp., 76 South Main Street, Akron, Ohio 44308-1890. Any proposal received after that date will not be eligible for inclusion in the 2008 proxy statement and proxy card.

A shareholder who wishes to offer a proposal for consideration at the 2008 Annual Meeting after December 4, 2007, and who wants the proposal referenced in our proxy statement (although such proposal would not be included on the proxy card), must submit the proposal by February 17, 2008, to the Corporate Secretary, FirstEnergy Corp., 76 South Main Street, Akron, Ohio 44308-1890. However, to raise the matter at the meeting, the shareholder also will need to comply with the notice provisions contained in the Company s Code of Regulations. Our Code of Regulations can be viewed by visiting our Internet site at *www.firstenergycorp.com/ir.*

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, 2006, which 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/ir.*

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 David W. Whitehead, Corporate Secretary, FirstEnergy Corp., 76 South Main Street, Akron, Ohio 44308-1890. You also can view the Form 10-K by visiting the Company s Internet site at *www.firstenergycorp.com/ir*. 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 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 will adhere to the definition of an independent director as promulgated from time to time by the NYSE and the SEC. The definition used by the Board to determine independence, which includes all elements of independence set forth by the NYSE and SEC, 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. Additionally, should any independent director learn of changes to his or her personal information that was used to determine independence, such director shall, as soon as practicable, notify the Corporate Secretary of the relevant information. The Corporate Governance Committee, through its Chair, shall 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. This review included the criteria for independence listed in our Corporate Governance Policies which includes the criteria required by the listing standards of the NYSE as discussed above. Directors Paul T. Addison, William T. Cottle, Jesse T. Williams, Sr., and Dr. Patricia K. Woolf were deemed independent based on such independence criteria, 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 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., Russell W. Maier, Ernest J. Novak, Jr., Robert N. Pokelwaldt, Paul J. Powers, Catherine A. Rein, Robert C. Savage, George M. Smart, and Wes M. Taylor were not material and that such directors are independent. Additionally, 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 and non-electric purchases from subsidiaries of the Company by a public company for which Mr. Anderson serves as 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 public company;

- Electric and non-electric purchases from subsidiaries of the Company by a public company and non-profit organizations for which Mr. Anderson serves as a director or trustee;
- Purchases of financial services by the Company and its subsidiaries from a bank for which Mr. Anderson serves as a director; and
- Charitable contributions made by FirstEnergy Foundation and by the Company to non-profit organizations for which Mr. Anderson serves as a director or trustee.

Dr. Carol A. Cartwright

- Purchases by FirstEnergy Service Company on behalf of other subsidiaries of the Company for vegetation management from a company for which Dr. Cartwright serves as a director;
- Electric and non-electric purchases from subsidiaries of the Company by public companies and non-profit organizations for which Dr. Cartwright serves as a director or trustee;
- Charitable contributions made by FirstEnergy Foundation and by the Company to non-profit organizations for which Dr. Cartwright serves as a trustee and to a state university in which she served as President until July 2006; and
- Purchases of financial services by the Company and its subsidiaries from a bank for which Dr. Cartwright serves as a director.

Robert B. Heisler, Jr.

- Purchases by FirstEnergy Service Company on behalf of other subsidiaries of the Company for financial services from a bank and its affiliates for which Mr. Heisler was an executive officer in 2006 and 2007;
- Electric and non-electric purchases from subsidiaries of the Company by a public company and non-profit organizations for which Mr. Heisler served as an executive officer or trustee; and
- Charitable contributions made by FirstEnergy Foundation and by the Company to non-profit organizations for which Mr. Heisler serves as a trustee and to a state university in which he serves as a trustee of the university s foundation and served as chairman within the last three years.

Russell W. Maier

- Electric purchases from subsidiaries of the Company by companies for which Mr. Maier serves or served as a director.

Ernest J. Novak, Jr.

- Electric and non-electric purchases from subsidiaries of the Company by a non-profit organization and two public companies for which Mr. Novak serves as trustee or director; and
- Charitable contributions made by FirstEnergy Foundation and by the Company to non-profit organizations for which Mr. Novak serves as trustee.

Robert N. Pokelwaldt

- Electric and non-electric purchases from subsidiaries of the Company by two public companies for which Mr. Pokelwaldt serves as a director.

6

Paul J. Powers

- Electric and non-electric purchases from subsidiaries of the Company by a company for which Mr. Powers served as a director in 2004 and 2005.

Catherine A. Rein

- Purchases of financial services by FirstEnergy Service Company on behalf of other subsidiaries of the Company from a bank for which Ms. Rein serves as a director, and purchases of insurance and beneficiary services by FirstEnergy Service Company on behalf of other subsidiaries of the Company from an insurance and beneficiary company for which Ms. Rein serves as an executive officer; and

- Electric purchases from subsidiaries of the Company by a public company for which Ms. Rein serves as a director.

Robert C. Savage

- Electric and non-electric purchases from subsidiaries of the Company by a public company for which Mr. Savage served as a director;

- Electric and non-electric purchases from subsidiaries of the Company by a public company and other non-profit organizations for which Mr. Savage serves as a director; and

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

George M. Smart

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

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

Wes M. Taylor

- Purchases of fuel by FirstEnergy Generation Corp. from a company for which Mr. Taylor serves as a director.

What function does the FirstEnergy Board of Directors perform?

Although your Board has the responsibility for establishing broad corporate policies and for our overall performance, it 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 has 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 has established Corporate Governance Policies which, along with charters of the Board committees, serve as a framework for meeting its 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*, and copies are available upon written request to the Corporate Secretary, FirstEnergy Corp., 76 South Main Street, Akron, Ohio 44308-1890.

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. In addition, all directors are required to participate in at least eight hours of accredited training programs within the past 24 months.

How many meetings did the Board hold in 2006?

Your Board held twelve regularly scheduled or special meetings during 2006. During the period of their membership, all directors attended 75 percent or more of the meetings of the Board and of the committees on which they served in 2006.

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 2006, twelve executive sessions were held.

What committees has the Board of Directors established?

The Board has 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.

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 to perform such other duties and responsibilities enumerated in the Committee Charter. The Committee s function is one of oversight, recognizing that the Company s management is responsible for preparing the Company s financial statements, and the independent auditor is responsible for auditing those statements. In adopting the Committee Charter, the Board acknowledges that the Committee members are not employees of the Company and are not providing any expert or special assurance as to the Company s financial statements or any professional certification as to the external auditor s work or auditing standards. Each member of the Committee shall be entitled to rely on the integrity of those persons and organizations within and outside the Company that provide information to the Committee and the accuracy and completeness of the financial and other information provided to the Committee by such persons or organizations absent actual knowledge to the contrary. For a complete list of responsibilities and other information, refer to the Audit Committee Charter on our Internet site at *www.firstenergycorp.com/ir,* and which is available upon written request to the Corporate Secretary, FirstEnergy Corp., 76 South Main Street, Akron, Ohio 44308-1890.

This committee is comprised of five members and met ten times in 2006, of which four meetings were telephonic to discuss earnings releases and the Form 10-K. The current members of this committee are Russell W. Maier (Chair), Paul T. Addison, Ernest J. Novak, Jr., Catherine A. Rein, and George M. Smart. All members of this committee are financially literate. The Board appoints at least one member of

the Audit Committee who, in the Board s business judgment, is an Audit Committee Financial Expert, as such term is defined by the SEC. The Board has determined that independent Audit Committee and Board Member, Ernest J. Novak, Jr., meets this definition. See the Audit Committee Report in this proxy statement for additional information regarding the committee.

Compensation Committee

The purpose of the Compensation Committee is: to discharge the responsibilities of the Board as specified in the Compensation Committee Charter relating to compensation of certain senior-level officers of the Company, including the CEO, the Company s other non-CEO executive officers, and the Chairman, if the Chairman is not the CEO, and other individuals named in the Company s annual proxy statement; to review, discuss, and endorse a compensation philosophy that supports competitive pay for performance and is consistent with the corporate strategy; to assist the Board in establishing the appropriate incentive compensation and equity-based plans for the Company s executive officers, to administer such plans in order to attract, retain and motivate skilled and talented executives and to align such plans with Company and business unit performance, business strategies and growth in shareholder value; to review and discuss with the Company s management the disclosures in the Compensation Discussion and Analysis (later referred to as the CD&A) required by applicable rules and regulations and, based upon such review and discussions, to recommend to the Board whether the CD&A should be included in the Company s annual report and proxy statement; to produce the Compensation Committee Report to be included in the Company s annual report and proxy statement in accordance with applicable rules and regulations; and to perform such other duties and responsibilities enumerated in and consistent with the Compensation Committee Charter. For a complete list of responsibilities and other information, refer to the Compensation Committee Charter on our Internet site at *www.firstenergycorp.com/ir* and which is available upon written request to the Corporate Secretary, FirstEnergy Corp., 76 South Main Street, Akron, Ohio 44308-1890. In addition, refer to the CD&A that can be found later in this proxy statement.

This committee is comprised of five members and met four times in 2006. The current members of this committee are Catherine A. Rein (Chair), Dr. Carol A. Cartwright, Robert B. Heisler, Jr., Russell W. Maier, and Wes M. Taylor.

Corporate Governance Committee

The purpose of the Corporate Governance Committee is: to develop, recommend to the Board, and periodically review the corporate governance principles applicable to the Company; to recommend Board candidates for all directorships by identifying individuals qualified to become Board members in a manner that is consistent with criteria approved by the Board; to recommend that the Board select the director nominees for the next annual meeting of shareholders; to oversee the evaluation of the Board and management; and to have principal responsibility for recommending revisions to the Corporate Governance Plan, approved by the Board of Directors on July 20, 2004, until its expiration. For a complete list of responsibilities and other information, refer to the Corporate Governance Committee Charter on our Internet site at *www.firstenergycorp.com/ir* and which is available upon written request to the Corporate Secretary, FirstEnergy Corp., 76 South Main Street, Akron, Ohio 44308-1890.

In consultation with the CEO, the Chairman, and the full Board, the committee shall search for, recruit, screen, interview, and recommend prospective directors, as required, to provide an appropriate balance of knowledge, experience, and capability on the Board. The committee shall be guided by its charter, the Corporate Governance Policies, and other applicable laws and regulations in recruiting and selecting director candidates. Any assessment of a prospective Board or committee candidate will include, at a minimum, issues of diversity, age, background and training, business or administrative experience and skills, dedication and commitment, business judgment, analytical skills, problem-solving abilities, and familiarity with regulatory environment. In addition, the committee may consider such other attributes as it

deems appropriate, all in the context of the perceived needs of the Board or applicable committee at that point in time. Such directors shall possess experience in one or more of the following: management or senior leadership position which demonstrates significant business or administrative experience and skills; accounting or finance; the electric utilities or nuclear power industry; or other significant and relevant areas deemed by the committee to be valuable to the Company.

The committee shall investigate and consider suggestions for candidates for membership on the Board, including shareholder nominations for the Board. So long as shareholders nominating director candidates have complied with the procedural requirements set forth in the Corporate Governance Committee Charter, the committee applies the same criteria and employs similar procedures for evaluating shareholder nominees for the Board as it would for evaluating any other Board nominee. The committee will give due consideration to all written shareholder nominations that are submitted in writing to the committee, in care of the Corporate Secretary of the Company, FirstEnergy Corp., 76 South Main Street, Akron, Ohio 44308-1890, received at least 120 days before the publication of the Company s annual proxy statement from a shareholder or group of shareholders owning one half of one percent (0.5 percent) or more of the voting stock for at least one year, and accompanied by a description of the proposed nominee s qualifications and other relevant biographical information, together with the written consent of the proposed nominee to be named in the proxy statement and to serve on the Board.

This committee is comprised of four members and met five times in 2006. The current members of this committee are Dr. Carol A. Cartwright (Chair), William T. Cottle, George M. Smart, and Jesse T. Williams, Sr.

Finance Committee

The purpose of the Finance Committee is to monitor and oversee the Company s financial resources and strategies, with emphasis on those issues that are long-term in nature. For a complete list of responsibilities and other information, refer to the Finance Committee Charter on our Internet site at *www.firstenergycorp.com/ir* and which is available upon written request to the Corporate Secretary, FirstEnergy Corp., 76 South Main Street, Akron, Ohio 44308-1890.

This committee is comprised of five members and met four times in 2006. The current members of this committee are Robert C. Savage (Chair), Paul T. Addison, Michael J. Anderson, Robert B. Heisler, Jr., and Ernest J. Novak, Jr..

Nuclear Committee

The purpose of the Nuclear Committee is to monitor and oversee the Company s nuclear program and the operation of all nuclear units in which the Company or any of its subsidiaries has an ownership or leasehold interest. For a complete list of responsibilities and other information, refer to the Nuclear Committee Charter on our Internet site at *www.firstenergycorp.com/ir* and which is available upon written request to the Corporate Secretary, FirstEnergy Corp., 76 South Main Street, Akron, Ohio 44308-1890.

The Nuclear Committee is comprised of five members and met twelve times in 2006. The current members of this committee are William T. Cottle (Chair), Michael J. Anderson, Robert C. Savage, Wes M. Taylor, and Jesse T. Williams, Sr.

Does the Board have a policy in regard to the number of boards that a director can serve on?

Yes. Our Corporate Governance Policies provide that directors will not, without the Board s approval, serve on the board of directors of more than three other non-affiliated companies having securities registered under the Securities Exchange Act of 1934.

What is the Board s policy regarding Board members attendance at the Annual Meeting of Shareholders?

The Board believes that regular attendance by all directors and all nominees for directors at our annual meeting of shareholders is appropriate and desirable and that all such persons should make diligent efforts to attend each meeting. All Board members at the time of the 2006 Annual Meeting on May 16, 2006, attended the meeting.

Did the Board use a third party to assist with the identification and evaluation of potential nominees?

No. The Board did not use a third party to assist with the identification and evaluation of potential nominees.

How can shareholders communicate to the Board?

The Board provides a process for shareholders and interested parties to send communications to the Board and non-management directors, including the non-executive chairman. Shareholders may send written communications to the Board by mailing any such communications to the FirstEnergy Board of Directors, c/o Corporate Secretary, FirstEnergy Corp., 76 South Main Street, Akron, Ohio 44308-1890.

The Corporate Secretary or a member of his or her staff reviews all such communications promptly and relays them directly to a member of the Board, provided that such communications (i) bear relevance to the Company and the interests of the shareholder, (ii) are capable of being implemented by the Board, (iii) do not contain any obscene or offensive remarks, (iv) are of a reasonable length, and (v) are not from a shareholder who already has sent two such communications to the Board in the last year. The Board may modify procedures for sorting shareholders communications or adopt any additional procedures provided that they are approved by a majority of the independent directors.

Has FirstEnergy adopted a Code of Ethics?

Yes. We have a Code of Business Conduct that applies equally to all employees, including the CEO, Chief Financial Officer, and Chief Accounting Officer. In addition, the Board of Directors has a Code of Ethics and Business Conduct. These Codes can be viewed on our Internet site at *www.firstenergycorp.com/ir*, or copies are available upon written request to the Corporate Secretary, FirstEnergy Corp., 76 South Main Street, Akron, Ohio 44308-1890.

CERTAIN RELATIONSHIPS AND RELATED PERSON TRANSACTIONS

Based on our size and varied business operations, we may from time to time engage in transactions and business arrangements with companies and other organizations in which one of the members of our Board, executive officers or their respective immediate family members also may be a board member, executive officer or significant investor, or in which such person has a direct or indirect material interest. We recognize that related person transactions have the potential to create perceived or actual conflicts of interest and could create the appearance that decisions are based on considerations other than the best interests of the Company and its shareholders. Accordingly, as a general matter, it is our preference to avoid related person transactions. However, there are situations where related person transactions are either in, or not inconsistent with, our best interests and the best interests of our shareholders. Our Board has determined that it is, therefore, appropriate and necessary to have a review process in place with respect to any related person transactions.

Based on the foregoing, the Board established a Related Person Transactions Policy (later referred to as the Policy) to be implemented by the Corporate Governance Committee, in order to effectuate the review, approval, and ratification process surrounding related person transactions. This Policy supplements the Company s other conflict of interest policies set forth in the FirstEnergy Conflicts-Of-Interest Policy,

Code of Business Conduct, and the Board of Directors Code of Ethics and Business Conduct. Related person transactions shall be consummated or shall continue only if a majority of the disinterested members of the Corporate Governance Committee or the Board approves or ratifies the transaction in accordance with the Policy. In making its decisions, the Corporate Governance Committee will review transactions and proposed transactions submitted for approval by our management, who will have internally reviewed the submitted transactions by taking into consideration the Policy, which includes the definitions and terms set forth in Item 404 of Regulation S-K under the federal securities laws.

As part of this Policy, our management has established review procedures for any transaction or proposed transaction, in which we are currently, or in which we may be, a participant in which the amount exceeds $120,000, and in which the related person, as defined in Item 404 of Regulation S-K, had or will have a direct or indirect material interest or any amendment to such a transaction. We also have established procedures to allow us to identify such related persons. The identities of these related persons will be distributed to our business units and function/department leaders to ensure senior management is made aware of any transaction or proposed transaction involving the Company and anyone on that list. Management will bring any such transactions to the attention of the Corporate Governance Committee for its review, approval, or ratification.

When reviewing a proposed transaction, the Corporate Governance Committee will review the material facts of the related person s relationship to us, his or her interest in the proposed transaction, and any other material facts of the proposed transaction, including, but not limited to, the aggregate value and benefits of such transaction to us, the availability of other sources of comparable products or services (if applicable), and an assessment of whether the transaction is on terms that are the same as, or comparable to, the terms available to an unrelated third party or to employees generally. Additionally, the Corporate Governance Committee requires the CEO to review the business merits of the transaction prior to its review.

During fiscal year 2006 we participated in the transactions described below, in which the amount involved exceeded $120,000 and in which any Board member, executive officer, holder of more than 5 percent of our common stock or a member of the immediate family of any of the foregoing persons had or will have a direct or indirect material interest.

Kimberly F. Jones, wife of executive officer Charles E. Jones, Jr., served as Director, Corporate Services Supply Chain in 2006. In 2006, she was paid a base salary of $159,800, and was issued a performance share grant of 165 performance shares (a value of $7,990), 628 performance-adjusted Restricted Stock Units (a value of $31,978), and 99 discretionary Restricted Stock Units (a value of $5,041). Her incentive compensation bonus payout was $36,650. Mrs. Jones was employed by the Company prior to her marriage to Mr. Jones, and her compensation is commensurate to employees with comparable qualifications and responsibilities and is consistent with the terms of the Company programs governing that element of compensation. No reporting relationship exists between Mrs. Jones and Mr. Jones.

SECTION 16(a) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE

Section 16(a) of the Securities Exchange Act of 1934 requires the Company s executive officers and directors to file initial reports of ownership and reports of changes in ownership of the Company s common stock with the SEC and the NYSE. The Company makes these filings for the convenience of the executive officers and directors. To the Company s knowledge, for the fiscal year ended December 31, 2006, all Section 16(a) filing requirements applicable to its executive officers and directors were satisfied, with the exception of one Form 4 filing for Dr. Carol A. Cartwright and one Form 4 filing for Douglas S. Elliott which were filed late due to a Company administrative error.

COMPENSATION COMMITTEE INTERLOCKS AND INSIDER PARTICIPATION

No members of the Compensation Committee meet the criteria to be considered for an interlock or insider participation.

COMPENSATION COMMITTEE REPORT

The Compensation Committee has reviewed and discussed the CD&A with management and, based on such review and discussions, the Compensation Committee recommended to the Board that the CD&A be included (or incorporated by reference as applicable) into the Company s annual report on Form 10-K for the fiscal year ended December 31, 2006, and proxy statement.

Compensation Committee: Catherine A. Rein (Chair), Dr. Carol A. Cartwright, Robert B. Heisler, Jr., Russell W. Maier, Wes M. Taylor

AUDIT COMMITTEE REPORT

The Audit Committee (later referred to in this section as the Committee) oversees the Company s financial reporting process on behalf of the Board of Directors. The Committee acts under a written charter that is reviewed annually, revised as necessary, and is approved by the Board of Directors. In fulfilling its oversight responsibilities, the Committee reviewed and discussed with management the audited financial statements to be included in the Company s Annual Report on Form 10-K for the year ended December 31, 2006. In performing its review, the Committee discussed the propriety of the application of accounting principles by the Company, the reasonableness of significant judgments and estimates used in the preparation of the financial statements, and the clarity of disclosures in the financial statements.

The Committee reviewed and discussed with FirstEnergy s independent registered public accounting firm, PricewaterhouseCoopers LLP, their opinion on the conformity of the audited financial statements with accounting principles generally accepted in the United States. This discussion covered the matters required by Statement on Auditing Standards No. 61, Communication With Audit Committees, as amended by the Auditing Standards Board of the American Institute of Certified Public Accountants, including its judgments as to the propriety of the application of accounting principles by the Company.

The Committee received the written communications from the independent registered public accounting firm regarding their independence from the Company as required by the Independence Standards Board s Standard No. 1, Independence Discussions With Audit Committees, and discussed that matter with the independent registered public accounting firm.

The Committee discussed with the Company s internal auditors and independent registered public accounting firm the overall scope, plans and results of their respective audits. The Committee met with the internal auditors and independent registered public accounting firm, with and without management present, to discuss the results of their examinations, their evaluations of the Company s internal controls, and the overall quality of the Company s financial reporting process.

Based on the above reviews and discussions conducted, the Committee recommended to the Board of Directors that the audited financial statements be included in the Company s Annual Report on Form 10-K for the year ended December 31, 2006, for filing with the Securities and Exchange Commission.

The following is a summary of the fees paid by the Company to its independent registered public accounting firm, PricewaterhouseCoopers LLP, for services provided during the years 2006 and 2005:

AUDIT FEES PricewaterhouseCoopers LLP billed the Company an aggregate of $6,310,413 in 2006 and $6,573,000 in 2005 in fees for professional services rendered for the audit of the Company s financial statements and the review of the financial statements included in each of the Company s Quarterly

Reports on Form 10-Q or services that are normally provided in connection with statutory and regulatory filings or engagements.

	Fees for Audit Year 2006	Fees for Audit Year 2005
AUDIT RELATED FEES	$ 0	$ 0
TAX FEES	$ 0	$ 0
ALL OTHER FEES	$ 0	$ 0

The Committee has considered whether any non-audit services rendered by the independent registered public accounting firm are compatible with them maintaining their independence. There were no non-audit services rendered by the independent registered public accounting firm in 2006 or 2005. The Committee, in accordance with its charter and in compliance with all applicable legal and regulatory requirements promulgated from time to time by the NYSE and SEC, has a policy under which the independent registered public accounting firm cannot be engaged to perform non-audit services, other than services that require an expertise that is exclusive to that firm. The policy further states that any engagement of the independent registered public accounting firm to perform other audit-related services must have approval in advance by the Chairman of the Committee upon the recommendation of the Vice President and Controller. Any engagement of the independent registered public accounting firm for non-audit related services that is based on an expertise that is exclusive to them must be specifically approved in advance by the Committee. The Committee pre-approved all services provided by PricewaterhouseCoopers LLP in 2006 and 2005.

Audit Committee: Russell W. Maier (Chair), Paul T. Addison, Ernest J. Novak, Jr., Catherine A. Rein, George M. Smart

ITEMS TO BE VOTED ON

Item 1 Election of Directors

You are being asked to vote for the following eleven directors to serve on the Board of Directors for a term expiring at the Annual Meeting of Shareholders in 2008 and until their successors shall have been elected: **Paul T. Addison, Anthony J. Alexander, Michael J. Anderson, Dr. Carol A. Cartwright, William T. Cottle, Robert B. Heisler, Jr., Ernest J. Novak, Jr., Catherine A. Rein, George M. Smart, Wes M. Taylor, and Jesse T. Williams, Sr.**

Mr. Anderson was elected to the Board by the Board of Directors effective February 1, 2007, and is a nominee for election by shareholders at the Meeting. Mr. Anderson was recommended as a nominee by an executive officer other than the CEO.

The Board currently consists of thirteen members. After the Meeting, the size of the Board will be reduced to eleven members. Russell W. Maier, a director of FirstEnergy or Ohio Edison Company since 1995 and current Chair of the Audit Committee and member of the Compensation Committee, and Robert C. Savage, a director of FirstEnergy or Centerior Energy Corporation since 1990 and current Chair of the Finance Committee and member of the Nuclear Committee, are retiring from the Board in accordance with current Board membership rules and are not candidates for reelection at the Meeting. We are grateful for the leadership these directors have provided during their years of service to the Company; their wisdom, knowledge, and judgment will be missed. The section of this proxy statement entitled Biographical Information on Nominees for Election as Directors provides biographical information for all nominees for election at the Meeting.

Under the Company s Amended Code of Regulations, at any election of directors, the persons receiving the greatest number of votes are elected to the vacancies to be filled. Your Board has no reason to believe that the persons nominated will not be available to serve after being elected. If any of these

nominees would not be available to serve for any reason, shares represented by the appointed proxies will be voted either for a lesser number of directors or for another person selected by the Board. However, if the inability to serve is believed to be temporary in nature, the shares represented by the appointed proxies will be voted for that person who, if elected, will serve when able to do so.

YOUR BOARD OF DIRECTORS RECOMMENDS THAT YOU VOTE FOR ITEM 1.

Item 2 Ratification of the Appointment of the Independent Registered Public Accounting Firm

You are being asked to ratify the Board s appointment of PricewaterhouseCoopers LLP as the Company s independent registered public accounting firm to examine the books and accounts of the Company for the 2007 fiscal year. A representative is expected to attend the meeting and will have an opportunity to make a statement and respond to appropriate questions. Refer to the Audit Committee Report in this proxy statement for information regarding services performed by, and fees paid to, PricewaterhouseCoopers LLP during the years 2005 and 2006.

YOUR BOARD OF DIRECTORS RECOMMENDS THAT YOU VOTE FOR ITEM 2.

Item 3 APPROVAL OF THE FIRSTENERGY CORP. 2007 INCENTIVE PLAN

Subject to shareholder approval, the Board has adopted the FirstEnergy Corp. 2007 Incentive Plan (later referred to as the Amended and Restated Plan or the Plan) in the form of an amendment and restatement of the FirstEnergy Corp. Executive and Director Incentive Compensation Plan (later referred to as the Current Plan), effective as of May 15, 2007, to promote the success of the Company and its subsidiaries by providing incentives to certain employees and directors that will link their personal interests to the long-term financial success of the Company and its subsidiaries and to increase shareholder value. By adopting the Amended and Restated Plan, the Board believes the Company will continue to be able to motivate, attract, and retain the people upon whose judgment, interest, efforts, and special skills will help enable the Company to succeed.

Purpose of the Proposal

You are being asked to approve the proposed Amended and Restated Plan, including the addition of 6.55 million shares for awards under the Plan. This item requires the affirmative vote of a majority of the votes cast. A summary of the principle features of the Plan is provided below, but is qualified in its entirety by reference to the full text of the Plan that was filed electronically with this proxy statement with the SEC. Such text is not included in the printed version of this proxy statement. A copy of the Plan may be obtained electronically by visiting our Internet site at *www.firstenergycorp.com/ir* and selecting Annual Reports & Proxy Statements , and which is available upon written request to the Corporate Secretary, FirstEnergy Corp., 76 South Main Street, Akron, Ohio 44308-1890. **Your Board of Directors recommends that you vote FOR this proposal.**

Material Features of the Amended and Restated Plan

Plan Administration. The Amended and Restated Plan is administered by the Compensation Committee of the Board (later referred to as the Committee). The Committee consists solely of two or more outside directors (as defined under Internal Revenue Code Section 162 regulations). The Committee has full and exclusive discretionary power to interpret the terms of the Plan, any award agreement and any other agreement or document related to the Plan. The Committee also may adopt such rules, regulations, forms, instruments, and guidelines for administering the Amended and Restated Plan as it deems necessary or proper.

Eligibility. The Amended and Restated Plan authorizes the Committee to designate any employee or director of the Company and its subsidiaries as a participant in the Amended and Restated Plan.

Generally, all regular employees (approximately 13,700) participate in the short-term incentive opportunities governed by this Amended and Restated Plan and executives of the organization (approximately 500) currently participate in long-term incentive opportunities governed by this Amended and Restated Plan.

Types of Awards. The Amended and Restated Plan permits awards in the form of stock options, stock appreciation rights, restricted shares, restricted share units, performance shares, other stock-based awards, and cash-based awards. Each award is evidenced by an agreement by which the Committee establishes the specific terms and conditions.

Under the Amended and Restated Plan, directors are eligible to receive any type of award; however, directors no longer may elect to convert their retainers to stock options or restricted stock.

Aggregate Share Limitations. The Current Plan provides that no more than 22.5 million shares of common stock may be issued thereunder. Of these available shares, approximately 19.2 million have been issued pursuant to awards or are subject to outstanding awards. Thus, approximately 3.3 million shares, plus the number of shares that become issuable again due to the lapse or forfeiture of currently outstanding awards, remain issuable under the Current Plan.

If the Amended and Restated Plan is approved, the number of shares available for awards commencing on or after May 15, 2007, will be increased by 6.55 million shares. Therefore, if the Amended and Restated Plan is approved, the aggregate number of shares available for awards will be 9.85 million shares, plus the number of shares that become issuable again due to forfeiture or cancellation of presently outstanding awards. All 9.85 million shares may be issued in the form of stock options, stock appreciation rights, restricted stock, restricted stock units, performance shares, or other stock-based awards settled in cash. The Current Plan provides that only three-quarters (¾) of the aggregate shares available for awards may be issued as restricted stock, restricted stock units, or performance shares. Pursuant to the terms of the Amended and Restated Plan, no more than 200,000 shares may be subject to awards for non-employee directors of the Company.

The exercise of stock appreciation rights, whether paid in cash or stock, is considered to be an issuance of shares for purposes of these limitations. If an award lapses, the shares that would have been issued in connection with that award become available for other awards. The limitation on the number of shares issuable under the Amended and Restated Plan and the number of shares issuable in connection with awards not yet exercised or made are subject to adjustment to prevent dilution or enlargement of rights upon the happening of events which otherwise would have that effect.

Annual Participant Award Limitations. No more than 500,000 shares subject to stock options may be granted to any participant with respect to any calendar year. Awards of restricted stock, restricted stock units, and performance shares under the Amended and Restated Plan are each limited to 250,000 shares per participant for any calendar year. The maximum number of shares upon which stock appreciation rights are based may not exceed 500,000 shares for any participant with respect to any calendar year. The amount payable in cash in a calendar year to any participant pursuant to performance share awards cannot exceed the value of 250,000 shares determined as of the date of vesting, and no more than 250,000 shares may be paid in lieu of cash under performance share awards. After shareholder approval, for any calendar year (including 2007), the maximum amount payable to any participant will be $5 million, except that the maximum amount of cash paid under a performance share award is as indicated above. The Current Plan provides that the maximum cash award per calendar year for any performance period is $2 million and the maximum number of shares upon which other-stock based awards (*i.e.*, stock-settled awards other than stock options, stock appreciation rights, performance shares, restricted stock, and restricted stock units) are based may not exceed 250,000 shares for any participant for any calendar year.

Performance Goals. Awards under the Amended and Restated Plan may be conditioned upon the attainment of performance goals. Awards may be based on any number and type of performance goals that the Committee determines are desirable. The performance measured may be that of any one or more of the Company, its subsidiaries or business units, and the measurement may be based either on the performance of the Company, subsidiaries or business units without regard to comparison with other corporations or on such performance compared to that of other corporations. The performance measured may also be against a published or special index approved by the Committee. In setting performance goals, the Committee may assign percentages to various levels of performance that will be applied to reduce the payout connected to the award when performance over a performance period does not meet or exceed the goal. To the extent that performance goals are exceeded, the Committee may authorize payouts in excess of 100 percent of the initial value of the award.

Performance goals and performance measures under the Amended and Restated Plan may be selected by the Committee in its sole discretion. With respect to awards intended to be performance-based compensation for employees covered under Internal Revenue Code Section 162(m) (later referred to as Code Section 162(m)), described below, performance goals may be based upon one or more of the following which were also authorized by the Current Plan: total shareholder return, return on equity, return on capital, earnings per share, income, market share, sales, net sales, costs, net income before or after taxes, cash flow, retained earnings, return measures, results of customer satisfaction surveys, aggregate product price and other product price measures, safety record, service reliability, demand-side management (including conservation and load management), operating and maintenance cost management, and energy production availability. In addition, performance goals may be based upon one or more of the following performance measures which would be added by the terms of the Amended and Restated Plan: workforce hiring plan measures, air quality control project management, environmental measures, risk management, technology upgrade measures, financial contribution to earnings from special projects or initiatives, net earnings before or after taxes, revenue growth, net operating profit, return on assets, return on invested capital, revenue, earnings before or after taxes, interest, depreciation and/or amortization, gross or operating margins, productivity ratios, share price (including growth measures), cost control, results of employee satisfaction surveys, working capital, economic value added (net operating profit after tax minus the sum of capital multiplied by the cost of capital), capital expenditures, generation output, power supply sourcing adequacy, results of asset acquisitions, results of asset divestitures, capitalization, credit metrics, credit ratings, compound growth rates (earnings, revenue, income from continuing operations, cash generation, etc.), generation outage duration, transmission outage duration, distribution outage duration, value creation, effective tax rate, financing flexibility, financing capability, value returned to shareholders, management development, succession planning, shaping legislative and regulatory initiatives and outcomes, taxes, depreciation and amortization, margins, operating efficiency, operating cash flow, free cash flow, cash flow return on equity, and cash flow return on investment.

It is intended that stock options, stock appreciation rights and awards with a performance component generally will satisfy the requirements for performance-based compensation under Code Section 162(m) with respect to participants subject to its requirements, while providing the Committee the authority to grant non-performance-based awards when it deems appropriate. Code Section 162(m) generally places a $1,000,000 limit on the tax deduction allowable for compensation for each of the CEO and the four other highest-paid executives during a tax year unless the compensation meets certain requirements. To qualify for favorable tax treatment, grants must be made by a committee consisting solely of two or more outside directors (as defined under Code Section 162 regulations) and satisfy the limit on the total number of shares that may be awarded to any one participant during any calendar year. In addition, for grants other than options and stock appreciation rights to qualify, the granting, issuance, vesting, or retention of the grant must be contingent upon satisfying one or more performance criteria, as established and certified by a committee consisting solely of two or more outside directors. The Amended and Restated Plan permits

Code Section 162(m) qualified grants but also permits the Committee to grant awards which do not qualify where the Committee deems such awards appropriate.

Stock Options. Awards under the Amended and Restated Plan may take the form of stock options that may be tax-favored incentive stock options or non-qualified stock options. If an award under the Amended and Restated Plan is made in the form of stock options, the exercise price of the option cannot be less than the fair market value of the underlying shares on the date of grant. Unless the Committee determines otherwise, fair market value for all purposes under the Amended and Restated Plan is the average of the high and low sales prices of common shares as reported on the composite tape of the NYSE on the determination date or the next preceding date there were sales of common shares. The term of the stock options cannot exceed ten years. The Committee is entitled to set all terms in connection with a participant s right to exercise an award and may impose such conditions as it sees fit. No participant may be awarded incentive stock options that are first exercisable during any calendar year which involve shares having a fair market value, determined at the time of grant, in excess of $100,000. Options can be settled in shares or in cash.

Stock Appreciation Rights. Awards under the Amended and Restated Plan may take the form of stock appreciation rights. Stock appreciation rights allow the holder to realize the value of the difference between the exercise price set by the Committee and the market value of that stock when the rights are exercised. The exercise price set by the Committee shall be at least 100 percent of the fair market value of the underlying shares. The term of stock appreciation rights cannot exceed ten years. If the value of the stock has not increased during that time, the rights will have no value. Stock appreciation rights may be settled in cash, shares, or a combination of cash and shares, as determined by the Committee and provided in the applicable award agreement.

Restricted Stock and Restricted Stock Units. Awards under the Amended and Restated Plan may take the form of restricted stock and restricted stock units. Restricted stock involves the granting of shares to participants subject to restrictions on transferability and any other restrictions the Committee may impose. The restrictions lapse if either the holder remains employed by the Company or its subsidiaries for a period of time established by the Committee under the applicable award agreement or satisfies other restrictions, including performance-based restrictions, during the period of time established by the Committee. Restricted stock units are similar to restricted stock except that no shares actually are awarded to the participant on the date of grant and the holder typically does not enjoy any shareholder rights with respect to the units. Restricted stock awards are settled in shares. Restricted stock unit awards may be settled in cash, shares, or a combination of cash and shares, as determined by the Committee and provided in the applicable award agreement.

Performance Shares. Awards under the Amended and Restated Plan may take the form of performance shares. The period of time over which performance goals are measured will be of such duration as the Committee shall determine. Performance shares may be settled in cash, shares, or a combination of cash and shares, as determined by the Committee and provided in the applicable award agreement.

Other Stock-Based Awards and Cash-Based Awards. Other stock-based awards are a catch-all category that does not appear in the Current Plan. Other stock-based awards are awards of stock-based compensation that do not fit within the scope of the other specifically enumerated types of awards. The Committee may make cash-based awards with a range of payment levels. Cash-based awards may be based upon the achievement of performance goals. Other stock-based awards and cash-based awards may be settled in cash, shares, or a combination of cash and shares, as determined by the Committee and provided in the applicable award agreement. Under the Amended and Restated Plan, cash-based awards no longer may be settled with restricted stock.

Termination of Employment or Directorship. If a participant ceases to be employed by, or a director of, the Company or its subsidiaries by reason of death, the vesting or satisfaction of restrictions that apply to an award ordinarily are accelerated. If a participant ceases to be employed by or be a director of the Company or its subsidiaries by reason of retirement or disability, ordinarily stock options and stock appreciation rights continue to vest as provided in the applicable award agreements, performance shares are paid out based upon the participant s full months of service during the performance period and cash-based awards are paid out, if at all, as determined by the Committee. The Committee also may waive or modify restrictions on restricted stock and restricted stock units.

The Amended and Restated Plan defines disability as a condition qualifying for benefits under the Company s long-term disability plan. The Current Plan defines disability as a condition resulting in an inability to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment which can be expected to result in death or which has lasted or can be expected to last for a continuous period of not less than 12 months.

If a participant s employment or directorship is terminated for cause, that person s right to receive the benefit of an award is forfeited. The Amended and Restated Plan has an expanded definition of cause because it includes a participant s material breach of any agreement with the Company.

If a participant s employment or directorship is terminated not for cause and not because of death, disability, or retirement, stock options, and stock appreciation rights may be exercised as provided in the applicable award agreement but generally not for longer than 90 days after termination. In the case of other types of awards (*i.e.*, restricted stock, restricted stock units, and performance shares), a participant s ability to receive the benefits of the awards is forfeited unless, in a particular case, the Committee determines otherwise. In the case of performance shares, the right to receive the benefits of the award is prorated based on the participant s employment or directorship during the performance period.

Change in Control of the Company. Upon the occurrence of certain events that would constitute a change in control with respect to the Company, the Committee may (1) cash-out awards based on the transaction price or distribute shares in satisfaction of outstanding awards; (2) issue or have issued replacement awards with the same or greater value; or (3) cause stock options and stock appreciation rights to become fully vested and exercisable and deem any service obligations under any awards to be satisfied. The Committee may cause a replacement award to provide for full exercisability and vesting and the lapse of restrictions under replacement awards and cause stock options and stock appreciation rights to become exercisable for at least one year upon termination of employment not for cause in connection with or within two years after a change in control.

Under the Current Plan, upon a change in control, stock options, stock appreciation rights, restricted stock, restricted stock units, and other stock-based awards become fully vested. Cash-based awards are paid out in cash. Performance shares are paid out in cash based upon the greater of: (1) the extent performance goals have been met through the change in control date; and (2) 100 percent of the value on the grant date of the number of performance shares.

Subject to some additional considerations described in the Plan document, a change in control includes: (1) acquisition of 50 percent of the outstanding common stock or voting power of the Company; (2) acquisition of 25 percent of the outstanding common stock or voting power of the Company and the acquirer has a representative on the Board or proposes an individual for election to the Board; (3) the incumbent members of the Board cease to hold a majority; (4) a reorganization or the sale or other disposition of all or substantially all of the assets of the Company in one or more related transactions; or (5) approval by the shareholders of the Company of a complete liquidation or dissolution of the Company. A change of control is defined by reference to the Company (and not its subsidiaries and affiliates).

Plan Amendment and Termination. The Amended and Restated Plan may be terminated, amended, or modified at any time by the Board of Directors. However, unless presently existing requirements cease to apply, no amendment may be adopted without the approving vote of shareholders which would increase the number of shares of the Company s common stock that can be issued under the Amended and Restated Plan, change the designation of the employees who can participate in the Amended and Restated Plan, materially increase either the cost of the Amended and Restated Plan or the benefits to participants, extend the period after the date of a grant during which stock options or stock appreciation rights may be exercised to more than 10 years, or would be prohibited in the absence of such approving vote under the rules and regulations of the security exchange upon which the shares are traded (including an amendment that is a material revision).

Taxation. Under current law, the grant of stock options or stock appreciation rights to a participant will not result in taxable income to the participant, nor will the Company be entitled to a deduction for federal income tax purposes. In the case of a non-qualified stock option or stock appreciation right, under federal law, the participant should realize taxable income based on the difference between the exercise price and the cash or fair market value of the shares received at the time the option or right is exercised and the Company should be entitled to a corresponding deduction for federal income tax purposes. In the case of an incentive stock option, under federal law, the participant should be able to defer the realization of taxable income until the acquired shares are sold or transferred unless the participant is subject to the alternative minimum tax, in which case there may be current recognition of income. If the alternative minimum tax does not apply, the entire gain realized upon the participant s disposition of the acquired shares will be treated as long-term capital gain if the minimum holding period is met (two years from the date of grant and one year from the date of exercise), but otherwise will be treated as ordinary income in an amount determined under the applicable tax rules. There is no tax deduction for the Company when an incentive stock option is exercised and the participant is eligible for capital gain tax treatment. If the minimum holding period is not met for capital gain tax treatment, the participant will realize ordinary income and the Company will be entitled to a deduction as described above for nonqualified stock options.

Generally, no taxes are due upon a grant of restricted stock, restricted stock units, or performance shares. An award of restricted stock or performance shares becomes taxable when it is no longer subject to a substantial risk of forfeiture (*i.e.*, becomes vested or transferable). Income tax is paid at ordinary income rates on the value of the restricted stock or performance shares when the restrictions lapse, and then at capital gain rates with respect to any further gain (or loss) when the shares are sold. In the case of restricted stock units, the participant has taxable ordinary income upon receipt of payment. In all cases, the Company has a tax deduction when the participant recognizes ordinary income subject to other applicable limitations and restrictions. The taxation of restricted stock and performance shares may be accelerated by an 83(b) election under Code Section 83, if permitted by the applicable agreement. At the present time, it is the Company s practice not to allow 83(b) elections, and it is currently anticipated that the applicable grant documents will preclude grantees from making an 83(b) election.

Tax Withholding. The Company will deduct, withhold, or require payment of the minimum statutory amount required to satisfy federal, state, and local taxes resulting from a taxable event arising from awards granted under the Amended and Restated Plan. Participants may elect, subject to the approval of the Committee, to have the Company withhold or sell distributable shares with a fair market value equal to an amount not less than the minimum statutory tax and not greater than the total statutory tax that could result from the taxable event.

YOUR BOARD OF DIRECTORS RECOMMENDS THAT YOU VOTE FOR ITEM 3.

Shareholder Proposals

Shareholders have indicated their intention to present at the Annual Meeting the following proposals for consideration and action by the shareholders. The shareholder resolutions and proposals, for which the Company and the Board accept no responsibility, are set forth below. The proponents names, addresses, and numbers of shares held will be furnished upon written or oral request to the Company. **Your Board of Directors recommends that you vote AGAINST all three of these shareholder proposals for the reasons noted in the Company s opposition statements following each of the shareholder proposals.**

Item 4 Shareholder Proposal

Majority Vote Reincorporation Proposal

Resolved: That the shareholders of FirstEnergy (Company) hereby request that the Board of Directors take the measures necessary to change the Company s jurisdiction of incorporation from Ohio to Delaware.

Supporting Statement: Our Company is incorporated in Ohio. Ohio law mandates a plurality vote standard for the election of directors. Specifically, the law states that at all elections of directors, the candidates receiving the greatest number of votes shall be elected. (Ohio Revised Code, 1701.55 (B)).

This proposal requests that the Board reincorporate the Company under Delaware state corporate law, which provides that a company s certificate of incorporation or bylaws may specify the number of votes that shall be necessary for the transaction of any business, including the election of directors. (DGCL, Title 8, Chapter 1, Subchapter VII, Section 216). Reincorporation would allow the Company s board of directors and its shareholders to take actions to establish a majority vote standard for the election of directors. Under Delaware law, the Company s board would have the power to change the bylaws or initiate a change to the certificate 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. Likewise, shareholders on their own initiative would be able to propose and vote on a bylaw provision to establish a majority vote standard in director elections.

Our Company s Board and shareholders should have the flexibility to choose the election standard that best serves the interests of the Company and its shareholders. Under the plurality vote standard, a nominee for the board can be elected with as little as a single affirmative vote, even if a substantial majority of the votes cast are withheld from the nominee. A majority vote standard would require that a nominee receive a majority of the votes cast in order to be elected. The standard is particularly well-suited for the vast majority of director elections in which only board nominated candidates are on the ballot.

We believe that a majority vote standard in board elections would establish a challenging vote standard for board nominees and improve the performance of individual directors and the entire board. It would provide shareholders a meaningful role in the director election process, enhance director accountability, strengthen the director nomination process, and improve the operations of our company.

In response to strong shareholder support for a majority vote standard in director elections, an increasing number of companies, including Intel, Dell, Motorola, Wal-Mart, Texas Instruments, Safeway, Home Depot, Gannett, and Supervalu, have adopted a majority vote standard in company bylaws. We encourage our Company to take the important first step in joining these companies by reincorporating in Delaware, so as to provide the Board and shareholders the right to adopt a majority vote standard.

We urge your support for this important director election reform.

End of Shareholder Proposal

Your Company s Opposition Statement

Your Board of Directors recommends that you vote AGAINST this proposal.

This shareholder proposal requests that the Board take the measures necessary to change the Company s jurisdiction from Ohio to Delaware, solely for the purpose of providing for the ability to implement a majority vote standard for the election of directors. The Company was organized under the laws of Ohio in 1996 and has been an Ohio corporation since its formation. The Company is an Ohio-based company headquartered in Akron, Ohio, and maintains a strong connection with the state. Indeed, approximately 58 percent of the Company s employees are based in Ohio. The Company is also familiar with and favors the protections afforded by Ohio law. Accordingly, the Company believes that Ohio is the appropriate jurisdiction for the Company s organization.

Reincorporation of the Company from Ohio to Delaware would entail a costly and time-consuming process that would involve considerations and have consequences reaching far beyond the issue of majority voting for directors. Among other things, reincorporation may require us to obtain consents from, or provide notices to, third parties under certain of our agreements. Reincorporation also may require approvals from federal, state, and/or local regulatory bodies. To identify all consents, notices, and approvals that reincorporation would require, the Company would be required to undertake an exhaustive review of the agreements to which it is a party and analysis of various federal, state, and local laws. Reincorporation also would involve the preparation of various documents and filings with governmental bodies, resulting in administrative costs to the Company. This process would divert the time and attention of our management from normal business operations without any apparent commensurate benefit. We do not believe that such a process is a productive use of management time and the Company s resources.

With regard to the voting standard for directors, as expressly provided in Section 1701.55 of the Ohio Revised Code and in our Code of Regulations, the directors of the Company are elected by a plurality vote. Plurality voting is the standard used to elect directors at the majority of publicly-traded corporations in the United States and also is the default standard in the state of Delaware. Consequently, the Company s reincorporation in Delaware would not require us to adopt majority voting for directors if our Board were to conclude, as it has, that such majority voting would not be in the Company s and shareholders best interests for the reasons discussed below. The Board does not support the election of directors by a majority of votes cast, because the merits, if any, of such voting have not been established to its satisfaction.

We are committed to maintaining high standards of corporate governance. We believe that our practices involving the election of directors reflect this commitment. We amended our Code of Regulations in 2004 to declassify our Board so that each director is elected annually. As previously stated in this proxy statement, with the exception of CEO Anthony J. Alexander, all members of the Board are independent (including our non-executive chairman) under the standards established by the NYSE and the SEC, and our shareholders have consistently elected effective and independent Boards. Since our inception as a publicly-traded company, our director candidates have consistently received the support of a significant number of the votes cast at annual meetings of our shareholders, in all cases receiving more for votes than withheld votes. We also have established and disclosed a process for nominating directors and the qualifications to be considered. Our Corporate Governance Committee, comprised entirely of independent directors, will give due regard to candidates recommended by shareholders and will consider those candidates in the same manner as other candidates nominated by the Board.

We note the difficulties presented by a majority voting standard, including the practical problems relating to a failed election, or one in which one or more directors standing for election are not seated on the Board. Among other negative consequences, such a circumstance could impact our compliance with NYSE listing standards or other requirements for maintaining a majority of independent directors and certain board committees comprised of independent directors or directors who are financial experts. Majority voting schemes also raise legal and practical concerns about the applicability of the holdover rule, which provides that directors are elected to serve until their successors are elected. Majority voting also may result in disruption of the Board s operations. In addition, significant turnover among directors may impede the Company s long-term strategic plan due to lack of director continuity.

The practical difficulties involving majority voting are currently under debate, with the result that there is considerable uncertainty surrounding this issue. For example, the Committee on Corporate Laws of the American Bar Association recently adopted amendments to the Model Business Corporation Act that retain plurality voting for the election of directors as the statutory default system, but allow companies to adopt a modified plurality procedure that would give some effect to majority voting in uncontested elections of directors, if companies wish to do so. In addition, both the NYSE and the SEC are considering changes to the manner in which directors are elected.

In announcing its decision to retain plurality voting for the election of directors as the statutory default system, the Committee on Corporate Laws of the American Bar Association stated that [a]dopting that approach would force an undesirable system on one or more constituencies interested in this issue with the attended risk of services and in some cases unintended business and [corporate] governance consequences to the corporation upon which the change would be imposed. We believe some of these consequences include the following:

- If a candidate who is the CEO or other executive officer is not elected, it could constitute a breach of that executive s employment agreement, and may trigger an obligation on the part of the Company to make severance payments to that executive;

- The failure to elect a specified percentage of directors could result in a change of control thus accelerating debt or canceling a line of credit provided in a credit agreement, or triggering changes in licenses or other vital and irreplaceable corporate arrangements; or

- The failure to elect board candidates could adversely affect our ability to comply with the NYSE Listing Standards or SEC requirements for independent or non-employee directors or directors who have specific and particular qualifications that are essential for a member of our Board.

Requiring a majority vote for the election of our directors could give certain activist shareholder groups, representing certain narrow special interests, significant leverage by allowing them to threaten to withhold enough votes to defeat a nominee as a result of his or her position on a certain issue, even though the number of withheld votes would represent substantially less than a majority of our outstanding shares. We believe such a significant shift in leverage to special interest groups also would be a further deterrent to competent individuals accepting nominations as directors.

We believe that given the current uncertainties about majority voting and the reasons disfavoring reincorporation described above, the shareholder proposal seeking to reincorporate the Company from Ohio to Delaware for the specific purpose of providing for the ability to implement majority voting for the election of directors is not in the best interests of the Company or our shareholders at this time.

YOUR BOARD OF DIRECTORS RECOMMENDS THAT YOU VOTE AGAINST ITEM 4.

Item 5 Shareholder Proposal

RESOLVED: That the shareholders request the Board of Directors of FirstEnergy Corporation to adopt a policy establishing an engagement process with the proponents of shareholder proposals that are supported by a majority of the votes cast, excluding abstentions and broker non-votes, at any annual meeting.

This proposal requests the Board of Directors FirstEnergy Corporation take the following steps if a proposal, submitted by a shareholder for a vote pursuant to Rule 14a-8 of the Securities and Exchange Commission, receives a majority of the votes cast:

- Within four months after the annual meeting, an independent board committee should schedule a meeting (which may be held telephonically) with the proponent of the proposal, to obtain any additional information to provide to the Board of Directors for its reconsideration of the proposal. The meeting with the proponent should be coordinated with the timing of a regularly scheduled board meeting.

- Following the meeting with the proponent, the independent board committee should present the proposal with the committee s recommendation, and information relevant to the proposal, to the full Board of Directors, for action consistent with the company s charter and by-laws, which should necessarily include a consideration of the interest of the shareholders.

In adopting such a policy, the board would have the authority to abolish the committee under the following circumstances: (1) the board takes the action requested in the proposal; or (2) the proposal s proponent notifies the board that organization does not object to the abolition of the committee.

Supporting Statement

The purpose of this proposal is to create a mechanism by which shareholders can communicate with their representatives, the Board of Directors. In our opinion, the various reforms enacted by the U.S. Congress, the U.S. Securities and Exchange Commission, and stock exchanges in the wake of the Enron/WorldCom/Tyco wave of scandals have certainly been a step in the right direction to restore public trust and confidence in the capital markets, but they have not adequately addressed shareholder rights and the accountability of directors of corporate boards to the shareholders who elect them.

At the FirstEnergy 2006 Annual Meeting, a proposal requesting the board adopt a simple majority vote requirement received a majority of the votes cast (73% in favor). Nonetheless, on issues such as the election of directors and capital structure decisions the supermajority provision has yet to be replaced by a simple majority standard. We are concerned, in particular, that boards of directors are still able to ignore shareholder proposals on important corporate governance reforms even if those proposals are supported by clear majorities of shareholder votes cast at annual meetings.

Therefore, we are submitting this proposal requesting that the Company adopt a formal policy establishing an engagement process with the proponents of shareholder proposals that are supported by a majority of the votes cast, excluding abstentions and broker non-votes, at any annual meeting.

We urge stockholders to vote for this proposal.

End of Shareholder Proposal

Your Company s Opposition Statement

Your Board of Directors recommends that you vote   AGAINST   this proposal.

Your Board recognizes the importance of providing the Company s shareholders with an opportunity to communicate with the Board. As set forth in the Company s Corporate Governance Policies, and as described elsewhere in this proxy statement, the Board provides a process for shareholders to send communications to the Board and non-management directors, including the non-executive chairman. The Board has made efforts to ensure that shareholder views are communicated to the members of the Board and that appropriate responses are provided to the shareholders on a timely basis.

The Company s Corporate Governance Policies provide for the evaluation of all shareholder communications. The Corporate Secretary or a member of his or her staff is required to review all such communications promptly and relay them directly to a member of the Board, provided that such communications (i) bear relevance to the Company and the interests of the shareholder, (ii) are capable of being implemented by the Board, (iii) do not contain any obscene or offensive remarks, (iv) are of a reasonable length, and (v) are not from a shareholder who has already sent two such communications to the Board in the last year. The Board believes such policy is sufficient and accordingly does not believe that there is a need to implement the engagement policy process described in the shareholder proposal.

The Board does not believe the establishment of an engagement process as envisioned by the proponent is necessary. The Corporate Governance Committee of the Board, a committee comprised entirely of independent directors, thoroughly reviews and analyzes each shareholder proposal received by the Company. It then assists the entire Board in responding to the proponent. The establishment of an engagement process as envisioned by the proponent would, in many respects, be a duplication of the function currently served by the Corporate Governance Committee of the Board.

Moreover, the Board has the duty to act in a manner it believes to be in the best interests of the Company and its shareholders. Because of this duty, the Board must take into account many factors when deciding whether to take the action specified in any shareholder proposal. The Board will make such a decision based not merely on the voting results of the proposal but also will consider what is in the best interests of the Company and its shareholders in light of all relevant facts and circumstances. A shareholder proposal supported by a majority of the votes cast at a meeting may represent only a minority of the voting power of the Company due to abstentions and shares not voted at such meeting. Requiring an independent Board committee to meet with the proponent of such a proposal could be used by one or more large shareholders to promote particular issues or agendas that are not representative of the interests of the shareholders at large.

Furthermore, a meeting with an independent Board committee and the proponent of a proposal supported by a majority of the votes cast at a meeting has the practical effect of making the proponent a representative of all the shareholders who have voted in favor of the particular proposal. Shareholders who vote in favor of a proposal may have very different reasons for doing so. Allowing only one shareholder to speak on behalf of those who voted would have the effect of communicating and emphasizing to the Board only one set of reasons for a particular proposal.

The Board believes that the current process for evaluating shareholder communications is sufficient and serves the interests of the Company and its shareholders better than the engagement process described in the shareholder proposal. Accordingly, and for the reasons stated above, the Board recommends a vote against this proposal.

YOUR BOARD OF DIRECTORS RECOMMENDS THAT YOU VOTE   AGAINST   ITEM 5.

Item 6 Shareholder Proposal

6 Adopt Simple Majority Vote

RESOLVED: Comprehensive Commitment to Adopt Simple Majority Vote. Shareholders recommend that our Board take each step necessary to adopt a simple majority vote to apply to the greatest extent possible. This includes using all means in our Board s power such as special company solicitations and one-on-one management contacts with major shareholders to obtain the vote required for adoption of this proposal topic.

This proposal is not intended to unnecessarily limit our Board s judgment in crafting the requested change to the fullest extent feasible in accordance with applicable laws and existing governance documents. Our current rule allows a 1% minority to frustrate the will of a 79% FirstEnergy shareholder majority.

This topic won our 73% support at our 2006 annual meeting. This topped the 71% support at our 2005 annual meeting. At least one proxy advisory service has recommended a no-vote for directors who do not adopt a shareholder proposal after it wins one majority vote. Our management was ready to disclose that Mr. Ray T. Chevedden of Los Angeles was the proponent of the 2005 and 2006 proposals on this topic on our ballot.

Our serial-ignorer-of-shareholder-proposal directors may lead to a shareholder reaction similar to the Sempra Energy (SRE) scenario recounted in *The Wall Street Journal* on October 9, 2006: For four years beginning in 2001, a Sempra shareholder submitted shareholder resolutions calling for Sempra to elect its directors annually rather than every three years in staggered terms. The votes passed with increasing majorities every year, garnering 67% of the votes cast in 2005.

Sempra ignored the nonbinding resolutions. But in the 2005 voting, shareholders also withheld nearly 30% of their votes from the directors up for re-election a big proportion by corporate election standards. And that seemed to wake the company up. In May 2006, Sempra management introduced a binding resolution for annual elections, which passed with 95% shareholder approval. Source: *Wall Street Journal,* October 9, 2006.

It is important to take a step forward and support this one proposal since our 2006 governance standards were not impeccable. For instance in 2006 it was reported (and certain concerns are noted):

- The Corporate Library (TCL) http://www.thecorporatelibrary.com/ an independent investment research firm rated our company High Concern in executive pay.

- Our Executive Deferred Compensation Plan guarantees our executives will not lose money on some of their FirstEnergy stock if the stock price falls 20%. Source: The Corporate Library

- Our directors can be elected with a single yes-vote from our 320 million shares under our obsolete plurality voting.

- We would have to marshal an awesome 80% shareholder vote to make certain key governance improvements Entrenchment concern.

The above status shows there is room for improvement and reinforces the reason to take one step forward now and vote yes to:

Adopt Simple Majority Vote
Yes on 6

Please check below whether our management responds to the substance of this proposal.

End of Shareholder Proposal

26

Your Company s Opposition Statement

Your Board of Directors recommends that you vote AGAINST this proposal.

A shareholder simple majority voting standard already applies to most corporate matters involving the Company. Under the Company s Amended Articles of Incorporation and Amended Code of Regulations, 80 percent of the voting power of the Company voting together as a single class is required to authorize only certain significant corporate actions.

The Company s Amended Articles of Incorporation establishes an 80 percent supermajority requirement to amend or repeal provisions regarding: (1) unissued or treasury shares; (2) cumulative voting rights; (3) preemptive rights; and (4) the Company s purchase of its capital stock. Similarly, the Company s Amended Code of Regulations establishes an 80 percent supermajority voting threshold to amend or repeal regulations regarding: (1) shareholder meetings; (2) board structure; (3) board vacancies; (4) director elections; and (5) director and officer indemnification. Thus, the scope of the Company s 80 percent supermajority voting provisions is limited.

Prior shareholder proposals seeking to remove the 80 percent supermajority voting thresholds from the Company s governing documents have consistently received less than the required level of support. In 2004, the Board unanimously adopted a resolution to amend the Company s Amended Articles of Incorporation and Amended Code of Regulations to lower the Company s 80 percent supermajority voting threshold to a two-thirds threshold. Shareholders at that Annual Meeting failed to approve this resolution by the required vote.

Many of the Company s supermajority voting thresholds, such as the two-thirds vote of shareholders required to adopt a plan of merger, are intended to preserve and maximize shareholder value and provide protection for all shareholders against self-interested actions by one or a few shareholders. The Board does not intend these provisions to preclude unsolicited, fair offers to acquire the Company. The provisions are generally designed to encourage any such potential acquirer to negotiate directly with the Board. The Board has the fiduciary responsibility and is in the best position to evaluate the adequacy and fairness of any proposed offers, to negotiate on behalf of all shareholders, and to protect the shareholders against abusive tactics during a takeover process.

The Board believes this is even more important in light of the recent adoption of the Energy Policy Act of 2005 (EPACT). The EPACT repealed the Public Utility Holding Company Act of 1935 (PUHCA) which historically had placed certain restrictions on mergers and acquisitions in the electric utility industry. With the repeal of PUHCA, and the merger interest and activity it has spawned in the electric utility sector, the Board believes, even more firmly than in the past, that the supermajority voting provisions will serve our shareholders well by requiring any potential acquirer to negotiate with the Board directly so that it can ensure the fair and equitable treatment of all of the Company s shareholders.

An informal survey of the By-Laws and Articles of Incorporation of a number of the Company s competitors revealed that many companies in the electric utility industry have adopted similar supermajority voting provisions for the approval of such extraordinary corporate transactions. In light of these competitor s supermajority voting provisions and the repeal of the PUHCA discussed above, the Board believes it has a fiduciary obligation to provide the same level of protection to the Company s shareholders that many of our competitors are providing to their shareholders. Finally, as discussed in more detail below, The Corporate Library s 2006 Corporate Governance Profile, with respect to its assessment of our Board, specifically stated that [t]he board meets our current tests for board effectiveness and shareholder friendliness in the area of takeover defenses.

At our 2005 Annual Meeting, shareholders approved by a majority vote a proposal recommending that the Board take the steps reasonably needed to adopt simple majority shareholder voting to the greatest extent possible. This proposal also included a recommendation that the Directors use special

solicitations and one-on-one management contacts with major shareholders to obtain the required vote. In response, the Board conducted an analysis of how best to respond. Even if the Board could agree with the proponent, given our shareholders recent rejection of the Boards resolution to lower the supermajority voting threshold to a two-thirds threshold, the Board determined that shareholder approval of simple majority voting was unlikely. The Board, in furtherance of its fiduciary obligations to all shareholders, could not require the Company to undertake an aggressive and costly solicitation of votes in favor of amendments it does not support, and whose ultimate adoption would not be guaranteed. The Board concluded that spending a significant amount of corporate funds and diverting the time of senior management to special solicitations and one-on-one management contacts with major shareholders would not be a prudent use of the Company s funds or management s time under such circumstances. As we indicated when we disclosed the vote results for a similar shareholder proposal made at our 2006 Annual Meeting, the Board further reviewed this proposal in light of the above-referenced regulatory developments and continues to strongly believe that the scope of the Company s supermajority voting provisions are appropriate and sufficiently limited and any anticipated expenditure of corporate funds and time of senior management to seek repeal of such provisions would not be a prudent use of corporate resources.

Finally, the Company disagrees with many of the statements in the proposal, including the statement regarding the Company s corporate governance standards. The Company s governance policies and practices comply with good governance practices and all requirements of the NYSE and SEC corporate governance standards. In fact, the Company outperformed over 90 percent of companies in both the S & P 500 and our industry group in an important corporate governance measurement developed by Institutional Shareholder Services. The Corporate Library s 2006 Corporate Governance Profile identified our overall Governance Risk Assessment as of Low Concern , and our Best Practices Compliance Score is 88 percent . The proponent selectively referenced only one of the four factors used by The Corporate Library in its Governance Risk Assessment. We received ratings of Low Concern in each of the other three areas. With respect to the assessment of our Board, The Corporate Library stated [t]he company meets our current tests for board effectiveness in the areas of strategic decision making, shareholder responsiveness, and litigation & regulatory problems. As indicated above, in the area of Takeover Defenses, it stated that [t]he board meets our current tests for board effectiveness and shareholder friendliness in the area of takeover defenses. Finally, in the area of Accounting, The Corporate Library states that the company meets our current test for financial compliance.

The Board continues to believe that the limited 80 percent supermajority voting requirement is reasonable and accordingly, and for the other reasons stated above, recommends a vote against this proposal.

YOUR BOARD OF DIRECTORS RECOMMENDS THAT YOU VOTE AGAINST ITEM 6.

BIOGRAPHICAL INFORMATION ON NOMINEES FOR ELECTION AS DIRECTORS

Paul T. Addison Age 60. Retired in 2002 as Managing Director in the Utilities Department (a position held since 1997) of Salomon Smith Barney (Citigroup), an investment banking and financial services firm. Director of the Company since 2003.

Committees: Audit, Finance

Anthony J. Alexander Age 55. President and Chief Executive Officer since 2004 of the Company. He also is President of various subsidiaries of the Company. President and Chief Operating Officer from 2001-2004 of the Company. He also is a Director of Ohio Edison Company, Pennsylvania Power Company, The Cleveland Electric Illuminating Company, The Toledo Edison Company, Metropolitan Edison Company, Pennsylvania Electric Company, and many other subsidiaries of the Company.

Director of the Company since 2002.

Michael J. Anderson Age 55. President and Chief Executive Officer since 1999 of The Andersons, Inc., a diversified company with interests in the grain, ethanol, and plant nutrient sectors of U.S. agriculture, as well as in railcar leasing and repair, turf products production, and general merchandise retailing. He also is a Director of The Andersons, Inc. and Chairman of the Board of Interstate Bakeries Corporation. Director of the Company since February, 2007.

Committees: Finance, Nuclear

Dr. Carol A. Cartwright Age 65. Retired in 2006 as President (a position held since 1991) of Kent State University. She also is a Director of the Davey Tree Expert Company, KeyCorp., and PolyOne Corporation. Director of the Company since 1997 and Director of Ohio Edison Company from 1992-1997.

Committees: Compensation, Corporate Governance (Chair)

William T. Cottle Age 61. Retired in 2003 as Chairman of the Board, President and Chief Executive Officer (a position held since 2000) of STP Nuclear Operating Company, a nuclear operating company for the South Texas Project. Director of the Company since 2003.

Committees: Corporate Governance, Nuclear (Chair)

Robert B. Heisler, Jr. Age 58. Retired in 2007 as Chairman of the Board (a position held since 2001) of KeyBank N.A., the flagship banking entity within KeyCorp. Chief Executive Officer of the McDonald Financial Group from 2004-2007 and Executive Vice President of KeyCorp from 1994-2007. Director of the Company from 1998-2004 and since 2006.

Committees: Compensation, Finance

Ernest J. Novak, Jr. Age 62. Retired in 2003 as Managing Partner (a position held since 1998) of the Cleveland office of Ernst & Young LLP, a public accounting firm. He also is a Director of BorgWarner, Inc. and A. Schulman Inc. Director of the Company since 2004.

Committees: Audit, Finance

Catherine A. Rein Age 64. Senior Executive Vice President since 1997 and Chief Administrative Officer since 2005 of MetLife Inc., a provider of insurance and other financial services to individual and institutional customers. President and Chief Executive Officer from 1999-2004 of Metropolitan Property and Casualty Insurance Company. She also is a Director of The Bank of New York, Inc. Director of the Company since 2001 and Director of GPU, Inc. from 1989-2001.

Committees: Audit, Compensation (Chair)

George M. Smart Age 61. Non-executive Chairman of the FirstEnergy Board of Directors since 2004. Retired in 2003 as President (a position held since 2001) of Sonoco-Phoenix, Inc., a manufacturer of easy-opening lids. He also is a Director of Ball Corporation. Director of the Company since 1997, and Director of Ohio Edison Company from 1988-1997.

Committees: Audit, Corporate Governance

Wes M. Taylor Age 64. Retired in 2004 as President (a position held since 1991) of TXU Generation, an owner and operator of electric generation and coal mines in Texas. He is also a Director of Arch Coal, Inc. Director of the Company since 2004.

Committees: Compensation, Nuclear

Jesse T. Williams, Sr. Age 67. Retired in 1998 as Vice President of Human Resources Policy, Employment Practices and Systems of The Goodyear Tire & Rubber Company, a manufacturer of tires and rubber-related products. Director of the Company since 1997, and Director of Ohio Edison Company from 1992-1997.

Committees: Corporate Governance, Nuclear

SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS

The following table shows all persons of whom the Company is aware who may be deemed to be the beneficial owner of more than five percent of common shares of the Company as of December 31, 2006. This information is based on SEC Schedule 13G filings.

Name and Address of Beneficial Owner	Shares Beneficially Owned	Percent of Common Shares Outstanding	Voting Power Number of Shares Sole	Voting Power Number of Shares Shared	Investment Power Number of Shares Sole	Investment Power Number of Shares Shared
Barclays Global Investors, NA (and affiliates) 45 Fremont Street, San Francisco, CA 94105	22,055,598	6.91 %	19,496,316	0	22,055,598	0
Franklin Resources, Inc. (and affiliates)(1) One Franklin Parkway San Mateo, CA 94403	17,883,004	5.6 %	17,869,304	0	17,883,004	0
State Street Bank and Trust Company, Trustee(2) 225 Franklin Street, Boston, MA 02110	23,578,501	7.4 %	13,892,643	9,685,858	0	23,578,501

(1) Information presented is based on a Schedule 13G filed on February 5, 2007, by Franklin Resources, Inc., Charles B. Johnson, Rupert H. Johnson, Jr., and Franklin Advisers, Inc. This amount includes 17,883,004 shares of common stock beneficially owned by Franklin Advisers, Inc., Fiduciary Trust Company International, Franklin Templeton Investments Corp., Franklin Templeton Investment Management Limited, Franklin Templeton Investments (Asia) Limited, or Franklin Templeton Portfolio Advisors, Inc., which are direct and indirect subsidiaries of Franklin Resources, Inc. According to the Schedule 13G, Franklin Advisers, Inc. has sole voting power over 17,803,174 of the shares and sole investment power over 17,814,074 shares, Fiduciary Trust Company International has sole voting and investment power over 57,380 shares, Franklin Templeton Investments Corp. has sole voting and investment power over 8,370 shares, Franklin Templeton Investment Management Limited has sole investment power over 2,800 shares, Franklin Templeton Investments (Asia) Limited has sole voting and investment power over 360 shares, and Franklin Templeton Portfolio Advisors, Inc. has sole voting and investment power over 20 shares. Each of the reporting persons disclaims beneficial ownership of the shares.

(2) State Street disclaims beneficial ownership of these shares.

SECURITY OWNERSHIP OF MANAGEMENT

The following table shows shares of stock beneficially owned as of March 1, 2007, by each director and nominee; the executive officers named in the Summary Compensation Table; and all directors and executive officers as a group. Also listed, as of March 1, 2007, are common stock equivalents credited to executive officers as a result of participation in incentive compensation plans. None of the shares below are pledged by the directors or named executive officers.

Name	Class of Stock	Shares Beneficially Owned(1)	Common Stock Equivalents(2)
Paul T. Addison	Common	6,606	
Anthony J. Alexander	Common	552,139	288,351
Michael J. Anderson	Common	1,230	
Dr. Carol A. Cartwright	Common	21,467	
William T. Cottle	Common	5,066	
Richard R. Grigg	Common	41,703	84,602
Robert B. Heisler, Jr.	Common	22,825	
Gary R. Leidich	Common	54,473	74,562
Russell W. Maier	Common	24,304	
Richard H. Marsh	Common	85,526	74,971
Ernest J. Novak, Jr.	Common	6,994	
Catherine A. Rein	Common	22,598	
Robert C. Savage	Common	45,854	
George M. Smart	Common	17,138	
Wes M. Taylor	Common	10,260	
Leila L. Vespoli	Common	220,531	50,079
Jesse T. Williams, Sr.	Common	14,791	
All Directors and Executive Officers as a Group	Common	1,749,643	990,698

(1) Shares beneficially owned include (a) any shares with respect to which the person has a direct or indirect pecuniary interest, and (b) shares that the person has the right to acquire beneficial ownership within 60 days of February 28, 2007, and are as follows: (Alexander 363,275 shares; Grigg 27,379 shares; Heisler 5,096 shares; Maier 5,110 shares; Marsh 79,725 shares; Savage 23,822 shares; Vespoli 156,600 shares; and all directors and executive officers as a group 807,782 shares). The percentage of shares beneficially owned by any director or nominee, or by all directors and executive officers as a group, does not exceed one percent of the class owned. Each individual or member of the group has sole voting and investment power with respect to the shares beneficially owned.

(2) Common stock equivalents represent the cumulative number of shares deferred under the Executive Deferred Compensation Plan, performance shares, and restricted stock units credited to each executive officer. The value of these shares is measured, in part, by the market price of the Company s common stock. Final payments for performance shares may vary due to performance factors, as discussed in the Long-Term Incentive Program section of the CD&A later in this proxy statement. In regard to performance-adjusted restricted stock units, at the end of the restriction period, the actual number of shares issuable may be adjusted upward or downward by 25 percent based on FirstEnergy s performance against three predetermined metrics. In addition, the common stock equivalents reflected for All Directors and Executive Officers as a Group includes discretionary restricted stock units awarded to certain executive officers that will be issuable five years after the date awarded, except for specified provisions if the executive dies, is terminated due to disability, or there is a change in control. Common stock equivalents do not have voting rights or other rights associated with ownership of common stock.

COMPENSATION DISCUSSION AND ANALYSIS

The Company provides a competitive compensation program to attract, retain, and reward employees whose performance and contributions drive the Company s success. The compensation philosophy targets total compensation at the market median for the Company s peer group, with the opportunity to earn above-median compensation for strong Company and/or individual performance. As a result, the executive compensation program is intended to reward and retain executives responsible for leading the organization in the achievement of business objectives in the complex energy services industry.

The Company s compensation programs apply to all executives and reflect the following principles:

- Total compensation is competitive and reflects a pay-for-performance orientation.
- The peer group used to evaluate competitive levels of compensation is comprised of comparable energy services companies.
- Base salaries are generally targeted at or near the median of the peer group.
- Incentive opportunities are targeted at the median competitive level for the achievement of specified corporate goals and include the opportunity to achieve above median compensation rewards.
- Short-term incentive opportunities are based on a combination of corporate and business unit goals.
- Long-term incentive awards are based on both the Company s absolute performance and performance relative to peer companies.

The elements of the Company s compensation program include base salary and short- and long-term incentive opportunities. Under the Company s pay-for-performance philosophy, executive rewards are directly linked to short- and long-term results for key stakeholders including shareholders and customers. A significant portion of an executive s actual pay reflects corporate and business unit performance as defined by various financial and operational measures.

Variations of base salary from median levels for individual executives reflect the relative responsibilities of the position and facilitate internal equity. Further, base salaries reflect the qualifications, experience, and sustained performance level of the executive.

Short-term incentive opportunities provide executives the potential to achieve total cash compensation at approximately the 75th percentile of the peer group if corporate performance is superior. However, there is significant risk if performance is below expectations. As an executive s responsibility increases, a greater percentage of the annual incentive is driven by corporate performance. Corporate goals reflect targeted performance objectives for the year and are heavily weighted toward financial targets.

Long-term incentive awards consisting of restricted stock units and performance shares are based on the achievement of corporate goals and the annualized total shareholder return generated by FirstEnergy common stock over a three year period relative to a peer group, respectively.

The components of the compensation programs are evaluated both individually and in the aggregate. Fundamentally, the proportion of pay at risk increases as an executive s responsibilities increase. Thus, executives with greater responsibilities for the achievement of Company performance targets bear a greater risk if those goals are not achieved, and also receive a greater reward if the goals are met or surpassed. The appropriate balance of annual, medium-term, and longer-term incentives facilitates the retention of talented executives, recognizes the achievement of short-term goals, rewards long-term strategic results, and encourages equity ownership. In determining compensation, the Compensation Committee (later referred to as the Committee) balances the pay to achieve competitive parity with the amount required to retain and motivate executives. The philosophy of the Company is to use a variety of compensation vehicles, primarily driven by financial and operational performance metrics.

As is indicated in the following chart, as the level of responsibility increases, the percentage of base salary decreases and the percentage of at-risk pay, including short-term incentive and equity, increases. The chart represents the actual percentage of each pay element in relation to total target compensation for the named executives in 2006.

	Base Salary	Short-term Incentive	Equity
Anthony J. Alexander	19 %	19 %	62 %
Richard R. Grigg	30 %	22 %	48 %
Richard H. Marsh	34 %	22 %	44 %
Gary R. Leidich	36 %	21 %	43 %
Leila L. Vespoli	36 %	21 %	43 %

Although the Committee has established share ownership guidelines for executives, such equity ownership is not considered when establishing compensation levels. However, the Committee does review prior awards, both vested and unvested, on a regular basis through the use of the tally sheets described later.

Compensation Setting Process

Consultant

The Committee employs an independent external compensation consultant at the Company s expense. Consistent with NYSE rules, the Committee has the sole authority to retain and dismiss the consultant and to approve the consultant s fees. The consultant provides objective independent advice and analysis to the Committee with respect to executive and director compensation. During 2006, the Committee conducted a review of executive compensation consultants as part of its due diligence. In September 2006, the Committee retained Hewitt Associates based on its expertise, independence, and utility industry experience. The Committee felt Hewitt Associates would better serve the Company and the Board at this time than the previous consultant. Management uses Hewitt Associates to provide compensation, actuarial, and benefit plan consulting services to the Company and advises the Committee of the work performed by Hewitt. The Committee determined that these relationships do not impair the ability of the consultant to render impartial services to the Committee.

The Committee relies on the consultant to provide an annual review of executive compensation practices at other companies. This review includes companies that the Company competes with for executive talent and is further discussed in the Benchmarking section below. This review encompasses base pay, annual incentives, long-term incentives, and perquisites. In addition, the Committee may request advice concerning the design, communication, and implementation of incentive plans or other compensation programs. The services provided by the consultant in 2006 included:

- A review of the alignment of executive compensation practices to the Company s compensation philosophy;
- Benchmarking and analysis of competitive compensation practices for executives and Board members;
- Advice related to the modification of incentive programs for executive officers and other key employees;
- A review of the Company s severance agreements to ensure alignment with competitive practice; and
- Advice and guidance regarding the impact new rules and regulations would have on the compensation programs of the Company.

Benchmarking

As referenced in the Consultant section above, in early 2006 the Committee s consultant compared Company executive compensation against 24 large utilities in the United States. These are generally the energy services organizations that FirstEnergy competes with for executive talent. The consultant identified the following peer group:

Allegheny Energy	Ameren	American Electric Power
CenterPoint Energy	CMS Energy	Consolidated Edison
DTE Energy	Dominion Resources	Duke Energy
Edison International	Energy East	Entergy
Exelon	FPL Group	PG&E
PPL	Pepco	Pinnacle West
Progress Energy	Sempra Energy	Southern Company
TECO Energy	TXU	Xcel Energy

Targeted base pay and short- and long-term incentive opportunities are based on a review of the compensation of these companies. Since the Company is larger than the typical firm in the sample, results were adjusted based on revenues to make the comparison relevant. In addition, consideration may be given to broader general industry data when that is the relevant pool in which the Company competes for talent. The consultant evaluated the competitive data and provided recommendations for the Company consistent with the Company s compensation philosophy.

The elements of compensation as stated and defined later, and the mix of the elements are determined based on an annual analysis of these peer companies. The Committee has determined that the compensation elements, both individually and in the aggregate, are appropriately aligned with the Company s compensation philosophy.

Management and/or the Committee reviews the compensation philosophy annually to ensure that it continues to align with Company goals and offers competitive levels of compensation. The Company s recent success in filling executive positions from the external market, its relatively low executive turnover, and its success with ongoing recruitment efforts, indicate the Company compensation programs are meeting the goals of providing competitive pay.

Tally Sheets

The Committee reviewed a comprehensive summary of all components of the named executive officers and certain other officers compensation, including base salary, incentive awards based on corporate and business unit performance, equity compensation, stock option and restricted stock performance, perquisites and other personal benefits, and actual and projected payout obligations under several termination scenarios (i.e., voluntary resignation, retirement, severance, and change in control). Based on the review of these tally sheets, the Committee determined that the total compensation provided (and, in the case of termination scenarios, the potential payout) was reasonable**.** This review is performed by the Committee at each January meeting.

Role of Executives

The Board has delegated authority to the CEO to establish the compensation of other senior executives whose compensation is not determined by the Committee pursuant to its Charter, provided that this authority is exercised only after consultation with the Committee. As such, the CEO makes recommendations to the Committee for these other executives total compensation. In all cases, these recommendations are presented to the Committee for review.

The CEO and other senior executives play an increased role in the early stages of design and evaluation of compensation programs and policies. The executives review, discuss, and provide comments

when the Company is planning a design change to a compensation program. They have a vested interest in ensuring that the compensation programs and policies will engage employees and provide incentives to strive for excellence in their daily responsibilities in order to produce outstanding financial and operating results for the Company and its shareholders.

Elements of Compensation

Base Salary

Executives are paid a base salary for performing their job responsibilities. Executives base salaries are reviewed annually by the Committee. Adjustments to base salary are made, if appropriate, generally on March 1 of each year, after considering factors such as Company performance, individual performance, changes in executives responsibilities, and changes in the competitive marketplace. The consultant provides the median competitive data for each executive s position as described above. Generally, a range of 85 percent to 115 percent of this competitive data is used to promote the pay-for-performance philosophy. The base salaries for all named executive officers fall within this range.

On March 1, 2007, the Committee provided a base salary increase to Mr. Alexander of 4.0 percent. The Committee provided base salary increases of 7.45 percent, 5.26 percent, 23.6 percent, and 7.53 percent for Mr. Marsh, Mr. Grigg, Mr. Leidich, and Ms. Vespoli respectively, based on the results of the annual compensation review and in the case of Mr. Leidich, in recognition of his new broadened responsibilities.

Short-Term Incentive Program

The short-term incentive program provides awards to executives whose contributions support the achievement of corporate financial and operational goals. The program supports the Company s compensation philosophy by linking executive awards directly to annual performance results on key corporate and business unit objectives. Similar to base salaries, the short-term incentive program provides executives with opportunities targeted to the median of the utility industry. The Committee annually reviews these target award opportunities, which are expressed as a percentage of base salary. During the first quarter, adjustments to target levels for the current year are made as appropriate and warranted by competitive market practice and internal equity considerations.

The Company s short-term incentive program is based on performance targets, and in 2006 these included, but were not limited to, objectives relative to the following goals:

- Earnings per share;
- Free cash flow from operations;
- Customer service excellence;
- Megawatt generation output;
- Transmission outage frequency;
- Distribution System Average Interruption Duration Index;
- Financial contribution to earnings;
- Safety (including nuclear safety); and
- Workforce hiring.

Executives are assigned and evaluated on goals applicable to their responsibilities within the organization. These performance goals were chosen because they have a significant impact on the Company s operational and financial success. The specific targets for these performance goals reflect the Company s confidential strategic plans and are not disclosed publicly for competitive reasons. The Company establishes targets for incentive compensation performance measures based on earnings growth aspirations and achieving continuous improvement in operational performance to reach industry top quartile/decile levels. Over the last five years, the Company has achieved target performance levels for the

performance measures held by senior executives approximately 56 percent of the time. The weightings of financial and operational targets for executives are determined at the beginning of each year. The following represents the financial and operational targets assigned to each named executive officer in 2006.

	Financial	Operational
Anthony J. Alexander	80 %	20 %
Richard H. Marsh	70 %	30 %
Richard R. Grigg	60 %	40 %
Leila L. Vespoli	50 %	50 %
Gary R. Leidich	40 %	60 %

The process for allocating awards is similar for all executives. The target levels are established in February and performance is measured throughout the year. In 2006, target award opportunities for the named executive officers ranged from 60 percent of salary to 100 percent of salary for the CEO. Awards for the short-term incentive based on operational performance range from 50 percent of target for performance at the threshold level to 150 percent of target for outstanding performance. Awards for the short-term incentive portion based on financial performance range from 50 percent of target for performance at threshold to a maximum of 200 percent of target for outstanding performance. Awards are not made if threshold performance is not achieved. Awards are mathematically interpolated for performance between threshold and maximum and no positive or negative discretion is applied to the final awards. The Committee has no authority to adjust upwards the amount payable to a covered employee with respect to a particular award.

In 2006, the Company achieved outstanding financial and operational performance relative to its goals which had a positive impact on the short-term incentive payout. For 2006, Mr. Alexander s award was $2,000,000. The remaining named executive officers awards were as follows: Mr. Marsh $514,003; Mr. Grigg $874,086; Mr. Leidich $336,176; and Ms. Vespoli $435,414. This performance-based compensation is not subject to the $1 million deduction limit associated with Code Section 162(m) of the Internal Revenue Code discussed later in this report.

Long-Term Incentive Program

The long-term incentive program is designed to reward executives for achievement of Company goals which ultimately result in an increased shareholder value. This program is equity-based to align the long-term interests of executives with those of shareholders. In 2006, the Company delivered long-term incentives through a combination of restricted stock units and performance shares. The Company has not issued stock options under its long term incentive program since 2004. Similar to the short-term incentive program, during the first quarter of each year the Committee reviews and adjusts executives long-term incentive target opportunities as appropriate and warranted by competitive market practice and internal equity considerations. The Committee has no authority to adjust upwards the amount payable to a covered employee with respect to a particular award.

The Company s restricted stock unit program contains two components: performance-adjusted and discretionary restricted stock units. Performance-adjusted restricted stock units are designed to focus participants on key financial and operational metrics that drive the Company s success, foster management ownership, and aid retention. These metrics are earnings per share, safety, and an operational performance index. The specific targets for these metrics reflect the Company s confidential strategic plans and are not disclosed publicly for competitive reasons.

Performance-adjusted restricted stock units are granted to all eligible executives. Based on competitive analysis, each eligible executive received an initial grant of performance-adjusted restricted stock units, at a target level based on the executive s annual salary as of March 1, 2006, and calculated using the average of the high and low stock price on March 1, 2006. These performance-adjusted restricted stock units were granted to each executive with the right to receive, at the end of the three year restriction period, shares of Company common stock.

The actual number of shares issued may be adjusted upward or downward by 25 percent based on the Company s performance against the three key metrics described above. The actual performance result for each of the three years during the restriction period will be averaged and compared to the average of the target level set for each performance metric as determined by the Committee. Dividends accrue on the performance-adjusted restricted stock units and convert to additional units at the end of each quarter during the restriction period. In 2006, performance-adjusted restricted stock grants were issued as follows: Alexander 47,295 units, Marsh 6,000 units, Grigg 14,926 units, Leidich 4,807 units, and Vespoli 5,023 units.

Discretionary restricted stock units are granted in limited circumstances to high performing and/or high potential employees or to retain critical talent. Dividends accrue on the discretionary restricted stock units and convert to additional units at the end of each quarter during the restriction period. The period of restriction is five years. In 2006, Mr. Marsh was granted 4,910 discretionary restricted stock units.

The Company s performance share program provides executives with the opportunity for awards based on the Company s total shareholder return over a three-year period relative to the Edison Electric Institute s Index of Investor-Owned Electric Utility Companies. The number of performance shares granted is calculated by multiplying the executive s March 1 salary by the eligible incentive percent and dividing by the average high and low common stock price during December of the previous year. Performance share grants in 2006 were issued as follows: Alexander 31,850 shares, Marsh 4,848 shares, Grigg 9,408 shares, Leidich 4,590 shares, and Vespoli 4,797 shares.

Performance shares are not actual voting shares; rather they are equivalent units, or phantom shares, which track the market performance of the Company s common stock, but typically payout in cash at the end of the performance cycle. If the Company s performance is below threshold (defined as the 40th percentile), no award is paid. If the Company s performance is above the 86th percentile, awards are paid at the maximum of 150 percent of target. Awards are interpolated for performance between these two points. For the three year period ending December 2006, the Company ranked 8th out of 63 companies in the Index which positively impacted the performance share payout. The performance shares for the 2004-2006 period were paid as follows: Alexander $2,536,266, Marsh $593,655, Leidich $514,979, and Vespoli $565,046. Mr. Grigg did not receive a payout because he was not employed by the Company in January 2004, when the grants were issued. Based on the terms defined in the Executive and Director Incentive Compensation Plan the amount payable in cash in a calendar year to any participant pursuant to any performance share award may not exceed $2,000,000. Mr. Alexander s award was paid as follows: $2,000,000 in cash and $536,266 in FirstEnergy common stock.

The process for allocating awards is similar for all executives. The target levels are established in February, and performance is measured throughout the cycle. In 2006, performance-adjusted restricted stock unit target award opportunities for the named executive officers ranged from 55 percent of salary to 195 percent of salary for the CEO. In 2006, performance share unit target award opportunities for the named executive officers ranged from 50 percent of salary to 125 percent of salary for the CEO. The mix of the types and the range of the awards are established based on competitive benchmarking and are intended to encourage operational excellence and to increase shareholder value.

The Committee has determined that an equity grant date of March 1 is appropriate for restricted stock units. Performance shares are granted effective January 1. The timing of the grants enables the

---

Company to consider competitive market data and prior year Company performance in establishing target levels. Any equity grants awarded in proximity to an earnings announcement or other market event are coincidental in nature.

Other Equity Awards

The Company has a restricted stock program, which is utilized solely for recruitment, retention and special recognition purposes. Award sizes, grant dates, and vesting periods vary to allow flexibility. If the Committee recommends an award for the CEO, it must be approved by the independent members of the Board. The CEO may recommend awards for selected officers for approval by the Committee and/or the full Board. The Committee has also authorized the CEO, within established guidelines, to approve equity awards to other employees as appropriate. As such, the CEO may award cash, equity, or any combination of cash or equity to any one individual with a value up to $500,000. The CEO may not issue equity awards in any form to any employee which exceeds an annual aggregate total of $2.5 million.

As a result of superior Company performance, outstanding individual performance since assuming the role of CEO in January 2004, and the Board s strong desire to retain Mr. Alexander in his current capacity, the Committee recommended and the Board approved a grant to Mr. Alexander of 98,271 shares of restricted stock on February 27, 2006. The shares will vest on April 30, 2013; however, the Board has the ability to accelerate the vesting to April 30, 2011, or thereafter, at their discretion based on appropriate succession planning or other rationale they then believe to be appropriate.

Retirement

The FirstEnergy Supplemental Executive Retirement Plan (later referred to as the SERP) is limited to certain key executives. Mr. Alexander, Mr. Marsh, and Ms. Vespoli are participants in the SERP. The SERP is part of the integrated compensation program intended to attract, motivate, and retain top executives who are in positions to make significant contributions to the operation and profitability of the Company for the benefit of its customers and shareholders. The SERP benefit is equal to the greater of (i) 65 percent of the executive s highest annual salary, or (ii) 55 percent of the average of the executive s highest three consecutive years of salary plus annual incentive awards. The SERP benefit is reduced by the executive s pensions under tax-qualified pension plans of the Company or other employers, any supplemental pension under the Company s Executive Deferred Compensation Plan, and Social Security benefits. In some cases, an executive s tax-qualified pension and supplemental pension may exceed the SERP benefit, which eliminates any benefit payments under the SERP. This is not the case for the named executive officers reported in this proxy statement as of December 31, 2006. The SERP also provides for disability and surviving spouse benefits. At the end of 2006, only 14 active employees are eligible participants for a SERP benefit upon retirement and no new participants have been provided eligibility since 2001. Any new participants must be approved by the Committee.

Mr. Grigg and Mr. Leidich do not participate in the SERP. In lieu of the SERP, Mr. Leidich is entitled to a lump sum benefit upon termination of employment for any reason. The benefit is payable based on the terms defined by the Severance and Employment Agreement dated July 1, 1996, between Mr. Leidich and Centerior Energy Corporation. The maximum value of $1,095,889 will be payable at age 62. If Mr. Leidich terminates his employment prior to age 62, he will receive a reduced benefit.

Earnings on Deferred Compensation

The Executive Deferred Compensation Plan (later referred to as the EDCP) offers executives the opportunity to accumulate assets on a tax-favored basis and acquire additional Company stock. The EDCP is part of an integrated executive compensation program to attract, retain, and motivate key executives who are in positions to make significant contributions to the operation and profitability of the Company.

Above-market interest earnings on the deferred compensation cash accounts of executives are provided as an incentive for executives to defer base salary and short-term incentive awards. Additionally, a 20 percent Company matching contribution on deferrals from short-term and long-term incentive awards directed to investment in Company stock further ties management investment performance to the success of the Company. The Company has determined that the levels of executive benefits in the aggregate are competitive and aligned with the Company s philosophy.

Personal Benefits and Perquisites

Executives may be eligible to receive limited perquisites offered by the Company, including financial planning and tax preparation services, country club dues, and personal use of the corporate aircraft. The Company believes that financial planning by experts reduces the time that executives spend on that topic and assists in making the most of the financial rewards received from the Company. Some executives belong to a golf or country club so that they have an appropriate entertainment forum for customers and appropriate interaction with their communities. Pursuant to the direction of the Board, Mr. Alexander is required to use the Company s corporate aircraft for all personal and business travel. Other executives, including the named executive officers, may from time to time, with CEO approval, use the Company s corporate aircraft for personal travel. The Company has a written policy that sets forth guidelines regarding the personal use of the corporate aircraft by executive officers and other employees. The Committee believes these perquisites are reasonable, competitive, and consistent with the overall compensation philosophy**.**

Stock Ownership/Retention Guidelines

The Company believes it is critical that the interests of executives and shareholders be clearly aligned. As such, share ownership requirements, defined as a multiple of salary, are in place for Company executives as follows:

President and CEO 5 times salary

Executive Vice President and COO 4 times salary

Senior Vice Presidents and the Equivalent 3 times salary

Vice Presidents and the Equivalent 1 - 2 times salary

For 2006, the following were included to determine ownership status:

- Shares directly or jointly owned in certificate form or in a stock investment plan,
- Shares owned through the FirstEnergy Savings Plan,
- Brokerage shares,
- Shares held in the executive deferred compensation plan, and
- Shares granted through the Company s long-term incentive program (LTIP) (restricted stock units and performance shares).

Once guidelines are attained, executives subject to the guidelines may exercise any or all vested stock options; however, they may sell only 50 percent of the shares granted by the Company after January 1, 2005. Additionally, the Company s Insider Trading Policy prohibits executive officers from hedging their economic exposure to the FirstEnergy stock that they own.

The guidelines are reviewed for competitiveness on an annual basis and were last reviewed at the February 2007 Committee meeting. The CEO and other named executives officers listed have met the share ownership guidelines. As of March 1, 2007, Mr. Alexander owns over 477,000 shares of the Company s stock, the value of which more than satisfies his requisite stock ownership requirements.

Post Termination Compensation and Benefits

The following table sets forth the payment of post termination compensation and benefits under different scenarios for all named executive officers. Additional information regarding change in control agreements and provisions follows the table.

2006 Post Termination Compensation and Benefits

	Retirement(1)	**Severance (Absent a change in control)**	**Change In Control**	**Voluntary Termination (pre-retirement eligible)(1)**	**Death(1)**	**Disability(1)**
Base Salary	Accrued though date of retirement	Accrued through date of severance	Accrued through date of change-in-control termination	Accrued through date of termination	Accrued through date of qualifying event	Accrued through date of qualifying event
Severance Salary	N/A	3 weeks of pay for every one year of service, including the current year, calculated using base salary at the time of severance	2.99 times the sum of base salary plus average incentive award over the past three years(2)	N/A	N/A	N/A
Accrued and Banked Vacation	Paid in a lump sum	Paid in a lump sum	Paid in a lump sum	Paid in a lump sum	Paid in a lump sum	Paid in a lump sum
Health and Wellness Benefits	Retiree/spouse health and wellness provided	Provided for the severance period(3)	Provided for the severance period(3)	Forfeited	Survivor health and wellness provided as eligible	Health and wellness provided as eligible
Short-term Incentive Program Award	Issued a prorated award based on full months of service	Issued a prorated award based on full months of service	Issue a prorated award based on full months of service	Forfeited	Issued a prorated award based on full months of service	Issued a prorated award based on full months of service
Performance Adjusted Restricted Stock Units	Issued a prorated award, and all dividends earned, must have a minimum of 12 months in a cycle	Issued a prorated award, and all dividends earned, must have a minimum of 12 months in a cycle	For 2005 grants issued, 100% of shares and all dividends earned For 2006 grants payout based on share value protection rights	Forfeited	Issued 100% of shares and all dividends earned	Issued 100% of shares and all dividends earned
Discretionary Restricted Stock Units	Issued a prorated award, and all dividends earned, must have a minimum of 36 months in a cycle	Issued a prorated award, and all dividends earned, must have a minimum of 36 months in a cycle	For 2005 grants issued, 100% of shares and all dividends earned For 2006 grants payout based on share value protection rights	Forfeited	Issued 100% of shares and all dividends earned	Issued 100% of shares and all dividends earned
Performance Shares	Issued a prorated award, must have a minimum of 12 months in a cycle	Issued a prorated award, must have a minimum of 12 months in a cycle	For 2004 and 2005 grants, issued prorated award of shares and dividends earned For 2006 grants payout based on change in control value protection rights	Forfeited	Issued a prorated award, must have a minimum of 12 months in a cycle	Issued a prorated award, must have a minimum of 12 months in a cycle
Stock Options(4)	All options vest as scheduled and must be exercised prior to the expiration date	All vested options must be exercised within 90 days or the date of expiration, whichever is earliest. All unvested options	All options become immediately exercisable and must be exercised prior to the expiration date	All vested options must be exercised within 90 days or the date of expiration, whichever is earliest. All unvested options	All options become immediately exercisable and must be exercised within one year of date of death	All options become immediately exercisable and must be exercised prior to the expiration date

	are forfeited	are forfeited	

Restricted Stock	Forfeited	Forfeited(5)	Issued 100% of shares and all dividends earned	Forfeited	Issued 100% of shares and all dividends earned	Issued 100% of shares and all dividends earned
Qualified Retirement Plan	Payable in a monthly benefit at earliest retirement age	Payable in a monthly benefit at earliest retirement age	Payable in a monthly benefit at earliest retirement age	Payable in a monthly benefit at earliest retirement age	Payable to survivor in a monthly benefit	Payable in a monthly benefit at earliest retirement age
Nonqualified Retirement Plan	Payable in a monthly benefit at earliest retirement age	Payable in a monthly benefit at earliest retirement age	Payable in a monthly benefit at earliest retirement age	Payable in a monthly benefit at earliest retirement age	Payable to survivor in a monthly benefit	Payable in a monthly benefit at earliest retirement age
SERP(6)	Payable in a monthly benefit at earliest retirement age	Payable in a monthly benefit at earliest retirement age	Payable in a monthly benefit at earliest retirement age	Forfeited if voluntarily terminated prior to retirement age	Payable to survivor in a monthly benefit	Payable in a monthly benefit at earliest retirement age
Vested Executive Deferred Compensation	Payable as elected	Payable as elected	Payable as elected	Payable as elected	Payable to survivor as elected	Payable as elected
Non-vested Executive Deferred Compensation	Payable as elected (7)	Payable as elected	Payable as elected	Forfeited	Payable to survivor as elected	Payable as elected
Additional Age and Service for Pension, EDCP and Benefits	N/A	N/A	Three years	N/A	N/A	N/A
Reimburse IRC Section 280G	No	No	Yes	No	No	No

(1) Benefits provided in these scenarios also provided to all Company employees, if applicable.

(2) Benefit shown would be provided to Mr. Alexander, Mr. Marsh, and Ms. Vespoli. Mr Grigg would be provided a cash payment of 2.99 times the sum of the base salary plus the target amount of the annual incentive award.

(3) Active employee health and wellness benefits are provided to the named executive officers for the severance period, which is equal to three weeks for every year of service, including the current year (52 week minimum). At the end of the severance period, retiree health and wellness benefits are provided, if retirement eligible.

(4) The Company has not granted any stock options under the annual long-term incentive program since 2004 when the use of restricted stock units replaced stock options.

(5) Mr. Grigg s restricted stock shares will fully vest upon severance.

(6) The SERP benefit is limited to certain key executives. Alexander, Marsh, and Vespoli are eligible for a SERP benefit.

(7) If an executive voluntarily leaves the Company prior to age 60 (early retirement), any non-vested premium is forfeited.

Change In Control

Change in Control Special Severance agreements are intended to ensure that certain executives are free from personal distractions in the context of a potential change in control, when the Board needs the objective assessment and advice of these executives to determine whether an offer is in the best interests of the Company and its shareholders. The Company has in place separate severance agreements with Anthony J. Alexander, Richard H. Marsh, Richard R. Grigg, and Leila L. Vespoli. In each case, the agreements provide for the payment of severance benefits if the individual s employment with the Company or its subsidiaries is terminated under specified circumstances within three years after a change in control of the Company. Circumstances defining a change in control are explained in the Potential Post-Employment Payments section later in this proxy statement. Additionally, Mr. Alexander is eligible for the specified severance benefits if he resigns, for any reason, during a 90-day window period commencing 18 months following a change in control.

The Company executed agreements consistent with competitive practice with Mr. Marsh and Ms. Vespoli on December 31, 2003, with Mr. Alexander on March 5, 2004, and with Mr. Grigg on March 7, 2005. The agreements have initial three-year terms. The agreements are reviewed annually by the Board at a regular meeting held between October 1 and December 31 of each year. The Board decides in this meeting whether or not to extend the terms of the agreement for an additional year. In the 2006 review, all of the agreements were extended for an additional year.

The severance benefits provided reflect the fact that it may be difficult for employees to find comparable employment within a short period of time. In September 2006, as is the annual practice, the compensation consultant reviewed the current change in control agreements in light of competitive practice and market trends. Their findings indicate the Company s agreements are consistent with competitive practice including the definition of change in control, eligibility for change in control agreements, levels of cash severance provided, and the types of benefits covered. Under each of the above severance agreements, the executives would be prohibited for two years from working for or with competing entities after receiving severance benefits pursuant to the change in control agreement. Additional details are provided in the 2006 Post Termination Compensation and Benefits table provided earlier. A detailed representation of the termination benefits provided under a change in control scenario as of December 31, 2006, is provided in the Potential Post-Employment Payments tables later in this proxy statement.

Employment Agreements

Mr. Grigg has an employment agreement in effect with the Company setting forth the general terms and conditions of Mr. Grigg s employment as Chief Operating Officer (COO) dated July 20, 2004. The effective date is August 20, 2004. The original expiration date was August 20, 2007. In reviewing the agreement and Mr. Grigg s contributions, the Board determined that the Company would benefit from Mr. Grigg remaining in the COO position for an additional period of time. As such, in January 2007, the agreement was amended and extended until March 31, 2008.

Impact of Regulatory Requirements on Compensation

The Committee is responsible for addressing pay issues associated with Code Section 162(m) of the Internal Revenue Code. Code Section 162(m) limits to $1 million the Company s tax deduction for certain compensation paid to the Company s most highly compensated executive officers. The Company, through the Committee, intends to attempt to qualify executive compensation as tax deductible to the extent feasible and where it believes it is in the best interests of the Company and its shareholders. It does not intend to permit this tax provision to distort the effective development and execution of the Company s compensation program. Thus, the Committee is permitted to and will continue to exercise discretion in those instances where satisfaction of tax law requirements could compromise the interests of the Company s shareholders. In addition, because of the uncertainties associated with the application and interpretation of Code Section 162(m) and the regulations issued thereunder, there can be no assurance that compensation intended to satisfy the requirements for deductibility under Code Section 162(m) will in fact be deductible.

The Company s compensation vehicles are primarily performance based awards that are not subject to the $1 million deduction limitation. However, base salary in excess of $1 million is subject to the deduction limitation. The short-term incentive program and the performance share component of the long-term incentive program qualify as performance based compensation and are not subject to the $1 million deduction limit. A portion of the restricted stock unit component also qualifies as performance based compensation. Therefore, base salary in excess of $1 million and a portion of the restricted stock units are subject to the $1 million deduction limit. For 2006 Mr. Alexander s base salary was $1,216,923. After accounting for deferred base salary there was no lost deductibility under Code Section 162(m). No restricted stock units vested in 2006 and, therefore, no lost deductibility under Code Section 162(m).

Conclusion

The foundation of the Company s compensation philosophy is the concept of pay-for-performance. The Company provides a competitive total compensation program designed to attract, retain, and reward employees whose performances drive Company success. As a result, the executive compensation programs

are designed to reward and retain executives who are responsible for leading the organization in achieving the Company s business objectives in the highly complex utility industry.

In evaluating each element of compensation (individually and in the aggregate), the Company has deemed total compensation provided to its executives reasonable, competitive, and not excessive. Each element of direct compensation is linked to a performance measure that impacts either financial or operational performance. These performance measures drive profitability, safety, and productivity which have a positive impact on the Company as well as providing for an increased return on investment for shareholders.

SUMMARY COMPENSATION TABLE

Name and Principal Position	Year	Salary ($)	Bonus ($)	Stock Awards(1) ($)	Option Awards(2) ($)	Non-Equity Incentive Plan Compensation(3) ($)	Change in Pension Value and Nonqualified Deferred Compensation Earnings(4) ($)	All Other Compensation(5) ($)	Total ($)
Anthony J. Alexander President and Chief Executive Officer	2006	$ 1,216,923	$ 0	$ 5,420,735	$ 581,763	$ 2,000,000	$ 3,468,246	$ 65,659	$ 12,753,326
Richard H. Marsh Senior Vice President and Chief Financial Officer	2006	$ 461,865	$ 0	$ 842,871	$ 123,805	$ 514,003	$ 491,772	$ 25,139	$ 2,459,455
Richard R. Grigg Executive Vice President and Chief Operating Officer	2006	$ 749,154	$ 0	$ 1,209,784	$ 84,560	$ 874,086	$ 200,143	$ 73,986	$ 3,191,713
Gary R. Leidich(6) Senior Vice President, Operations	2006	$ 438,673	$ 0	$ 1,208,227	$ 104,164	$ 336,176	$ 780,646	$ 20,918	$ 2,888,804
Leila L. Vespoli Senior Vice President and General Counsel	2006	$ 457,769	$ 0	$ 1,052,221	$ 76,245	$ 435,414	$ 298,716	$ 21,437	$ 2,341,802

(1) Amounts shown in the Stock Awards column include amounts from awards granted in and prior to 2006 before forfeitures and reflect the dollar amount of compensation cost recognized for financial statement reporting purposes for the fiscal year ended December 31, 2006, in accordance with the Statement of Financial Accounting Standards No. 123R (later referred to as Statement 123R) of awards pursuant to the Executive and Director Incentive Compensation Plan. Compensation costs under Statement 123R are recognized for financial reporting purposes over the period in which the employee is required to provide service in exchange for the award (typically the vesting period). Assumptions used in the calculation of these amounts are included in footnote 4 to the Company s audited financial statements for the fiscal year ended December 31, 2006, included in the Company s Annual Report on Form 10-K filed with the SEC on February 28, 2007.

For restricted common stock, the amounts recognized in 2006 are as follows: Alexander: $818,932; Marsh: $1,515; Grigg: $169,970; Leidich: $412,995; and Vespoli: $314,305. These amounts represent awards granted in and prior to 2006. These awards are not payable to the executive until the vesting date or other qualifying event shown in the 2006 Post Termination Compensation and Benefits table described earlier in this proxy statement. Mr. Alexander s grant issued in 2006 is described in the Other Equity Awards section of the CD&A.

For restricted stock units, the amounts recognized in 2006 are as follows: Alexander: $1,375,748; Marsh: $203,106; Grigg: $459,945; Leidich: $148,156; and Vespoli: $154,147. These amounts represent awards granted in 2005 and 2006. These awards are not payable to the executive until the vesting date or other qualifying event shown in the 2006 Post Termination Compensation and Benefits table. The actual 2006 grants are described in the Long-Term Incentive Program section of the CD&A.

For performance shares, the amounts recognized in 2006 are as follows: Alexander: $3,226,055; Marsh: $591,337; Grigg: $579,869; Leidich: $540,056; and Vespoli: $576,107. These amounts represent awards granted in 2004, 2005, and 2006. These awards are not payable to the executive until the conclusion of the performance cycle or other qualifying event shown in the 2006 Post Termination Compensation and Benefits table. The actual 2006 grants are described in the Long-Term Incentive Program section of the CD&A.

For matching contributions to the EDCP, the amounts recognized in 2006 are as follows: Marsh: $46,913; Leidich: $107,020; and Vespoli: $7,662. These amounts represent the compensation cost associated with matching contributions made from 2003 to 2006.

(2) The Company has not issued stock option awards since 2004. Amounts shown in the Option Awards column include amounts from awards granted in and prior to 2004 and reflect the dollar amount of compensation cost recognized for financial statement reporting purposes for the fiscal year ended December 31, 2006, in accordance with Statement 123R of awards pursuant to the long-term incentive program. Compensation costs under Statement 123R are recognized for financial reporting purposes over the period in which the employee is required to provide service in exchange for the award (typically the vesting period). Assumptions used in the calculation of this amount are included in footnote 4 to the Company s audited financial statements for the fiscal year ended December 31, 2006, included in the Company s Annual Report on Form 10-K filed with the SEC on February 28, 2007.

(3) The Non-Equity Incentive Plan Compensation column is comprised of the annual short-term incentive program award earned in 2006.

(4) The Change in Pension Value and Nonqualified Deferred Compensation Earnings column reflects the aggregate increase in actuarial value to the executive officer of all defined benefit and actuarial plans (including supplemental plans) accrued during the year and above-market earnings on nonqualified deferred compensation. The change in values for the pension plans are as follows: Alexander: $3,428,532; Marsh: $436,877; Grigg: $200,143; Leidich: $760,213; and Vespoli: $268,158. The compensation changes related to Mr. Alexander s promotion in 2004 from COO to CEO significantly increased his pension benefits which affected the change in present value shown above. Mr. Leidich s increase includes the increase in the lump sum benefit described in footnote (3) to the Pension Benefits table. The above-market earnings on compensation that are deferred on a basis that is not tax-qualified are also included in this column. The formula used to determine the above market earnings equals (2006 total interest x {difference in the 1999 Applicable Federal Rate for long-term rates (AFR) and the plan rate}) divided by the plan rate. The above market earnings on nonqualified deferred compensation for the named executive officers are: Alexander: $39,714; Marsh: $54,895; Grigg: $0; Leidich: $20,433; and Vespoli: $30,558.

(5) The All Other Compensation column includes compensation not required to be included in any other column. This includes matching Company common stock contributions under the tax-qualified Savings Plan: Alexander: $11,220; Marsh: $8,969; Grigg: $7,259; Leidich: $11,220; and Vespoli: $11,220.

In addition, certain executives are eligible to receive limited perquisites offered by the Company. In 2006, the named executives were provided: (1) financial planning and tax preparation services for Mr. Alexander, Mr. Marsh, Mr. Leidich, and Ms. Vespoli; (2) country club dues for Mr. Alexander, Mr. Marsh, Mr. Grigg, and Ms. Vespoli; (3) entertainment expenses during the Board of Directors meeting for Mr. Alexander, Mr. Grigg, and Mr. Leidich; (4) the dollar value of the Executive Supplemental Life Insurance for Mr. Alexander, Mr. Marsh, and Ms. Vespoli; (5) holiday gifts for Mr. Alexander, Mr. Marsh, Mr. Grigg, and Ms. Vespoli; and (6) personal use of the corporate aircraft for Mr. Alexander and Mr. Grigg. Of the total All Other Compensation amounts for Mr. Grigg, $63,520 was for use of the corporate aircraft. The Board requires Mr. Alexander to use corporate aircraft for all travel for security reasons. The value of the use of corporate aircraft is calculated based on the aggregate variable operating costs to the Company, including fuel costs, trip-related maintenance, universal weather-monitoring costs, on-board catering, landing/ramp fees, and other miscellaneous variable costs. Fixed costs which do not change based on usage, such as pilots' salaries, the amortized costs of the Company aircraft, and the cost of maintenance not related to trips are excluded. Amounts for personal use of Company aircraft are included in the table. Executive officers spouses and immediate family members may accompany executives on Company aircraft using unoccupied space on flights that were already scheduled, and the Company incurs no aggregate incremental cost in connection with such use. The amounts reported utilize a different valuation methodology than used for income tax purposes, where the cost of the personal use of corporate aircraft has been calculated using the Standard Industrial Fare Level (SIFL) tables found in the tax regulations. All other perquisites are valued at the invoice cost charged to the Company.

(6) Effective March 1, 2007, Mr. Leidich, formerly President and Chief Nuclear Officer, was promoted to Senior Vice President, Operations.

GRANTS OF PLAN-BASED AWARDS

As of December 31, 2006

Name	Grant Date	Estimated Future Payouts Under Non- Equity Incentive Plan Awards			Estimated Future Payouts Under Equity Incentive Plan Awards(1)			All Other Stock Awards: Number of Shares of Stock or Units(1) (#)	All Other Option Awards: Number of Securities Underlying Options (#)	Exercise or Base Price of Option Awards ($/Sh)	Grant Date Fair Value of Stock and Option Awards(2)
		Threshold ($)	Target ($)	Maximum ($)	Threshold (#)	Target (#)	Maximum (#)				
Anthony J. Alexander	2/27/2006(3)	$ (8)	$	$				100,645			$5,130,867
	3/1/2006(4)	$	$	$	36,328	48,437	60,547				$3,083,053
	4/1/2006(5)	$	$	$		31,850	47,775				$2,336,198
Richard H. Marsh	3/1/2006(4)	$	$	$	4,608	6,144	7,680				$391,066
	3/1/2006(6)	$	$	$				5,028			$256,026
	3/1/2006(7)	$	$	$				605			$29,951
	4/1/2006(5)	$	$	$		4,848	7,273				$355,650
Richard R. Grigg	3/1/2006(4)	$	$	$	11,465	15,286	19,108				$972,979
	4/1/2006(5)	$	$	$		9,408	14,112				$690,077
Gary R. Leidich	3/1/2006(4)	$	$	$	3,693	4,923	6,154				$313,362
	3/1/2006(7)	$	$	$				1,487			$73,580
	4/1/2006(5)	$	$	$		4,742	7,114				$347,875
Leila L. Vespoli	3/1/2006(4)	$	$	$	3,858	5,144	6,430				$327,416
	4/1/2006(5)	$	$	$		4,797	7,196				$351,884

(1) Includes dividend equivalent units earned on the grants of performance-adjusted and discretionary restricted stock units and on the 20 percent matching contribution deferred into the deferred stock account from March 1 through December 31, 2006. Also includes all dividends earned on the restricted stock grant for the same time period.

(2) Fair market value calculation for each type of grant is explained in the Grants of Plan-Based Awards section under the subheading for the appropriate type of grant. In cases where equity grants had performance factors, the highest number of shares that could be received was used in the calculation.

(3) Restricted stock grant. Refer to the Long-Term Incentive Program section of the CD&A and the Grants of Plan-Based Awards section for detailed information on this grant.

(4) Performance-adjusted restricted stock unit grant. Refer to the Long-Term Incentive Program section of the CD&A and the Grants of Plan-Based Awards section for detailed information on this grant.

(5) Performance share grant. Refer to the Long-Term Incentive Program section of the CD&A and the Grants of Plan-Based Awards section for detailed information on this grant.

(6) Discretionary restricted stock unit grant. Refer to the Long-Term Incentive Program section of the CD&A and the Grants of Plan-Based Awards section for more detailed information on this grant.

(7) Share matching contribution applied to funds deferred into the deferred stock account of the EDCP. Refer to the Long-Term Incentive Program section of the CD&A, the EDCP section of the Grants of Plan-Based Awards section, and the Nonqualified Deferred Compensation section of the tables for more information on this matching contribution.

(8) All dashes ( ) indicate that they do not apply to the Company for 2006 grants.

Grants of Plan-Based Awards

Executives are responsible for paying all tax obligations regarding any grant(s) received. Grants are not grossed-up by the Company to cover tax obligations. Taxes are paid in cash for performance shares but may be paid in cash or by withholding shares for restricted stock units or EDCP

share payouts. Starting with the March 1, 2007, performance-adjusted and discretionary restricted stock unit grants, the Company will require payment of taxes by selling shares on the open market. No consideration, other than services rendered, is paid by an executive when receiving a grant.

A share value protection right was added to all grants given in 2006 in the event of termination of employment due to a change in control. Under this share value protection right, an executive is only entitled to a cash payment if the fair market value (which is defined for these purposes as the average high

and low stock price) of a share of stock on the date of grant or the fair market value of a share of stock on the date of the change in control is greater than the fair market value of a share of stock on the date of termination of employment. The cash payment is determined by subtracting the fair market value of a share of stock on the date of termination of employment from the greater of: (a) the fair market value of a share of stock on the date of grant, or (b) the fair market value of a share of stock on the date of the change in control. The difference is multiplied by the number of shares granted and paid within ten days of the termination of employment.

Performance Share Grants

Performance share grants are awarded under the terms of the FirstEnergy Executive and Director Incentive Compensation Plan (later referred to in this section as the Plan). The Compensation Committee has the discretion to pay the grant in cash or stock, though the typical payment form historically has been in cash. Under Statement 123R, performance shares are treated as a liability which is valued based on the closing price of the Company common stock on the date of grant. The closing price or fair market value for the April 1, 2006, performance share grant is $48.90. Though the liability for awards is initially valued at fair market value on the date of grant, for purposes of financial statement recognition, they are re-valued at each financial statement reporting date, through the date the award is settled. This re-measurement date reflects the normal market fluctuation of Company common stock.

During the three year cycle, performance shares earn dividend equivalent units, applied quarterly, at the same rate paid to shareholders. If the performance factors are reached, as discussed in the Long-Term Incentive Program section of the CD&A, the grant then will be paid in cash to executives on March 1, 2009. Payout of performance shares upon termination from the Company is discussed in the Post Termination Compensation and Benefits section of the CD&A. Starting in 2007, an executive who terminates at least one year from the date of grant due to retirement, involuntary severance where they qualify for the Company severance program, or if they are no longer eligible for the EDCP, will receive a prorated number of shares based on time served; however, the share payout will not occur until the date the grant was originally scheduled to vest. At the time of payout, the prorated shares will be adjusted upward or downward based on the performance factors achieved for that three year cycle.

Performance-Adjusted and Discretionary Restricted Stock Unit Grants

The Compensation Committee approves grants of performance-adjusted restricted stock units under the Plan to all eligible executives as it deems appropriate. A restricted stock unit is equivalent to one share of Company common stock.   There are no voting rights.

Pursuant to Statement 123R, performance-adjusted and discretionary restricted stock units are treated as a fixed cost for accounting purposes and are valued based on the average high and low price of the Company s common stock on the date of grant times the number of restricted stock units granted. The fair market value share price for restricted stock unit grants awarded on March 1, 2006, is $50.92. The compensation cost associated with restricted stock units remains constant through the date the award is settled. No adjustments are required for market fluctuation of Company common stock.

A discretionary restricted stock unit grant is similar to the performance-adjusted restricted stock unit, except it does not have a performance factor and vests five years from date of grant. The number of shares granted is determined by dividing the dollar value of the award by the average high and low FirstEnergy Corp. common stock price as of the date of grant.

Payment of restricted stock units upon termination from the Company are discussed in the Post Termination Compensation and Benefits section of the CD&A. Once restrictions lapse, if applicable, the performance factor multiplier is applied to the original grant and all dividends earned. The appropriate number of shares are purchased in the name of the executive. Under the terms of the grant, executives subject to share ownership guidelines are restricted from selling, transferring, pledging, or assigning more than 50 percent of the remaining shares until such time as their employment terminates. Additionally, executives are not permitted to sell, transfer, pledge, or assign any shares if, by doing so, they will fall below their share ownership guidelines.

Starting in 2007, an executive, who terminates at least one year from the date of grant for performance-adjusted restricted stock units or three years from the date of grant for discretionary restricted stock unit grants, is eligible for a prorated payout. However, if the executive terminates due to retirement, involuntary severance where they qualify for the Company severance program, or if they are no longer eligible for the EDCP, the share payout will not occur until the date the grant was originally scheduled to vest. At the time of payout, for performance-adjusted restricted stock units, the prorated shares will be adjusted upward or downward based on the performance factors achieved for that three year period.

Restricted Stock Grants

A restricted stock grant differs from a restricted stock unit grant in that the appropriate number of shares are purchased on the open market, as soon as practicable, after the date the signed restricted stock grant agreement is received. Restricted stock grants are awarded under the terms and conditions of the Plan. Though the Committee has the authority to modify all or select stock grants, the Compensation Committee has not taken such action since 2002.

The vesting terms and conditions of restricted stock grants vary. Executives receiving restricted stock have full voting rights. During the vesting period, dividends are earned and applied quarterly, at the same rate as shareholders. Cash dividends are converted automatically into shares and are subject to the same restrictions as the original grant. Under the Statement 123R provisions, the grant date fair market value for restricted stock is the purchase price plus commission paid for the restricted stock times the number of shares granted. The purpose and methods of granting restricted stock, in general, and detailed information regarding Mr. Alexander s grant are explained further in the Other Equity Awards section of the CD&A and are reflected in the Summary Compensation Table. Based on the Stock Ownership/Retention Guidelines section of the CD&A, once restrictions lapse on Mr. Alexander s restricted stock grant, he is restricted further from selling more than 50 percent of all remaining shares, after taxes are paid, until his employment terminates.

The Executive Deferred Compensation Plan

The FirstEnergy EDCP is a nonqualified defined contribution plan which provides for the voluntary deferral of compensation. Participants may defer up to 50 percent of base salary, up to 100 percent of short-term incentive compensation, and up to 100 percent of cash long-term incentive compensation. Participation in the EDCP is limited to management employees of the Company. Details of this program are further explained under the subheading Nonqualifed Deferred Compensation found after the Nonqualified Deferred Compensation Table later in this proxy statement.

Dollar values listed in the Option Exercises and Stock Vested table are calculated by adding the shares originally deferred in 2006 and any dividends earned through December 31, 2006, and multiplying that number by the average closing price for the month of February, 2006 ($49.47).

Dividend equivalent units are earned on the 20 percent matching contribution and the deferred stock amount based on the same dividend rate paid to shareholders. The number of shares associated with the 20 percent matching contribution is calculated by dividing the calculated 20 percent dollar matching contribution by the average closing price for the month of February 2006 ($49.47). The 20 percent matching contribution shares received by our named executive officers, and all dividends earned through December 31, 2006, are reported on the Grants of Plan-Based Awards table under the All Other Stock Awards: Number of Shares of Stock or Units column. In accordance with Statement 123R, the shares in the EDCP are recorded as a liability. The fair market value is determined by multiplying the 20 percent matching contribution and all dividends earned up to December 31, 2006, by the average closing price for the month of February 2006 ($49.47).

A matching contribution is not applied to shares further deferred into the retirement stock account. Stock paid out on March 1, 2006, or further deferred into the retirement stock account in 2006 is valued at $51.00, the closing price on March 1, 2006. No named executive officer elected to receive a payout of their EDCP deferred stock account in 2006.

OUTSTANDING EQUITY AWARDS AT FISCAL YEAR-END

AS OF DECEMBER 31, 2006

	Option Awards					Stock Awards			
Name	Number of Securities Underlying Unexercised Options (#) Exercisable	Number of Securities Underlying Unexercised Options (#) UnExercisable	Equity Incentive Plan Awards: Number of Securities Underlying Unexercised Unearned Options (#)(1)	Option Exercise Price ($)	Option Expiration Date	Number of Shares or Units of Stock That Have Not Vested (2)(3) (#)	Market Value of Shares or Units of Stock That Have Not Vested ($)	Equity Incentive Plan Awards: Number of Unearned Shares, Units or Other Rights That Have Not Vested(2) (#)	Equity Incentive Plan Awards: Market or Payout Value of Unearned Shares, Units or Other Rights That Have Not Vested ($)
Anthony J. Alexander	90,000		N/A	$ 34.45	4/1/2012	100,645	$ 6,073,908	50,825 (4)	$ 3,067,289
	80,450		N/A	$ 29.71	3/1/2013			48,437 (4)	$ 2,923,173
	192,825	64,275	N/A	$ 38.76	3/1/2014			42,026 (5)	$ 2,536,266
								57,928 (6)	$ 3,495,973
								49,356 (7)	$ 2,978,664
Richard H. Marsh	17,500		N/A	$ 34.45	4/1/2012	5,028	$ 303,440	5,438 (4)	$ 328,183
	23,750		N/A	$ 29.71	3/1/2013			6,144 (4)	$ 370,790
	38,475	12,825	N/A	$ 38.76	3/1/2014			9,837 (5)	$ 593,655
								8,676 (6)	$ 523,626
								7,513 (7)	$ 453,432
								568 (9)	$ 34,288
								605 (10)	$ 36,538
Richard R. Grigg	27,379	27,380	N/A	$ 39.46	8/20/2014	13,702	$ 826,916	17,913 (4)	$ 1,081,050
								15,286 (4)	$ 922,510
								17,149 (6)	$ 1,034,931
								14,579 (7)	$ 879,851
Gary R. Leidich		11,125	N/A	$ 38.76	3/1/2014	53,033	$ 3,200,557	5,771 (4)	$ 348,280
								4,923 (4)	$ 297,103
								8,533 (5)	$ 514,979
								8,370 (6)	$ 505,145