FIRSTENERGY CORP
Form S-4
March 23, 2010

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As filed with the Securities and Exchange Commission on March 23, 2010

Registration No. 333-

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

Form S-4

REGISTRATION STATEMENT UNDER THE SECURITIES ACT OF 1933

FIRSTENERGY CORP.
(Exact name of registrant as specified in its charter)

Ohio	**4911**	**34-1843785**
(State or other jurisdiction of incorporation or organization)	*(Primary Standard Industrial Classification Code Number)*	*(I.R.S. Employer Identification Number)*

76 South Main Street
Akron, Ohio 44308
(800) 631-8945
(Address, including zip code, and telephone number, including area code, of registrant s principal executive offices)

Leila L. Vespoli, Esq.
Executive Vice President and General Counsel
FirstEnergy Corp.
76 South Main Street
Akron, Ohio 44308
(800) 631-8945
(Name, address, including zip code, and telephone number, including area code, of agent for service)

Copies To:

Rick L. Burdick, Esq. **Lucas F. Torres, Esq.** **Zachary N. Wittenberg, Esq.** **Akin Gump Strauss Hauer & Feld LLP** **1333 New Hampshire Avenue, N.W.** **Washington, D.C. 20036** **(202) 887-4000**	**David M. Feinberg, Esq.** **Vice President, General Counsel and Secretary** **Allegheny Energy, Inc.** **800 Cabin Hill Drive** **Greensburg, PA 15601** **(724) 837-3000**	**Michael P. Rogan, Esq.** **Pankaj K. Sinha, Esq.** **Skadden, Arps, Slate, Meagher & Flom LLP** **1440 New York Avenue, N.W.** **Washington, D.C. 20005-2111** **(202) 371-7000**

Approximate date of commencement of proposed sale to the public: As soon as practicable after the effectiveness of this registration statement and the satisfaction or waiver of all other conditions to the completion of the merger described herein.

If the securities being registered on this form are being offered in connection with the formation of a holding company and there is compliance with General Instruction G, check the following box. o

If this form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. o

If this form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. o

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer or a smaller reporting company. See the definitions of large accelerated filer, accelerated filer and smaller reporting company in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer þ	Accelerated filer o	Non-accelerated filer o (Do not check if a smaller reporting company)	Smaller reporting company o

If applicable, place an X in the box to designate the appropriate rule provision relied upon in conducting this transaction:

Exchange Act Rule 13e-4(i) (Cross-Border Issuer Tender Offer)	o
Exchange Act Rule 14d-1(d) (Cross-Border Third-Party Tender Offer)	o

CALCULATION OF REGISTRATION FEE

Title of Each Class of Securities to be Registered	Amount to be Registered(1)	Proposed Maximum Aggregate Offering Price(2)	Amount of Registration fee(3)
Common Stock, par value $0.10 per share	115,387,767	$ 4,051,546,459.84	$ 288,907.60

(1) Represents the maximum number of shares of the common stock of the registrant that the registrant currently estimates may be issued to former stockholders of Allegheny Energy, Inc., referred to as Allegheny Energy, upon the completion of the merger described herein.

(2) Estimated solely for the purpose of calculating the registration fee required by Section 6(b) of the Securities Act and computed pursuant to Rule 457(f)(1) and 457(c) of the Securities Act. The proposed maximum aggregate offering price of the registrant s common stock was calculated based upon the market value of shares of Allegheny Energy common stock (the securities to be canceled in the merger) in accordance with Rule

457(c) under the Securities Act as follows: the product of (A) $23.42, the average of the high and low prices per share of Allegheny Energy common stock as quoted on the New York Stock Exchange on March 19, 2010 and (B) 172,995,152, the maximum possible number of shares of Allegheny Energy common stock which may be canceled in the merger.

(3) Determined in accordance with Section 6(b) of the Securities Act at a rate equal to $71.30 per $1,000,000 of the proposed maximum aggregate offering price.

The Registrant hereby amends this Registration Statement on such date or dates as may be necessary to delay its effective date until the Registrant shall file a further amendment that specifically states that this Registration Statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933, or until the Registration Statement shall become effective on such date as the Securities and Exchange Commission, acting pursuant to said Section 8(a), may determine.

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PRELIMINARY COPY SUBJECT TO COMPLETION, DATED MARCH 23, 2010

MERGER PROPOSED YOUR VOTE IS VERY IMPORTANT

To the Shareholders of FirstEnergy Corp.:

The boards of directors of FirstEnergy Corp., referred to as FirstEnergy, and Allegheny Energy, Inc., referred to as Allegheny Energy, have each unanimously approved an agreement and plan of merger pursuant to which Element Merger Sub, Inc., a wholly owned subsidiary of FirstEnergy, will merge with and into Allegheny Energy with Allegheny Energy becoming a wholly owned subsidiary of FirstEnergy. Upon completion of the merger, FirstEnergy will issue to Allegheny Energy stockholders 0.667 of a share of FirstEnergy common stock for each share of Allegheny Energy common stock held prior to the merger. This exchange ratio is fixed and will not be adjusted to reflect stock price changes prior to completion of the merger. Based on the closing price of FirstEnergy common stock on the New York Stock Exchange, referred to as the NYSE, on February 10, 2010, the last trading day before public announcement of the merger, the exchange ratio represented approximately $27.65 in value for each share of Allegheny Energy common stock. Based on the closing price of FirstEnergy common stock on the NYSE on , 2010, the latest practicable trading day before the date of this joint proxy statement/prospectus, the exchange ratio represented approximately $ in value for each share of Allegheny Energy common stock.

Shares of FirstEnergy common stock trade on the NYSE under the symbol FE. We estimate that based on the number of outstanding shares of Allegheny Energy common stock on , 2010, immediately after the effective time of the merger, current FirstEnergy shareholders will hold shares of FirstEnergy common stock representing approximately 73% of the then outstanding shares of FirstEnergy common stock and former Allegheny Energy stockholders will hold shares of FirstEnergy common stock representing approximately 27% of the then outstanding shares of FirstEnergy common stock.

We are asking FirstEnergy shareholders to approve (1) the proposal to issue shares of FirstEnergy common stock to the former Allegheny Energy stockholders in the merger, (2) the proposal to adopt an amendment to the FirstEnergy amended articles of incorporation to increase the number of authorized shares of FirstEnergy common stock, referred to as the charter amendment, and (3) the proposal to adjourn the special meeting to another time or place, if necessary or appropriate, to solicit additional proxies if there are insufficient votes at the time of the special meeting to approve the share issuance or the charter amendment. The approval of the issuance of shares of FirstEnergy common stock to Allegheny Energy stockholders in the merger requires the affirmative vote of the holders of at least a majority of the shares of FirstEnergy common stock voting on the proposal, provided that the total number of shares represented in person or by proxy constitutes a majority of the outstanding shares of FirstEnergy common stock entitled to vote at the FirstEnergy special meeting. The adoption of the charter amendment requires the affirmative vote of the holders of at least a majority of the outstanding shares of FirstEnergy common stock entitled to vote on the proposal. The approval of the adjournment proposal requires the affirmative vote of the holders of a majority of the shares represented in person or by proxy at the FirstEnergy special meeting.

The FirstEnergy board of directors unanimously approved the merger agreement and the transactions contemplated by the merger agreement and recommends that FirstEnergy shareholders vote FOR the proposal to approve the issuance of shares of FirstEnergy common stock pursuant to the merger agreement, FOR the proposal to adopt the charter amendment and FOR the proposal to adjourn the FirstEnergy special meeting, if necessary or appropriate, to solicit additional proxies.

The accompanying joint proxy statement/prospectus contains important information about the merger, the merger agreement and the FirstEnergy special meeting. **We encourage FirstEnergy shareholders to read this joint proxy statement/prospectus carefully before voting, including the section entitled Risk Factors beginning on page 30.**

Your vote is very important. Whether or not you plan to attend the FirstEnergy special meeting, please take the time to submit your proxy by completing and mailing the enclosed proxy card or by granting your proxy electronically over the Internet or by telephone.

Anthony J. Alexander
President and Chief Executive Officer
FirstEnergy Corp.

Neither the Securities and Exchange Commission, nor any state securities commission has approved or disapproved of the merger or the securities to be issued under this joint proxy statement/prospectus or has passed upon the adequacy or accuracy of the disclosure in this joint proxy statement/prospectus. Any representation to the contrary is a criminal offense.

This joint proxy statement/prospectus is dated , 2010, and is first being mailed to FirstEnergy shareholders on or about , 2010 and to Allegheny Energy stockholders on or about , 2010.

800 Cabin Hill Drive
Greensburg, Pennsylvania 15601

, 2010

MERGER PROPOSED   YOUR VOTE IS VERY IMPORTANT

Dear Stockholders:

On February 11, 2010, we announced our proposed merger with FirstEnergy Corp. Our board of directors unanimously determined that the merger agreement and the merger are advisable and are fair to and in the best interests of Allegheny Energy s stockholders and has approved the merger agreement and the merger.

This merger should significantly enhance value for our stockholders. You will receive a meaningful premium for your shares based on the trading price of FirstEnergy and Allegheny Energy shares prior to the announcement of the merger and a substantial dividend increase based on FirstEnergy s current dividend policy.

We believe the merger is in the best interests of our stockholders and will create a strong combined company with substantial upside. With a more diversified generation fleet that is less dependent on coal, your investment will be less exposed to the risk of carbon legislation or onerous environmental regulations. The combined company s increased size should create opportunities for efficiencies of all kinds. Importantly, the combined company will be well positioned to benefit from a recovery in the economy and higher power prices.

Allegheny Energy will hold a special meeting of its stockholders at , on , 2010 at , local time, to consider and vote on the proposal to approve the merger agreement and the merger. The proposal requires the affirmative vote of the holders of at least a majority of the outstanding shares of Allegheny Energy s common stock entitled to vote. If the merger is completed, Allegheny Energy stockholders will receive 0.667 of a share of FirstEnergy s common stock for each share of Allegheny Energy common stock held.

We urge you to read carefully the accompanying joint proxy statement/prospectus which includes important information about the merger agreement, the proposed merger and the Allegheny Energy special meeting. **For a discussion of risk factors that you should consider in evaluating the merger, see the section entitled Risk Factors beginning on page 30.**

Your vote is important. I invite you to attend the special meeting. Please submit your proxy or voting instructions by telephone or on the Internet promptly by following the instructions on your proxy/voting instruction card so that your shares can be voted, regardless of whether you expect to attend Allegheny Energy s special meeting. Alternatively, you may mark, date, sign and return the enclosed proxy/voting instruction card. If you attend, you may withdraw your proxy and vote in person.

We enthusiastically support this combination of our companies, and I ask that you join with Allegheny Energy s board of directors and vote **FOR** the approval of the merger agreement and the merger.

Paul J. Evanson
Chairman, President and Chief Executive Officer
Allegheny Energy, Inc.

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76 South Main Street
Akron, Ohio 44308
(800) 631-8945

NOTICE OF SPECIAL MEETING OF SHAREHOLDERS
TO BE HELD ON , 2010

To the Shareholders of FirstEnergy Corp.:

A special meeting of the shareholders of FirstEnergy Corp., an Ohio corporation (FirstEnergy), will be held at , , on , 2010, at , local time, for the following purposes:

1. to consider and vote on the proposal to approve the issuance of shares of FirstEnergy common stock pursuant to the Agreement and Plan of Merger, dated as of February 10, 2010, by and among FirstEnergy, Element Merger Sub, Inc., a Maryland corporation and a wholly owned subsidiary of FirstEnergy, and Allegheny Energy, Inc., a Maryland corporation, as it may be amended from time to time (a copy of the merger agreement is attached as Annex A to the joint proxy statement/prospectus accompanying this notice);

2. to consider and vote on the proposal to adopt the amendment to FirstEnergy s amended articles of incorporation, to increase the number of shares of authorized common stock from 375,000,000 to 490,000,000 (referred to as the charter amendment);

3. to consider and vote on the proposal to adjourn the special meeting to another time or place, if necessary or appropriate, to solicit additional proxies if there are insufficient votes at the time of the special meeting to approve the share issuance or the charter amendment; and

4. to transact any other business that may properly come before the special meeting or any adjournment or postponement of the special meeting by or at the direction of the board of directors of FirstEnergy.

Only FirstEnergy shareholders of record at the close of business on , 2010, the record date for the FirstEnergy special meeting, are entitled to notice of, and to vote at, the FirstEnergy special meeting and any adjournments or postponements of the FirstEnergy special meeting.

The FirstEnergy board of directors has unanimously approved the merger agreement and the transactions contemplated by the merger agreement and recommends that you vote FOR the proposal to approve the issuance of shares of FirstEnergy common stock pursuant to the merger agreement, FOR the proposal to adopt the charter amendment and FOR the proposal to adjourn the FirstEnergy special meeting, if necessary or appropriate, to solicit additional proxies in favor of such approvals.

YOUR VOTE IS IMPORTANT

Whether or not you plan to attend the special meeting, please submit a proxy as soon as possible. Please read the joint proxy statement/prospectus accompanying this notice and the instructions on the enclosed proxy card for more complete information regarding the merger and the FirstEnergy special meeting. Whether or not you plan to attend the special meeting in person, and no matter how many shares you own, please submit your proxy promptly by telephone or via the Internet in accordance with the instructions on the enclosed proxy card, or by completing, dating and returning your proxy card in the postage-prepaid envelope provided. Voting by proxy will not prevent you from voting in person at the special meeting. It will, however, help to ensure a quorum and to avoid added proxy solicitation costs.

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

You may revoke your proxy or change your vote at any time before the vote is taken by following the procedures set forth in the section entitled Information Regarding the FirstEnergy Special Meeting How to Change Your Vote beginning on page 43 of the joint proxy statement/prospectus that accompanies this notice.

By Order of the Board of Directors of
FirstEnergy Corp.

Rhonda S. Ferguson
Corporate Secretary

Akron, Ohio
, 2010

800 Cabin Hill Drive
Greensburg, Pennsylvania 15601

NOTICE OF SPECIAL MEETING OF STOCKHOLDERS
TO BE HELD ON , 2010

To the Stockholders of Allegheny Energy, Inc.:

A special meeting of the stockholders of Allegheny Energy, Inc., a Maryland corporation (Allegheny Energy), will be held at , , on , 2010 at , local time, to consider and vote on the proposals listed below and any other matters that may properly come before the special meeting or any adjournment or postponement of the special meeting:

1. the proposal to approve the Agreement and Plan of Merger, dated as of February 10, 2010, by and among FirstEnergy Corp., an Ohio corporation, Element Merger Sub, Inc., a Maryland corporation and a wholly-owned subsidiary of FirstEnergy Corp., and Allegheny Energy, as it may be amended from time to time (a copy of the merger agreement is attached as Annex A to the joint proxy statement/prospectus accompanying this notice); and the merger described therein; and

2. the proposal to adjourn the special meeting to a later date or dates, if necessary or appropriate, to solicit additional proxies if there are insufficient votes to approve the merger agreement and the merger at the time of the special meeting.

The items of business listed above are more fully described in the joint proxy statement/prospectus that accompanies this notice.

Only Allegheny Energy stockholders of record at the close of business on , 2010, the record date for the Allegheny Energy special meeting, will receive this notice of, and be entitled to vote at, the Allegheny Energy special meeting and any adjournments or postponements of the Allegheny Energy special meeting.

The Allegheny Energy board of directors has unanimously determined that the merger agreement and the transactions contemplated by the merger agreement, including the merger, are advisable, fair to and in the best interests of Allegheny Energy and its stockholders and recommends that Allegheny Energy stockholders vote FOR the proposal to approve the merger agreement and the merger and FOR the proposal to adjourn the Allegheny Energy special meeting, if necessary or appropriate, to solicit additional proxies in favor of such approval.

YOUR VOTE IS IMPORTANT

Approval of the merger agreement and the merger by Allegheny Energy stockholders is a condition to the merger and requires the affirmative vote of holders of at least a majority of the shares of Allegheny Energy common stock outstanding and entitled to vote. Therefore, your vote is very important. **Your failure to vote your shares will have the same effect as a vote AGAINST approval of the merger agreement and the merger.**

Whether or not you plan to attend the special meeting, please submit a proxy as soon as possible. Please read the joint proxy statement/prospectus accompanying this notice and the instructions on the enclosed proxy card for more complete information regarding the merger and the Allegheny Energy special meeting. Whether or not you plan to attend the special meeting in person, and no matter how many shares you own, please submit your proxy promptly by telephone or via the Internet in accordance with the instructions on the enclosed proxy card, or by completing, dating and returning your proxy card in the envelope provided. Voting by proxy will not prevent you from voting in person at the special meeting. It will, however, help to ensure a quorum and to avoid added proxy solicitation costs.

If your shares of Allegheny Energy common stock are held in street name by your broker or other nominee, only that holder can vote your shares of Allegheny Energy common stock and only upon receiving your specific instructions. Please follow the directions provided by your broker or other nominee regarding how to instruct your broker or other nominee to vote your shares of Allegheny Energy common stock. Please note that if your shares are held in street name and you wish to vote in person at the Allegheny Energy special meeting, you must provide a legal proxy from your nominee, and you should contact your nominee for directions on how to obtain such a proxy.

You may revoke your proxy or change your vote at any time before the vote is taken by following the procedures set forth in the section entitled Information Regarding the Allegheny Energy Special Meeting How to Change Your Vote beginning on page 47 of the joint proxy statement/prospectus that accompanies this notice.

By Order of the Board of Directors,

David M. Feinberg
Vice President, General Counsel and
Secretary

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ADDITIONAL INFORMATION

This joint proxy statement/prospectus incorporates by reference important business and financial information about FirstEnergy and Allegheny Energy from other documents filed with the Securities and Exchange Commission, referred to as the SEC, that are not included or delivered with this joint proxy statement/prospectus. Please see the section entitled Where You Can Find More Information; Incorporation by Reference beginning on page 166 for a more detailed description of the information incorporated by reference in this joint proxy statement/prospectus.

Documents incorporated by reference are available to you without charge upon written or oral request. You can obtain copies of any of these documents or answers to your questions about the applicable special meeting and proposals, from Innisfree M&A Incorporated, FirstEnergy s proxy solicitor, or D.F. King & Co., Inc., Allegheny Energy s proxy solicitor, at the following addresses and telephone numbers:

Innisfree M&A Incorporated 501 Madison Avenue, 20th floor New York, New York 10022 Shareholders may call toll free (877) 687-1866 Banks and Brokers may call collect (212) 750-5833	D.F. King & Co., Inc. 48 Wall Street, 22nd Floor New York, New York 10005 Stockholders may call toll free (800) 549-6650 Banks and Brokers may call collect (212) 269-5550

You also can obtain copies of any of these documents by requesting them in writing or by telephone from the appropriate company at the following addresses and telephone numbers:

FirstEnergy Corp. Attention: Corporate Department 76 South Main Street Akron, Ohio 44308 (800) 631-8945	Allegheny Energy, Inc. Attention: Investor Relations 800 Cabin Hill Drive Greensburg, Pennsylvania 15601 (724) 838-6196

Please note that copies of the documents provided to you will not include exhibits, unless the exhibits are specifically incorporated by reference in the documents or in this joint proxy statement/prospectus.

To receive timely delivery of the requested documents in advance of the applicable special meeting, you should make your request no later than , 2010, if you are a FirstEnergy shareholder and , 2010, if you are an Allegheny Energy stockholder.

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QUESTIONS AND ANSWERS ABOUT THE MERGER AND THE SPECIAL MEETINGS

Following are brief answers to certain questions that you may have regarding the proposals being considered at the FirstEnergy special meeting and the Allegheny Energy special meeting. FirstEnergy and Allegheny Energy urge you to read carefully this entire joint proxy statement/prospectus, including the annexes, and the other documents to which this joint proxy statement/prospectus refers or incorporates by reference, because this section does not provide all the information that might be important to you. Unless stated otherwise, all references in this joint proxy statement/prospectus to FirstEnergy are to FirstEnergy Corp., an Ohio corporation; all references to the combined company are to FirstEnergy after the completion of the merger; all references to Allegheny Energy or the surviving entity are to Allegheny Energy, Inc., a Maryland corporation; all references to Merger Sub are to Element Merger Sub, Inc., a Maryland corporation and a wholly owned subsidiary of FirstEnergy; and all references to the merger agreement are to the Agreement and Plan of Merger, dated as of February 10, 2010, by and among FirstEnergy, Merger Sub and Allegheny Energy, as it may be amended from time to time, a copy of which is attached as Annex A to this joint proxy statement/prospectus.

ABOUT THE MERGER

Q1: Why am I receiving this document?

A1: FirstEnergy and Allegheny Energy have agreed to the merger of a subsidiary of FirstEnergy into Allegheny Energy under the terms of a merger agreement that is described in this joint proxy statement/prospectus. We are delivering this document to you because it serves as both a joint proxy statement of FirstEnergy and Allegheny Energy and a prospectus of FirstEnergy that is being used by our boards of directors to solicit the proxies of FirstEnergy and Allegheny Energy shareholders and by FirstEnergy in connection with its offering of FirstEnergy common stock in the merger.

In order to complete the merger, among other conditions, FirstEnergy shareholders must vote to approve the issuance of FirstEnergy common stock in the merger and the charter amendment, and Allegheny Energy stockholders must vote to approve the merger agreement and the merger. FirstEnergy and Allegheny Energy will hold separate special meetings to obtain these approvals.

This joint proxy statement/prospectus, which you should read carefully, contains important information about the merger, the merger agreement and the special meetings of shareholders of FirstEnergy and Allegheny Energy.

Q2: What will happen in the proposed merger?

A2: In the proposed merger, a wholly owned subsidiary of FirstEnergy will merge with and into Allegheny Energy, as a result of which Allegheny Energy will become a wholly owned subsidiary of FirstEnergy and will no longer be a publicly-traded company.

Q3: Why are FirstEnergy and Allegheny Energy proposing the transaction?

A3: FirstEnergy and Allegheny Energy believe that the merger will provide substantial strategic and financial benefits to each company and their respective shareholders and customers and the communities they serve, including:

- increased scale, scope and diversification;
- increased financial strength and flexibility;
- combined expertise in competitive markets and complementary geography/contiguous service territories; and

cost saving and other synergies.

To review the reasons for the merger in greater detail, see the sections entitled The Merger Recommendation of the FirstEnergy Board of Directors and Its Reasons for the Merger beginning on page 58 and The Merger Recommendation of the Allegheny Energy Board of Directors and Its Reasons for the Merger beginning on page 63.

Q4: Are there risks associated with the merger that I should consider in deciding how to vote?

A4: Yes. There are a number of risks related to the merger that are discussed in this joint proxy statement/prospectus and in other documents incorporated by reference. In evaluating the merger, you should read carefully the detailed description of the risks associated with the merger described in the section entitled Risk Factors beginning on page 30 and other information included in this joint proxy statement/prospectus and the documents incorporated by reference in this joint proxy statement/prospectus.

Q5: What will Allegheny Energy stockholders receive if the merger occurs?

A5: Upon completion of the merger, Allegheny Energy stockholders will receive 0.667 of a share of FirstEnergy common stock for each share of Allegheny Energy common stock that they hold as described in the section entitled The Merger Agreement Merger Consideration beginning on page 109.

Based on the closing price of FirstEnergy common stock on the NYSE on February 10, 2010, the last trading day before the public announcement of the merger agreement, the merger consideration represented $27.65 in value for each share of Allegheny Energy common stock. Based on the closing price of FirstEnergy common stock on the NYSE on , 2010, the most recent practicable trading day prior to the date of this joint proxy statement/prospectus, the merger consideration represented $ in value for each share of Allegheny Energy common stock.

The exchange ratio is fixed and will not be adjusted to reflect stock price changes prior to completion of the merger. The market price of FirstEnergy common stock will fluctuate prior to the merger, and the market price of FirstEnergy common stock when received by Allegheny Energy stockholders after the merger is completed could be greater or less than the current market price of FirstEnergy common stock. See the description of this and related risks in the section entitled Risk Factors beginning on page 30 of this joint proxy statement/prospectus.

As a result of the merger, we estimate that current Allegheny Energy stockholders will own approximately 27% of FirstEnergy common stock outstanding following the completion of the merger.

Q6: How was the exchange ratio of FirstEnergy common stock for Allegheny Energy common stock determined?

A6: The exchange ratio was determined in negotiations between the two companies and reflects the relative market prices of each company s common stock during the period preceding the companies entry into the merger agreement and other factors that the boards of directors of each company considered relevant.

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Q7: What will happen to Allegheny Energy stock options, restricted stock and other equity based awards if the merger occurs?

A7: Upon completion of the merger, each outstanding option to purchase shares of Allegheny Energy common stock will be converted into an option to purchase FirstEnergy common stock on a basis intended to preserve the intrinsic value of the option and otherwise on the terms and conditions applicable under the option (including any accelerated vesting that may have occurred upon approval of the merger agreement and the merger by Allegheny Energy s stockholders). Restricted stock granted prior to the execution of the merger agreement will vest in full upon completion of the merger to the extent it did not already vest upon approval of the merger agreement and the merger by Allegheny Energy s stockholders, and any restricted stock that did not vest before or upon completion of the merger will be converted into similarly restricted FirstEnergy common stock. Performance share awards granted before execution of the merger agreement will vest at the target level of performance and be paid out upon approval of the merger agreement and the merger by Allegheny Energy s stockholders; upon completion of the merger, outstanding performance share awards granted after execution of the merger agreement will be converted, based on actual performance for any year ending before completion of the merger and at the target level of performance for any later year, into restricted stock units covering FirstEnergy common stock the vesting of which generally will be subject to continued employment with the combined company for the remainder of the original performance period.

For a more detailed discussion of the treatment of Allegheny Energy equity awards, please see the section entitled The Merger Agreement Treatment of Allegheny Energy Options and Other Equity Awards beginning on page 110.

Q8: How will FirstEnergy shareholders be affected by the merger?

A8: After the merger, each FirstEnergy shareholder will hold the same number of shares of FirstEnergy common stock that the shareholder held immediately prior to the merger. As a result of the merger, FirstEnergy shareholders will own shares in a larger company with more assets. However, because in connection with the merger FirstEnergy will be issuing new shares of FirstEnergy common stock to Allegheny Energy stockholders in exchange for their shares of Allegheny Energy common stock, each outstanding share of FirstEnergy common stock immediately prior to the merger will represent a smaller percentage of the aggregate number of shares of FirstEnergy common stock outstanding after the merger. As a result of the merger, we estimate that current FirstEnergy shareholders will own approximately 73% of FirstEnergy common stock outstanding following the completion of the merger.

Q9: What are the tax consequences of the merger?

A9: FirstEnergy and Allegheny Energy each expect the merger to qualify as a reorganization pursuant to Section 368(a) of the Internal Revenue Code of 1986, as amended, referred to as the Internal Revenue Code. Assuming the merger is treated as a reorganization, Allegheny Energy stockholders generally will not recognize any gain or loss for U.S. federal income tax purposes (except with respect to cash received in lieu of a fractional share of FirstEnergy common stock) by reason of the merger, subject to the limitations described in the section entitled The Merger Material U.S. Federal Income Tax Consequences of the Merger beginning on page 99.

Please review carefully the section entitled The Merger Material U.S. Federal Income Tax Consequences of the Merger beginning on page 99 for a description of the expected material U.S. federal income tax consequences of the merger. The tax consequences to you will depend on your own situation. Please consult your tax advisor for a full understanding of the tax consequences of the merger to you.

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Q10: When do FirstEnergy and Allegheny Energy expect to complete the merger?

A10: FirstEnergy and Allegheny Energy are working to complete the merger as quickly as practicable. If the shareholders of both FirstEnergy and Allegheny Energy approve their respective proposals related to the merger, we currently expect the merger to be completed during the first half of 2011. However, neither FirstEnergy nor Allegheny Energy can predict the actual date on which the merger will be completed because it is subject to conditions beyond each company s control, including a number of state and federal regulatory approvals. See the section entitled The Merger Agreement Conditions to the Completion of the Merger beginning on page 114.

Q11: Are FirstEnergy or Allegheny Energy shareholders entitled to appraisal or dissenter s rights in connection with the merger?

A11: No. Neither holders of FirstEnergy nor holders of Allegheny Energy common stock will be entitled to exercise any appraisal or dissenter s rights in connection with the merger.

Q12: What will happen to my future dividends?

A12: As permitted under the merger agreement, FirstEnergy and Allegheny Energy may continue to pay quarterly dividends prior to completion of the merger. Under the terms of the merger agreement, neither FirstEnergy nor Allegheny Energy may increase their dividends without the other s approval during that time. The FirstEnergy board will continue to review the dividend rate on a quarterly basis following the merger, taking into account the performance and prospects of the combined company.

ABOUT THE SPECIAL MEETINGS AND VOTING YOUR SHARES

Q13: When and where is the special meeting of the FirstEnergy shareholders?

A13: The FirstEnergy special meeting will be held on , 2010, at , local time, at , . For additional information relating to the FirstEnergy special meeting, please see the sections entitled Information Regarding the FirstEnergy Special Meeting beginning on page 41 and The FirstEnergy Special Meeting of Shareholders beginning on page 162.

Q14: When and where is the special meeting of the Allegheny Energy stockholders?

A14: The Allegheny Energy special meeting will be held on , 2010, at , local time, at , . For additional information relating to the Allegheny Energy special meeting, please see the sections entitled Information Regarding the Allegheny Energy Special Meeting beginning on page 45 and The Allegheny Energy Special Meeting of Stockholders beginning on page 164.

Q15: Who can vote at the special meetings?

A15: All FirstEnergy shareholders of record as of the close of business on , 2010, the record date for the FirstEnergy special meeting, are entitled to receive notice of and to vote at the FirstEnergy special meeting. All Allegheny Energy stockholders of record as of the close of business on , 2010, the record date for the Allegheny Energy special meeting, are entitled to receive notice of and to vote at the Allegheny Energy special meeting.

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Q16: What representation by shareholders is required to conduct business at the special meetings?

A16: For both FirstEnergy and Allegheny Energy, the presence of holders of at least a majority of the total number of shares of common stock issued and outstanding and entitled to vote as of the record date for the special meeting, whether present in person or represented by proxy, is required in order to conduct business at the special meetings. This requirement is called a quorum.

Abstentions and broker non-votes (if any) will be considered in determining the presence of a quorum but will not constitute votes cast. An abstention occurs when a shareholder submits a proxy with explicit instructions to decline to vote regarding a particular matter. Broker non-votes occur when a bank, broker or other nominee returns a proxy but does not have authority to vote on a particular proposal. If your shares are held in street name through a broker or other nominee, you should provide your broker or other nominee with instructions as to how to vote your shares of FirstEnergy common stock or Allegheny Energy common stock. Because of the required vote standard for adoption of the charter amendment at the FirstEnergy special meeting and approval of the merger agreement and the merger at the Allegheny Energy special meeting, your failure to provide your broker or other nominee with instructions how to vote your shares on the applicable proposal will have the same effect as a vote cast AGAINST the applicable proposal.

Q17: How will my shares be represented at the special meeting?

A17: If you are entitled to vote at the FirstEnergy or Allegheny Energy special meeting and you hold your shares in your own name, you can submit a proxy or vote in person by completing a ballot at the applicable special meeting. However, FirstEnergy and Allegheny Energy encourage you to submit a proxy before the special meeting, even if you plan to attend the special meeting. A proxy is a legal designation of another person to vote your shares of common stock on your behalf. If you properly submit your proxy by telephone, through the Internet or by signing and returning your proxy card, the persons named in your proxy card will vote your shares in the manner you requested. If you sign your proxy card and return it without indicating how you would like to vote your shares, your proxy will be voted as the FirstEnergy or Allegheny Energy board recommends, which is:

For FirstEnergy shareholders:

FOR the proposal to approve the issuance of shares of FirstEnergy common stock pursuant to the merger agreement,

FOR the proposal to adopt the charter amendment, and

FOR the proposal to authorize adjournment of the FirstEnergy special meeting, if necessary or appropriate, to solicit additional proxies.

For Allegheny Energy stockholders:

FOR the proposal to approve the merger agreement and the merger, and

FOR the proposal to authorize adjournment of the Allegheny Energy special meeting, if necessary or appropriate, to solicit additional proxies.

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Q18: What vote is required to approve the proposals at the FirstEnergy special meeting?

A18: At the FirstEnergy special meeting, the approval of the issuance of shares of FirstEnergy common stock pursuant to the merger agreement requires the affirmative vote of the holders of at least a majority of the shares of FirstEnergy common stock voting on the proposal, provided that the total number of shares represented in person or by proxy constitutes a majority of the outstanding shares of FirstEnergy common stock entitled to vote at the FirstEnergy special meeting. The adoption of the charter amendment requires the affirmative vote of the holders of at least a majority of the outstanding shares of FirstEnergy common stock entitled to vote on the proposal. Approval of the adjournment proposal to solicit additional proxies, if necessary or appropriate, requires the affirmative vote of the holders of a majority of the shares represented in person or by proxy at the FirstEnergy special meeting. **Your vote is very important. You are encouraged to submit a proxy as soon as possible.**

Q19: What vote is required to approve the proposals at the Allegheny Energy special meeting?

A19: At the Allegheny Energy special meeting, approval of the merger agreement and the merger requires the affirmative vote of the holders of at least a majority of the outstanding shares of Allegheny Energy common stock entitled to vote on the proposal, and approval of the proposal to adjourn the Allegheny Energy special meeting, if necessary or appropriate, to solicit additional proxies requires the affirmative vote of the holders of a majority of the shares present in person or represented by proxy at the Allegheny Energy special meeting and entitled to vote on the proposal. **Your vote is very important. You are encouraged to submit a proxy as soon as possible.**

Q20: If my shares are held in street name by my broker or other nominee, will my broker or other nominee automatically vote my shares for me?

A20: No. If your shares are held in the name of a bank or broker or other nominee, you will receive separate instructions from your bank, broker or other nominee describing how to vote your shares. The availability of telephonic or Internet voting will depend on the bank s or broker s voting process. Please check with your bank or broker and follow the voting procedures your bank or broker provides.

You should instruct your bank, broker or other nominee how to vote your shares. Under the rules applicable to broker-dealers, your broker does not have discretionary authority to vote your shares on any of the proposals scheduled to be voted on at the FirstEnergy or Allegheny Energy special meetings. If your broker does not receive voting instructions from you regarding these proposals, your shares will **NOT** be voted on those proposals.

Q21: What if I do not vote?

A21: If your shares are held in your name and you do not submit your proxy by telephone or through the Internet or return your proxy card by mail or vote in person at your special meeting (or if your shares are held in the name of a bank, broker or other nominee and you do not instruct your bank, broker or other nominee how to vote your shares), your vote will not be counted, and it will be less likely that a quorum to conduct business at your special meeting will be obtained.

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If you are a FirstEnergy shareholder, not submitting your proxy (or not voting in person at the FirstEnergy special meeting, if not submitting a proxy card) could have the same effect as a vote cast AGAINST approval of the share issuance if it causes the number of shares represented in person or by proxy at the FirstEnergy special meeting to be 50% or less of the outstanding shares of common stock entitled to vote at the FirstEnergy special meeting. A failure to vote will have the same effect as a vote cast AGAINST the adoption of the charter amendment because, in order to approve the charter amendment, a vote of at least the majority of the outstanding shares of FirstEnergy common stock entitled to vote on the proposal is required. A failure to vote will have no effect on the proposal to adjourn the FirstEnergy special meeting, if necessary or appropriate, to solicit additional proxies.

If you are an Allegheny Energy stockholder, not submitting your proxy (or not voting in person at the special meeting, if not submitting a proxy card) will have the same effect as a vote cast AGAINST the approval of the merger agreement and the merger because, in order to approve the merger agreement and the merger, a vote of at least the majority of the outstanding shares of Allegheny Energy common stock entitled to vote on the proposal is required. A failure to vote will have no effect on approval of the proposal to adjourn the Allegheny Energy special meeting, if necessary or appropriate, to solicit additional proxies.

Q22: Why is FirstEnergy proposing to amend its charter?

A22: FirstEnergy is proposing to amend its amended articles of incorporation to increase the number of authorized shares of its common stock in order to have a sufficient number of shares available to issue to Allegheny Energy stockholders in exchange for their shares in connection with the merger and to ensure that an adequate supply of authorized unissued shares is available for future general corporate needs. FirstEnergy has no current intention to issue any shares of common stock in addition to those issued to Allegheny Energy stockholders pursuant to the merger agreement. FirstEnergy will not be able to complete the merger if the charter amendment is not adopted. If you want the merger to be completed, you should vote for the adoption of the charter amendment to enable FirstEnergy to complete the transactions contemplated by the merger agreement. FirstEnergy does not intend to amend its amended articles of incorporation unless the merger will be completed, even if FirstEnergy shareholders approve the charter amendment proposal.

Q23: What do I need to do now?

A23: After you have carefully read and considered the information contained or incorporated by reference in this joint proxy statement/prospectus, please respond by submitting your proxy by telephone or via the Internet in accordance with the instructions set forth on the enclosed proxy card, or complete, sign, date and return the proxy card in the postage-prepaid envelope provided as soon as possible so that your shares will be represented and voted at the FirstEnergy special meeting or Allegheny Energy special meeting, as applicable.

Q24: Can I revoke my proxy or change my vote after I have submitted a proxy by telephone or via the Internet or mailed my signed proxy card?

A24: Yes. You may revoke your proxy or change your vote at any time before your proxy is voted at the FirstEnergy special meeting or the Allegheny Energy special meeting, as applicable. You can do this in any of the three following ways:

- by sending a written notice to the corporate secretary of FirstEnergy or the secretary of Allegheny Energy, as applicable, in time to be received before the FirstEnergy special meeting or the Allegheny Energy special meeting, as applicable, stating that you would like to revoke your proxy;

- by submitting a later dated proxy by telephone or via the Internet or by completing, signing and dating another proxy card and returning it by mail in time to be received before the FirstEnergy special meeting or Allegheny Energy special meeting, in which case your later-submitted proxy will be recorded and your earlier proxy revoked; or

if you are a holder of record, by attending the FirstEnergy special meeting or the Allegheny Energy special meeting and voting in person. Simply attending the FirstEnergy special meeting or Allegheny Energy special meeting without voting will not revoke your proxy or change your vote, if you have previously submitted a proxy or voted.

If your shares of FirstEnergy common stock or Allegheny Energy common stock are held in an account at a broker or other nominee and you desire to change your vote, you should contact your broker or other nominee for instructions on how to do so. See the sections entitled Information Regarding the FirstEnergy Special Meeting How to Change Your Vote beginning on page 43 and Information Regarding the Allegheny Energy Special Meeting How to Change Your Vote beginning on page 47.

Q25: As a participant in the FirstEnergy Corp. Savings Plan, how do I vote my shares held in my plan account?

A25: If you are a participant in the FirstEnergy Corp. Savings Plan, you can vote shares allocated to your plan account by completing, signing and dating your voting instruction form and returning it in the enclosed postage-prepaid envelope or by submitting your voting instructions by telephone or through the Internet as instructed on your voting instruction form. The plan trustee will vote the shares held in your plan account in accordance with your instructions. If you do not provide the plan trustee with instructions by Eastern time on , 2010, the unvoted shares will be voted by the plan trustee in the same proportion as the voted shares.

Q26: As a participant in the Allegheny Energy Employee Stock Ownership and Savings Plan, how do I vote my shares held in my plan account?

A26: If you are a participant in the Allegheny Energy Employee Stock Ownership and Savings Plan, the proxy/voting instruction card sent to you includes the number of shares of Allegheny Energy common stock you own through the plan and will serve as a voting instruction card to the trustee of the plan for all shares of Allegheny Energy common stock you own through the plan. You are entitled to instruct the plan trustee on how to vote your shares in the plan by telephone, via the Internet or by mail as described in your proxy/voting instruction card. The trustee will vote your shares held in the plan in accordance with your instructions. If you do not provide the trustee with instructions by Eastern time on , 2010, your shares will not be voted.

Q27: If I am an Allegheny Energy stockholder, should I send in my stock certificates with my proxy card?

A27: **NO**. Please **DO NOT** send your Allegheny Energy stock certificates with your proxy card. If the merger is completed, you will be sent written instructions for exchanging your stock certificates for shares of FirstEnergy common stock shortly after the time the merger is effective.

Q28: What should I do if I receive more than one set of voting materials for the FirstEnergy special meeting or the Allegheny Energy special meeting?

A28: You may receive more than one set of voting materials for the FirstEnergy special meeting or the Allegheny Energy special meeting, including multiple copies of this joint proxy statement/prospectus and multiple proxy cards or voting instruction cards. For example, if you hold your shares of FirstEnergy common stock or Allegheny Energy common stock in more than one brokerage account, you will receive a separate voting instruction card for each brokerage account in which you hold shares. If you are a holder of record and your shares of FirstEnergy common stock or Allegheny Energy common stock are registered in more than one name, you will receive more than one proxy card. Please submit each separate proxy or voting instruction card that you receive by following the instructions set forth in each separate proxy or voting instruction card.

Q29: What happens if I am a holder of both FirstEnergy common stock and Allegheny Energy common stock?

A29: You will receive separate mailings of this joint proxy statement/prospectus and a separate proxy or voting instruction card from each company. It is important that you vote your shares with respect to each special meeting. To vote your shares at each special meeting, you must either submit your separate proxies (or voting instruction cards if your shares are held in the name of a bank, broker or other nominee) by telephone or via the Internet, if available, in accordance with the instructions set forth in each separate proxy (or voting instruction card) or complete, sign and date each separate proxy or voting instruction card and mail them in the appropriate postage-prepaid envelopes, or attend one of the special meetings and vote in person, in which case you should submit a proxy for the other special meeting.

ADDITIONAL INFORMATION

Q30: How can I find more information about FirstEnergy and Allegheny Energy?

A30: You can find more information about FirstEnergy and Allegheny Energy from various sources described in the section entitled Where You Can Find More Information; Incorporation by Reference beginning on page 166.

Q31: Who can answer my questions?

A31: If you have any questions about the merger or how to submit your proxy, or if you need additional copies of this joint proxy statement/prospectus, the enclosed proxy card or voting instructions, you should contact:

FirstEnergy s Proxy Solicitor:
Innisfree M&A Incorporated
501 Madison Avenue, 20th Floor
New York, New York 10022
Shareholders may call toll free (877) 687-1866
Banks and Brokers may call collect (212) 750-5833

Allegheny Energy s Proxy Solicitor:
D.F. King & Co., Inc.
48 Wall Street, 22nd Floor
New York, New York 10005
Stockholders may call toll free (800) 549-6650
Banks and Brokers may call collect (212) 269-5550

SUMMARY

The following is a summary that highlights selected information contained in this joint proxy statement/prospectus. This summary may not contain all of the information that is important to you. For a more complete description of the merger agreement and the transactions contemplated by the merger agreement, FirstEnergy and Allegheny Energy encourage you to read carefully this entire joint proxy statement/prospectus, including the attached annexes. In addition, FirstEnergy and Allegheny Energy encourage you to read the information incorporated by reference in this joint proxy statement/prospectus, which includes important business and financial information about FirstEnergy and Allegheny Energy that has been filed with the SEC. You may obtain the information incorporated by reference in this joint proxy statement/prospectus without charge by following the instructions in the section entitled Where You Can Find More Information; Incorporation by Reference beginning on page 166.

The Companies

FirstEnergy Corp.

FirstEnergy, an Ohio corporation formed in 1996, is a diversified energy company headquartered in Akron, Ohio, with total revenues in 2009 of approximately $13 billion. Its subsidiaries and affiliates are involved in the generation, transmission and distribution of electricity, as well as energy management and other energy-related services. Its seven electric utility distribution companies comprise the nation s fifth largest investor-owned electric system, based on 4.5 million customers served within 36,100 square miles of Ohio, Pennsylvania, New Jersey and New York. Its generation subsidiaries control more than 14,000 megawatts of capacity. FirstEnergy s common stock is listed on the NYSE and trades under the symbol FE.

Element Merger Sub, Inc., referred to as Merger Sub, is a Maryland corporation and a wholly owned subsidiary of FirstEnergy that was formed for the sole purpose of effecting the merger. If the merger is completed, Merger Sub will cease to exist following its merger with and into Allegheny Energy.

FirstEnergy s and Merger Sub s principal executive offices are located at 76 South Main Street, Akron, Ohio 44308 and their telephone number is (800) 631-8945.

This joint proxy statement/prospectus incorporates important business and financial information about FirstEnergy from other documents that are not included in or delivered with this joint proxy statement/prospectus. For a list of the documents that are incorporated by reference, see the section entitled Where You Can Find More Information; Incorporation by Reference beginning on page 166.

Allegheny Energy, Inc.

Allegheny Energy is a Maryland corporation formed in 1925, with total revenues in 2009 of approximately $3.4 billion. Allegheny Energy, through its subsidiaries, owns and operates electric generation facilities and delivers electric services to customers in Pennsylvania, West Virginia, Maryland and Virginia. Allegheny Energy common stock is listed on the NYSE and trades under the symbol AYE.

Allegheny Energy s principal executive offices are located at 800 Cabin Hill Drive, Greensburg, Pennsylvania 15601 and its telephone number is (724) 837-3000.

This joint proxy statement/prospectus incorporates important business and financial information about Allegheny Energy from other documents that are not included in or delivered with this joint proxy statement/prospectus. For a list of the documents that are incorporated by reference, see the section entitled Where You Can Find More Information; Incorporation by Reference beginning on page 166.

The Merger

On February 10, 2010, the boards of directors of FirstEnergy and Allegheny Energy each unanimously approved the merger agreement and the merger pursuant to which Merger Sub will merge with and into Allegheny Energy with Allegheny Energy becoming a wholly owned subsidiary of FirstEnergy. Upon completion of the merger, FirstEnergy will issue to Allegheny Energy stockholders 0.667 of a share of FirstEnergy common stock for each share of Allegheny Energy common stock held prior to the merger. This exchange ratio is fixed and will not be adjusted to reflect stock price changes prior to completion of the merger.

For more information regarding the merger transaction, see the sections entitled The Merger beginning on page 50, The Merger Agreement beginning on page 108 and Annex A.

Recommendations of the Boards of Directors to Shareholders

Recommendation of FirstEnergy s Board of Directors

The FirstEnergy board of directors unanimously determined that the merger agreement and the transactions contemplated by the merger agreement, including the merger, are advisable and in the best interests of FirstEnergy and its shareholders and approved the transactions contemplated by the merger agreement, including the share issuance and the charter amendment. **The FirstEnergy board of directors recommends that FirstEnergy shareholders vote FOR the proposal to approve the issuance of shares of FirstEnergy common stock pursuant to the merger agreement, FOR the proposal to adopt the charter amendment and FOR the proposal to adjourn the FirstEnergy special meeting, if necessary or appropriate, to solicit additional proxies in favor of such approvals.** For more information regarding the recommendation of the FirstEnergy board, see the section entitled The Merger Recommendation of the FirstEnergy Board of Directors and Its Reasons for the Merger beginning on page 58.

Recommendation of Allegheny Energy s Board of Directors

The Allegheny Energy board of directors unanimously determined that the merger agreement and the transactions contemplated by the merger agreement, including the merger, are advisable, fair to and in the best interests of Allegheny Energy and its stockholders and has approved the merger agreement and the merger. **The Allegheny Energy board of directors recommends that Allegheny Energy stockholders vote FOR the proposal to approve the merger agreement and the merger and FOR the proposal to adjourn the Allegheny Energy special meeting, if necessary or appropriate, to solicit additional proxies in favor of such approval.** For more information regarding the recommendation of the Allegheny Energy board, see the section entitled The Merger Recommendation of the Allegheny Energy Board of Directors and Its Reasons for the Merger beginning on page 63.

Opinions of Financial Advisors

Opinion of FirstEnergy s Financial Advisor

FirstEnergy retained Morgan Stanley & Co. Incorporated, referred to as Morgan Stanley, to provide it with financial advisory services and a financial opinion in connection with the merger. FirstEnergy selected Morgan Stanley as its financial advisor based on Morgan Stanley s

qualifications, expertise and reputation and its knowledge of the business and affairs of FirstEnergy. At the meeting of the FirstEnergy board on February 10, 2010, Morgan Stanley rendered its oral opinion, subsequently confirmed in writing, that as of such date and based upon and subject to the various assumptions, considerations, qualifications and limitations set forth in its written opinion, the exchange ratio pursuant to the merger agreement was fair, from a financial point of view, to FirstEnergy.

The full text of the written opinion of Morgan Stanley, dated February 10, 2010, which discusses, among other things, the assumptions made, procedures followed, matters considered, and qualifications and limitations of the review undertaken by Morgan Stanley in rendering its opinion, is attached as Annex C to this joint proxy statement/prospectus. The summary of the Morgan Stanley fairness opinion provided in this joint proxy statement/prospectus is qualified in its entirety by reference to the full text of the opinion. FirstEnergy shareholders are urged to read the opinion carefully and in its entirety. The Morgan Stanley opinion is directed to the FirstEnergy board of directors and addresses only the fairness, from a financial point of view, of the exchange ratio pursuant to the merger agreement. The Morgan Stanley opinion does not address any other aspect of the merger and does not constitute a recommendation to any FirstEnergy or Allegheny Energy shareholder as to how any such shareholder should vote with respect to the proposed merger or any other matter. The opinion also does not address the prices at which shares of FirstEnergy common stock will trade following the completion of the merger or at any other time. Pursuant to the terms of Morgan Stanley s engagement, FirstEnergy agreed to pay Morgan Stanley a fee of $35 million, a portion of which became payable upon announcement of the execution of the merger agreement, a portion of which is contingent upon FirstEnergy shareholder and Allegheny Energy stockholder approval of the proposals described in this joint proxy statement/prospectus and a portion of which is contingent upon completion of the merger.

For more information regarding the opinion of FirstEnergy s financial advisor, see the section entitled The Merger Opinion of FirstEnergy s Financial Advisor beginning on page 71. See also Annex C to this joint proxy statement/prospectus.

Opinion of Allegheny Energy s Financial Advisor

Allegheny Energy retained Goldman, Sachs & Co., referred to as Goldman Sachs, to provide it with financial advisory services and, at Allegheny Energy s request, to render an opinion as to the fairness from a financial point of view of the consideration to be received in connection with the merger. Allegheny Energy selected Goldman Sachs as its financial advisor because it is an internationally recognized investment banking firm that has substantial experience in transactions similar to the merger. At the meeting of the Allegheny Energy board on February 10, 2010, Goldman Sachs delivered its oral opinion, subsequently confirmed in writing, that, as of February 10, 2010 and based upon and subject to the assumptions, considerations, qualifications and limitations set forth therein, the exchange ratio of 0.667 of a share of FirstEnergy common stock to be paid for each share of Allegheny Energy common stock pursuant to the merger agreement was fair from a financial point of view to the holders of Allegheny Energy common stock (other than FirstEnergy and its affiliates).

The full text of the written opinion of Goldman Sachs, dated February 10, 2010, which sets forth the assumptions made, procedures followed, matters considered, qualifications and limitations on the review undertaken in connection with the opinion, is attached as Annex D to this joint proxy statement/prospectus. The summary of the Goldman Sachs opinion provided in this joint proxy statement/prospectus is qualified in its entirety by reference to the full text of the written opinion. Allegheny Energy stockholders are urged to read the opinion carefully and in its entirety. Goldman Sachs provided its opinion for the information and assistance of the

board of directors of Allegheny Energy in connection with its consideration of the merger. The Goldman Sachs opinion is not a recommendation as to how any holder of Allegheny Energy common stock should vote with respect to the merger or any other matter. Pursuant to an engagement letter between Allegheny Energy and Goldman Sachs, Allegheny Energy agreed to pay Goldman Sachs a fee of $23 million, a portion of which became payable upon execution of the merger agreement on February 10, 2010, a portion of which is contingent upon Allegheny Energy stockholder approval of the merger and a portion of which is contingent upon completion of the merger.

For more information regarding the opinion of Allegheny Energy s financial advisor, see the section entitled The Merger Opinion of Allegheny Energy s Financial Advisor beginning on page 80 and Annex D.

Ownership of FirstEnergy Common Stock After the Merger

Based upon the number of shares of FirstEnergy and Allegheny Energy common stock outstanding on , 2010 (excluding shares issuable upon exercise of outstanding FirstEnergy and Allegheny Energy equity awards), we estimate that former Allegheny Energy stockholders will own approximately 27% and current FirstEnergy shareholders will own approximately 73% of the then outstanding shares of FirstEnergy common stock upon completion of the merger.

Directors and Executive Officers of FirstEnergy After the Merger

Following completion of the merger, Anthony J. Alexander will remain chief executive officer and president of FirstEnergy, and Paul J. Evanson, currently the chairman, president and chief executive officer of Allegheny Energy, will become the executive vice chairman of FirstEnergy and report to Mr. Alexander. Effective upon completion of the merger, FirstEnergy will increase the size of its board by two members to thirteen and appoint two current members of the board of Allegheny Energy to the FirstEnergy board. The headquarters of FirstEnergy will remain in Akron, Ohio after completion of the merger.

Additional Interests of the FirstEnergy Directors and Executive Officers in the Merger

In considering the recommendation of the FirstEnergy board with respect to the merger, FirstEnergy shareholders should be aware that the executive officers and directors of FirstEnergy have certain interests in the merger that may be different from, or in addition to, the interests of FirstEnergy shareholders generally. These interests include the fact that all FirstEnergy directors and executive officers are expected to continue to serve in the same or similar positions after completion of the merger.

The FirstEnergy board was aware of these interests and considered them, among other matters, in approving the merger agreement and making its recommendation that the FirstEnergy shareholders approve the share issuance and adopt the charter amendment. See the sections entitled The Merger Recommendation of the FirstEnergy Board of Directors and Its Reasons for the Merger beginning on page 58 and The Merger Additional Interests of the FirstEnergy Directors and Executive Officers in the Merger beginning on page 90.

Additional Interests of the Allegheny Energy Directors and Executive Officers in the Merger

In considering the recommendation of the Allegheny Energy board with respect to the merger, Allegheny Energy stockholders should be aware that the executive officers and directors of

Allegheny Energy have certain interests in the merger that may be different from, or in addition to, the interests of Allegheny Energy stockholders generally. These interests include the following:

The merger agreement includes an agreement that two members of the Allegheny Energy board be added to the FirstEnergy board effective upon completion of the merger. and have been designated by FirstEnergy, upon consultation with, and in consideration of the views of, Allegheny Energy, to become members of the FirstEnergy board. The other members of Allegheny Energy s board will no longer serve as directors of Allegheny Energy (and will not serve as directors of FirstEnergy) upon completion of the merger.

Paul J. Evanson, currently chairman, president and chief executive officer of Allegheny Energy, will become executive vice chairman of the combined company and report to Mr. Alexander.

Equity incentive compensation awards will be subject to vesting and other special treatment in some circumstances.

The executive officers of Allegheny Energy, other than Mr. Evanson, are participants in Allegheny Energy s Executive Change in Control Severance Plan under which, if their employment is terminated with good reason or without cause within 24 months following completion of the merger (or before the merger if the circumstances of the termination are attributable to FirstEnergy), they will be entitled to (1) a cash severance payment equal to either three times or two times (depending on their level in the organization) their base salary and target annual bonus, (2) a pro-rata annual bonus at target for the year of termination, (3) a lump-sum cash payment in lieu of continued medical and dental coverage equal to $60,000 or $40,000 (depending on their level in the organization), (4) forgiveness of any obligation to repay earlier relocation benefits, (5) full vesting in Allegheny Energy s Supplemental Executive Retirement Plan and an additional three or two years of service credit under that plan (depending on their level in the organization), and (6) for all but one of such executive officers, a gross-up payment for any golden parachute excise taxes for which the executive may be liable in respect of the benefits to be received by the executive that are contingent upon the completion of the merger unless such amount does not exceed 110% of the smallest amount that would be subject to that tax.

Mr. Evanson s employment agreement with Allegheny Energy provides that if he terminates his employment following completion of the merger for good reason, or his employment is terminated involuntarily without cause, he will be entitled to (1) a cash severance payment equal to the sum of his base salary and target annual bonus, (2) a pro-rata annual bonus at target for the year of termination, (3) continued welfare benefits for one year (or cash payments to purchase such benefits for such period), and (4) a lump sum payment of the amount of supplemental pension benefit otherwise due him but determined (in the case of a termination before the end of the employment agreement term, June 15, 2011) as if he had continued to serve through the end of the term.

The merger agreement provides for the continuation of indemnification existing in favor of the current and former directors, officers and employees of Allegheny Energy and its subsidiaries, with such indemnification obligations being guaranteed by FirstEnergy. The merger agreement also contains certain obligations related to the purchase of directors and officers liability insurance and fiduciary liability insurance tail policies with respect to matters existing or occurring at or prior to the effective time of the merger for persons who are currently covered under Allegheny Energy s existing policies.

The Allegheny Energy board was aware of these interests and considered them, among other matters, in approving the merger agreement and the merger and making its recommendation that the Allegheny Energy stockholders approve the merger agreement and the merger. See the sections entitled The Merger Recommendation of the Allegheny Energy Board of Directors and Its Reasons for the Merger beginning on page 63 and The Merger Additional Interests of the Allegheny Energy Directors and Executive Officers in the Merger beginning on page 90.

Treatment of Allegheny Energy Stock Options, Restricted Stock and Other Equity Based Compensation

Under the Allegheny Energy equity incentive compensation plans, upon approval of the merger agreement and the merger by Allegheny Energy stockholders, the following treatment will apply to stock awards (other than grants of restricted or unrestricted Allegheny Energy common stock to members of Allegheny Energy s board) that were granted before the execution of the merger agreement and that remain outstanding upon stockholder approval of the merger agreement and the merger:

- options to purchase Allegheny Energy common stock will become fully vested and exercisable, and any options that are not exercised before completion of the merger will be converted upon completion of the merger into fully vested and exercisable options to purchase FirstEnergy common stock on a basis intended to preserve the intrinsic value of the option and otherwise on the terms and conditions applicable under the options;

- restricted Allegheny Energy common stock (other than that held by members of Allegheny Energy s board) will vest in full; and

- performance awards will be deemed earned at the target performance level and will be settled in shares of Allegheny Energy common stock not more than 30 days following stockholder approval of the merger agreement and the merger.

Restricted stock granted to Allegheny Energy directors before execution of the merger agreement will vest in full upon completion of the merger.

Neither stockholder approval of the merger agreement and the merger nor completion of the merger will cause Allegheny Energy equity incentive awards granted after execution of the merger agreement to vest. However, any performance awards granted after execution of the merger agreement will be deemed earned at the target performance level for the year in which the merger is completed and all subsequent years (for example, if the closing occurs in 2011, actual performance will be applied in respect of 2010 and target performance will be assumed for 2011 and 2012), and the resulting number of performance shares will be treated as restricted stock units whose payment at the end of the three-year performance cycle is generally subject to continued employment during that period (subject to earlier vesting upon retirement, disability or death in accordance with Allegheny Energy s historical performance share grant practices). Upon completion of the merger, the performance shares will be redenominated in FirstEnergy shares in proportion to the exchange ratio of 0.667. Any options that are outstanding upon completion of the merger (including those whose vesting was accelerated as described above) will be assumed by FirstEnergy on the same terms and conditions as applied to the assumed option immediately prior to the merger except that the option will cover shares of FirstEnergy common stock in a manner that is intended to preserve, as of the closing, the intrinsic value of the Allegheny Energy option immediately before closing.

If the holder of a stock option or performance share terminates his or her employment for good reason or is terminated without cause following completion of the merger (or, for certain employees, before the merger if the circumstances of the termination are attributable to FirstEnergy), then any performance awards and any options (to the extent not yet then already fully vested) will vest in full.

Regardless of when vested, options will remain exercisable for their full term in the case of Paul J. Evanson, the chairman, president and chief executive officer of Allegheny Energy, and generally for 90 days following termination of employment in the case of other employees (or for three years for certain employees if they are retirement eligible).

For a more complete description of the effect of the merger on Allegheny Energy stock-based awards, see the sections entitled The Merger Additional Interests of the Allegheny Energy Directors and Executive Officers in the Merger beginning on page 90 and The Merger Agreement Treatment of Allegheny Energy Options and Other Equity Awards beginning on page 110.

Listing of Shares of FirstEnergy Common Stock; Delisting of Shares of Allegheny Energy Common Stock

FirstEnergy will use its reasonable best efforts to cause the shares of FirstEnergy common stock issuable pursuant to the merger agreement to be approved for listing on the NYSE at or prior to the completion of the merger, subject to official notice of issuance. Approval of the listing on the NYSE of the shares of FirstEnergy common stock issuable pursuant to the merger agreement is a condition to each party s obligation to complete the merger. If the merger is completed, Allegheny Energy common stock will be delisted from the NYSE and deregistered under the Securities Exchange Act of 1934, as amended, referred to as the Exchange Act.

For more information regarding the conditions to the completion of the merger and a complete list of such conditions, see the section entitled The Merger Listing of FirstEnergy Common Stock and Delisting and Deregistration of Allegheny Energy Common Stock beginning on page 98.

Appraisal or Dissenter s Rights in Connection with the Merger

Neither holders of FirstEnergy nor Allegheny Energy common stock will be entitled to exercise any appraisal or dissenter s rights in connection with the merger.

For more information regarding appraisal rights, see the section entitled The Merger Appraisal or Dissenter s Rights beginning on page 98.

Accounting Treatment

FirstEnergy will account for the merger under accounting principles generally accepted in the United States, which we refer to as GAAP, with FirstEnergy being deemed to have acquired Allegheny Energy. This means that the assets and liabilities of Allegheny Energy will be recorded, as of the completion of the merger, at their fair values and added to those of FirstEnergy, including potentially an amount for goodwill to the extent the purchase price exceeds the fair value of the identifiable net assets. Financial statements of FirstEnergy issued after the merger will reflect only the operations of Allegheny Energy s business after the merger and will not be restated retroactively to reflect the historical financial position or results of Allegheny Energy.

For more information regarding the accounting treatment of the transaction see the section entitled The Merger Accounting Treatment beginning on page 98.

Material U.S. Federal Income Tax Consequences of the Merger

Assuming the merger is completed as described in the merger agreement and in this joint proxy statement/prospectus, FirstEnergy and Allegheny Energy each expect the merger to be treated as a reorganization under Section 368(a) of the Internal Revenue Code. Assuming the merger is so

treated, Allegheny Energy stockholders generally will not recognize any gain or loss for U.S. federal income tax purposes (except with respect to cash received in lieu of a fractional share of FirstEnergy common stock) by reason of the merger, subject to the limitations described in the section entitled The Merger Material U.S. Federal Income Tax Consequences of the Merger beginning on page 99.

For more information regarding the expected material U.S. federal income tax consequences of the merger, see the section entitled The Merger Material U.S. Federal Income Tax Consequences of the Merger beginning on page 99.

Litigation Relating to the Merger

In connection with the merger, purported shareholders of Allegheny Energy have filed putative shareholder class action and/or derivative lawsuits in Pennsylvania and Maryland state courts, as well as in the United States District Court for the Western District of Pennsylvania, against Allegheny Energy and its directors and certain officers, referred to as the Allegheny Energy defendants, and FirstEnergy and Merger Sub. The lawsuits allege, among other things, that the Allegheny Energy directors breached their fiduciary duties by approving the merger agreement, and that Allegheny Energy, FirstEnergy and Merger Sub aided and abetted in these alleged breaches of fiduciary duty. While FirstEnergy and Allegheny Energy believe the lawsuits are without merit and intend to defend vigorously against the claims, the outcome of any such litigation is inherently uncertain.

For more information regarding the litigation related to the merger see the sections entitled Risk Factors Pending litigation against FirstEnergy and Allegheny Energy could result in an injunction preventing the completion of the merger, the payment of damages in the event the merger is completed and/or may adversely affect FirstEnergy s business, financial condition or results of operations following the merger beginning on page 40 and The Merger Litigation Relating to the Merger beginning on page 102.

Regulatory Matters Relating to the Merger

To complete the merger, FirstEnergy and Allegheny Energy must make filings with and obtain authorizations, approvals or consents from a number of federal and state public utility, antitrust and other regulatory authorities. The merger is subject to requirements of the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended, referred to as the HSR Act, and the expiration or termination of the waiting period (and any extension of the waiting period) applicable to the merger under the HSR Act. The merger is also subject to the regulatory requirements of other state and federal domestic agencies and authorities, including the Federal Energy Regulatory Commission, referred to as the FERC, the Maryland Public Service Commission, referred to as the MDPSC, the Pennsylvania Public Utility Commission, referred to as the PAPUC, the Virginia State Corporation Commission, referred to as the VSCC, the Public Service Commission of West Virginia, referred to as the WVPSC, and the Federal Communications Commission, referred to as the FCC.

For more information regarding regulatory matters relating to the proposed merger, see the section entitled Regulatory Matters Relating to the Merger beginning on page 104.

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Overview of the Merger Agreement

Conditions to Completion of the Merger

A number of conditions must be satisfied or waived, before the merger can be completed. These include, among others:

- approval by Allegheny Energy stockholders of the merger agreement and the merger;
- approval by FirstEnergy shareholders of the issuance of FirstEnergy common stock pursuant to the merger agreement and the adoption of the charter amendment;
- the absence of any order issued by any court or any other legal restraint preventing or restraining the completion of the merger;
- the effectiveness of the registration statement of which this joint proxy statement/prospectus is a part;
- the approval for listing on the NYSE of the FirstEnergy common stock to be issued in the merger;
- the accuracy of the representations and warranties made by FirstEnergy and Allegheny Energy in the merger agreement, except where the failure to be accurate does not have and would not reasonably be expected to have a material adverse effect ;
- the performance in all material respects of each party s obligations under the merger agreement;
- the absence of any change or event that has had or would reasonably be expected to have a material adverse effect on FirstEnergy or Allegheny Energy; and
- the receipt by each party of a tax opinion from such party s legal counsel.

For more information regarding the conditions to the completion of the merger and a complete list of such conditions, see the section entitled The Merger Agreement Conditions to the Completion of the Merger beginning on page 114.

No Solicitation

Neither FirstEnergy nor Allegheny Energy, nor any of their subsidiaries or their respective officers, directors or employees will, and each will use its reasonable best efforts not to, directly or indirectly, take any of the following actions:

- solicit, initiate, seek, knowingly encourage or knowingly take any other action designed to facilitate any acquisition proposal;
- furnish any nonpublic information in connection with any acquisition proposal;
- engage or participate in any discussions or negotiations with any person with respect to any acquisition proposal;
- approve, endorse or recommend any acquisition proposal; or

enter into any agreement for an acquisition transaction;

except, FirstEnergy or Allegheny Energy may, as applicable, prior to approval by their respective shareholders of the proposals related to the merger, and subject to certain notice and other requirements, furnish nonpublic information to, or engage in discussions or negotiations with, any person in response to an unsolicited, bona fide acquisition proposal that the board of directors of that party determines in good faith after consultation with its financial advisors is, or would be reasonably likely to lead to a superior offer, under certain circumstances.

For more information regarding the limitations on FirstEnergy and Allegheny Energy and their boards to consider other proposals, see the section entitled The Merger Agreement Additional Agreements Non-Solicitation beginning on page 125.

Termination of the Merger Agreement

The merger agreement may be terminated at any time by mutual written agreement of FirstEnergy and Allegheny Energy. It can also be terminated by either FirstEnergy or Allegheny Energy under several specific circumstances, including:

- if the merger is not completed on or prior to April 10, 2011 (subject to possible extension);
- if a final and nonappealable governmental action preventing the merger is in effect;
- if the FirstEnergy or Allegheny Energy shareholder approval is not obtained;
- if the non-terminating party has materially breached the merger agreement and such breach is not timely cured and gives rise to a failure to satisfy a closing condition;
- if the non-terminating party has materially breached its non-solicitation obligations under the merger agreement;
- under specific circumstances if the terminating party receives an unsolicited takeover proposal from a third party; or
- if there has been a change of recommendation by the board of directors of the other party.

For more information regarding the rights of FirstEnergy and Allegheny Energy to terminate the merger agreement, see the section entitled The Merger Agreement Termination of the Merger Agreement beginning on page 127.

Termination Fee and Expense Reimbursement

Under specific circumstances, FirstEnergy or Allegheny Energy, as applicable, may be required, subject to certain conditions, to pay a termination fee of $350 million or $150 million, respectively, and/or reimburse the other party for its transaction expenses in an amount not to exceed $45 million. For more information regarding termination fees and expense reimbursement obligations, see the section entitled The Merger Agreement Effect of Termination beginning on page 128.

The Shareholders Meetings

FirstEnergy Special Meeting of Shareholders

The FirstEnergy special meeting will be held on , 2010, at , local time, at , . For more information regarding the FirstEnergy special meeting, see the sections entitled Information Regarding the FirstEnergy Special Meeting beginning on page 41 and The FirstEnergy Special Meeting of Shareholders beginning on page 162.

At the FirstEnergy special meeting, FirstEnergy shareholders will be asked to:

approve the share issuance;

adopt the charter amendment; and

authorize the adjournment of the FirstEnergy special meeting to a later date or dates, if necessary or appropriate, to solicit additional proxies if there are insufficient votes to approve the share issuance and/or adopt the charter amendment at the time of the FirstEnergy special meeting.

Only holders of record of FirstEnergy common stock at the close of business on , 2010, the FirstEnergy special meeting record date, are entitled to notice of, and to vote at, the FirstEnergy special meeting and any adjournments or postponements of the FirstEnergy special meeting. At the close of business on that date, there were shares of FirstEnergy common stock outstanding and entitled to vote at the FirstEnergy special meeting.

Approval of the share issuance and the charter amendment is a condition to the completion of the merger. The proposal to approve the share issuance requires the affirmative vote of holders of at least a majority of the shares of FirstEnergy common stock voting on the proposal provided that the total number of shares represented in person or by proxy constitutes a majority of the outstanding shares of FirstEnergy common stock entitled to vote at the FirstEnergy special meeting. The proposal to adopt the charter amendment requires the affirmative vote of the holders of at least a majority of the outstanding shares of FirstEnergy common stock entitled to vote on the proposal. FirstEnergy is proposing to amend its amended articles of incorporation to increase the number of authorized shares of its common stock in order to have a sufficient number of shares available to issue to Allegheny Energy stockholders in exchange for their shares in connection with the merger and to ensure that an adequate supply of authorized unissued shares is available for future general corporate needs. FirstEnergy has no current intention to issue any shares of common stock in addition to those issued to Allegheny Energy stockholders pursuant to the merger agreement. FirstEnergy does not intend to amend its amended articles of incorporation unless the merger is completed, even if FirstEnergy shareholders approve the charter amendment proposal. For more information regarding the charter amendment, see the section entitled The FirstEnergy Special Meeting of Shareholders Proposal #2 The Charter Amendment beginning on page 162. The proposal to authorize the adjournment of the FirstEnergy special meeting, if necessary or appropriate, to solicit additional proxies if there are not sufficient votes to approve the share issuance and the charter amendment at the time of the FirstEnergy special meeting requires the affirmative vote of the holders of a majority of the shares represented in person or by proxy at the FirstEnergy special meeting, regardless of whether a quorum is present.

At the close of business on the record date for the FirstEnergy special meeting, FirstEnergy s directors and executive officers collectively beneficially owned approximately shares of FirstEnergy common stock (inclusive of shares subject to stock options which may be exercised within 60 days following that date), which represents approximately % of the FirstEnergy common stock entitled to vote at the FirstEnergy special meeting. For more information regarding the voting and the share ownership of the FirstEnergy board and executive officers, see the sections entitled Information Regarding the FirstEnergy Special Meeting Voting by FirstEnergy Directors and Executive Officers beginning on page 44 and Security Ownership of Certain Beneficial Owners and Management of FirstEnergy beginning on page 156.

Allegheny Energy Special Meeting of Stockholders

The Allegheny Energy special meeting will be held on , 2010, at , local time, at , . For more information regarding the Allegheny Energy special meeting, see the sections entitled Information Regarding the Allegheny Energy Special Meeting beginning on page 45 and The Allegheny Energy Special Meeting of Stockholders beginning on page 164.

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At the Allegheny Energy special meeting, Allegheny Energy stockholders will be asked to:

- approve the merger agreement and the merger; and
- authorize the adjournment of the Allegheny Energy special meeting to a later date or dates, if necessary or appropriate, to solicit additional proxies if there are insufficient votes to approve the merger agreement and the merger at the time of the Allegheny Energy special meeting.

Only holders of record of Allegheny Energy common stock at the close of business on , 2010, the Allegheny Energy special meeting record date, are entitled to notice of, and to vote at, the Allegheny Energy special meeting and any adjournments or postponements of the Allegheny Energy special meeting. At the close of business on that date, there were shares of Allegheny Energy common stock outstanding and entitled to vote at the Allegheny Energy special meeting.

Approval of the merger agreement and the merger by Allegheny Energy stockholders is a condition to the completion of the merger. The proposal to approve the merger agreement and the merger requires the affirmative vote of holders of at least a majority of the shares of Allegheny Energy common stock outstanding and entitled to vote on the proposal. The proposal to authorize the adjournment of the Allegheny Energy special meeting, if necessary or appropriate, to solicit additional proxies if there are not sufficient votes to approve the merger agreement and the merger at the time of the Allegheny Energy special meeting requires the affirmative vote of the holders of a majority of the shares present in person or represented by proxy at the Allegheny Energy special meeting and entitled to vote, regardless of whether a quorum is present.

At the close of business on the record date for the Allegheny Energy special meeting, Allegheny Energy s directors and executive officers collectively beneficially owned approximately shares of Allegheny Energy common stock (inclusive of shares subject to stock options which may be exercised within 60 days following that date), which represents approximately % of the Allegheny Energy common stock entitled to vote at the Allegheny Energy special meeting. For more information regarding the voting and the share ownership of the Allegheny Energy board and executive officers, see the sections entitled Information Regarding the Allegheny Energy Special Meeting Voting by Allegheny Energy Directors and Executive Officers beginning on page 48 and Security Ownership of Certain Beneficial Owners and Management of Allegheny Energy beginning on page 158.

Comparison of Rights of FirstEnergy Shareholders and Allegheny Energy Stockholders

The rights of FirstEnergy shareholders are governed by Ohio law and the rights of Allegheny Energy stockholders are governed by Maryland law. There are additional differences in the rights of FirstEnergy shareholders and Allegheny Energy stockholders as a result of the provisions of the charter and bylaws and other corporate documents of each company.

For more information regarding the differences in shareholder rights, see the section entitled Comparison of Rights of FirstEnergy s Shareholders and Allegheny Energy s Stockholders beginning on page 142.

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FIRSTENERGY
SELECTED HISTORICAL FINANCIAL DATA

The selected historical consolidated financial data of FirstEnergy for each of the years ended December 31, 2009, 2008 and 2007 and as of December 31, 2009 and 2008 have been derived from FirstEnergy s audited consolidated financial statements and related notes contained in its Annual Report on Form 10-K for the year ended December 31, 2009, which is incorporated by reference in this joint proxy statement/prospectus. The selected historical consolidated financial data for the years ended December 31, 2006 and 2005 and as of December 31, 2007, 2006 and 2005 have been derived from FirstEnergy s audited consolidated financial statements for such years, which have not been incorporated by reference in this joint proxy statement/prospectus. The information set forth below is only a summary and is not necessarily indicative of the results of future operations of FirstEnergy or the combined company, and you should read the following information together with FirstEnergy s audited consolidated financial statements, the related notes and the section entitled Management s Discussion and Analysis of Financial Condition and Results of Operations contained in FirstEnergy s Annual Report on Form 10-K for the year ended December 31, 2009, which is incorporated by reference in this joint proxy statement/prospectus. For more information, see the section entitled Where You Can Find More Information; Incorporation by Reference beginning on page 166.

As of or For the Years Ended December 31,	2009	2008	2007	2006	2005
	(In millions, except per share amounts)				
Revenues	$ 12,967	$ 13,627	$ 12,802	$ 11,501	$ 11,358
Income From Continuing Operations	$ 1,006	$ 1,342	$ 1,309	$ 1,258	$ 879
Earnings Available to FirstEnergy Corp.	$ 1,006	$ 1,342	$ 1,309	$ 1,254	$ 861
Basic Earnings per Share of Common Stock:					
Income from continuing operations	$ 3.31	$ 4.41	$ 4.27	$ 3.85	$ 2.68
Earnings per basic share	$ 3.31	$ 4.41	$ 4.27	$ 3.84	$ 2.62
Diluted Earnings per Share of Common Stock:					
Income from continuing operations	$ 3.29	$ 4.38	$ 4.22	$ 3.82	$ 2.67
Earnings per diluted share	$ 3.29	$ 4.38	$ 4.22	$ 3.81	$ 2.61
Dividends Declared per Share of Common Stock	$ 2.20	$ 2.20	$ 2.05	$ 1.85	$ 1.705
Weighted Average Number of Basic Shares Outstanding	304	304	306	324	328
Weighted Average Number of Diluted Shares Outstanding	306	307	310	327	330
Total Assets	$ 34,304	$ 33,521	$ 32,311	$ 31,196	$ 31,841
Capitalization:					
Total Equity	$ 8,557	$ 8,315	$ 9,007	$ 9,069	$ 9,225
Preferred Stock					184
Long-Term Debt and Other Long-Term Obligations	11,908	9,100	8,869	8,535	8,155
Total Capitalization	$ 20,465	$ 17,415	$ 17,876	$ 17,604	$ 17,564

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ALLEGHENY ENERGY
SELECTED HISTORICAL FINANCIAL DATA

The selected historical consolidated financial data of Allegheny Energy for each of the years ended December 31, 2009, 2008 and 2007 and as of December 31, 2009 and 2008 have been derived from Allegheny Energy s audited consolidated financial statements and related notes contained in its Annual Report on Form 10-K for the year ended December 31, 2009, which is incorporated by reference in this joint proxy statement/prospectus. The selected historical consolidated financial data for the years ended December 31, 2006 and 2005 and as of December 31, 2007, 2006 and 2005 have been derived from Allegheny Energy s audited consolidated financial statements for such years, which have not been incorporated by reference in this joint proxy statement/prospectus. The information set forth below is only a summary and is not necessarily indicative of the results of future operations of Allegheny Energy or the combined company, and you should read the following information together with Allegheny Energy s audited consolidated financial statements, the related notes and the section entitled Management s Discussion and Analysis of Financial Condition and Results of Operations contained in Allegheny Energy s Annual Report on Form 10-K for the year ended December 31, 2009, which is incorporated by reference in this joint proxy statement/prospectus. For more information, see the section entitled Where You Can Find More Information; Incorporation by Reference beginning on page 166.

Income statement data for the year ended December 31:	**2009**	**2008**	**2007**	**2006**	**2005**
	(In millions, except per share amounts)				
Operating revenues	$ 3,426.8	$ 3,385.9	$ 3,307.0	$ 3,121.5	$ 3,037.9
Operating expenses	$ 2,507.0	$ 2,576.4	$ 2,489.7	$ 2,389.2	$ 2,501.1
Operating income	$ 919.8	$ 809.5	$ 817.3	$ 732.3	$ 536.8
Income from continuing operations attributable to Allegheny Energy, Inc.	$ 392.8	$ 395.4	$ 412.2	$ 318.7	$ 75.1
Income (loss) from discontinued operations, net of tax	$	$	$	$ 0.6	$ (6.1)
Net income attributable to Allegheny Energy, Inc.	$ 392.8	$ 395.4	$ 412.2	$ 319.3	$ 63.1
Weighted average number of diluted shares outstanding	170.0	170.0	169.5	168.7	158.6
Earnings per share attributable to Allegheny Energy, Inc.:					
Income from continuing operations attributable to Allegheny Energy, Inc.					
-Basic	$ 2.32	$ 2.35	$ 2.48	$ 1.94	$ 0.48
-Diluted	$ 2.31	$ 2.33	$ 2.43	$ 1.89	$ 0.47
Net income attributable to Allegheny Energy, Inc.					
-Basic	$ 2.32	$ 2.35	$ 2.48	$ 1.94	$ 0.40
-Diluted	$ 2.31	$ 2.33	$ 2.43	$ 1.89	$ 0.40
Dividends per share	$ 0.60	$ 0.60	$ 0.15	$	$
Balance sheet data as of December 31:					
Property, plant and equipment, net	$ 8,957.1	$ 8,002.2	$ 7,196.6	$ 6,512.9	$ 6,277.4
Total assets	$ 11,589.1	$ 10,811.0	$ 9,906.6	$ 8,552.4	$ 8,558.8
Short-term debt	$	$	$ 10.0	$	$
Long-term debt due within one year	$ 140.8	$ 93.9	$ 95.4	$ 201.2	$ 477.2
Long-term debt	$ 4,417.0	$ 4,115.9	$ 3,943.9	$ 3,384.0	$ 3,624.5

Total equity	$ 3,128.1	$ 2,855.7	$ 2,548.6	$ 2,115.1	$ 1,741.3

SELECTED UNAUDITED PRO FORMA CONDENSED COMBINED CONSOLIDATED FINANCIAL INFORMATION

The following selected unaudited pro forma condensed combined consolidated statement of income data of FirstEnergy for the year ended December 31, 2009 has been prepared to give effect to the merger as if the merger was completed on January 1, 2009. The unaudited pro forma condensed combined consolidated balance sheet data as of December 31, 2009 of FirstEnergy has been prepared to give effect to the merger as if the merger was completed on December 31, 2009.

The following selected unaudited pro forma condensed combined consolidated financial information is not necessarily indicative of the results that might have occurred had the merger taken place on January 1, 2009 for income statement purposes, and on December 31, 2009 for balance sheet purposes, and is not intended to be a projection of future results. Future results may vary significantly from the results reflected because of various factors, including those discussed in the section entitled Risk Factors beginning on page 30. The following selected unaudited pro forma condensed combined consolidated financial information should be read in conjunction with the section entitled Pro Forma Financial Information and related notes included in this joint proxy statement/prospectus beginning on page 131.

	Year Ended December 31, 2009 (In millions, except per share data)
Pro Forma Condensed Combined Consolidated Statement of Income Data:	
Revenues	$ 16,394
Income From Continuing Operations	1,367
Net Income	1,367
Earnings Available to FirstEnergy Corp.	1,382
Basic Earnings Per Share of Common Stock	$ 3.30
Diluted Earnings Per Share of Common Stock	$ 3.28

	As of December 31, 2009
Pro Forma Condensed Combined Consolidated Balance Sheet Data:	
Cash and Cash Equivalents	$ 1,161
Total Assets	48,359
Long-Term Debt and Other Long-Term Obligations	16,496
Total Liabilities	35,326
Total Equity	13,033

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UNAUDITED COMPARATIVE PER SHARE DATA

The following table summarizes earnings per share data for FirstEnergy and Allegheny Energy on a historical basis and on a pro forma combined basis giving effect to the merger. It has been assumed for purposes of the pro forma combined financial information provided below that the merger was completed on January 1, 2009 for earnings per share purposes, and on December 31, 2009 for book value per share purposes. The following information should be read in conjunction with the section entitled Pro Forma Financial Information and related notes included in this joint proxy statement/prospectus beginning on page 131.

	Year Ended December 31, 2009		Pro Forma Combined Equivalent
	FirstEnergy	Allegheny Energy	Data
Basic Earnings Per Share of Common Stock(1)	$ 3.31	$ 2.32	$ 3.30
Diluted Earnings Per Share of Common Stock(1)	3.29	2.31	3.28
Cash Dividends Declared Per Share	2.20	0.60	
Book Value Per Share of Common Stock(2)	28.08	18.36	31.03

(1) The pro forma combined consolidated statement of income for the year ended December 31, 2009 was prepared by combining the FirstEnergy historical consolidated statement of income for the year ended December 31, 2009 and the Allegheny Energy historical consolidated statement of income for the year ended December 31, 2009, adjusted to give effect to pro forma events that are (a) directly attributable to the merger, (b) factually supportable and (c) expected to have a continuing impact on combined results.

(2) Historical book value per share is computed by dividing common stockholders equity by the number of shares of FirstEnergy or Allegheny Energy common stock outstanding, as applicable. Pro forma book value per share is computed by dividing pro forma total equity by the pro forma number of shares of FirstEnergy common stock that would have been outstanding as of December 31, 2009.

COMPARATIVE FIRSTENERGY AND ALLEGHENY ENERGY MARKET PRICE AND DIVIDEND DATA

FirstEnergy s common stock is listed on the NYSE under the symbol FE. Allegheny Energy s common stock is listed on the NYSE under the symbol AYE.

The following table presents closing prices for shares of FirstEnergy common stock and Allegheny Energy common stock on February 10, 2010, the last trading day before the public announcement of the execution of the merger agreement and , 2010, the latest practicable trading day before the date of this joint proxy statement/prospectus. This table also presents the equivalent market value per share of Allegheny Energy common stock on February 10, 2010 and , 2010, as determined by multiplying the closing prices of shares of FirstEnergy common stock on those dates by the exchange ratio of 0.667.

Although the exchange ratio is fixed, the market prices of FirstEnergy common stock and Allegheny Energy common stock will fluctuate before the special meetings and before the merger is completed. The market value of the merger consideration ultimately received by Allegheny Energy stockholders will depend on the closing price of FirstEnergy common stock on the day such stockholders receive their shares of FirstEnergy common stock.

	FirstEnergy Common Stock	Allegheny Energy Common Stock	Equivalent Per Share of Allegheny Energy Common Stock
February 10, 2010	$ 41.46	$ 21.02	$ 27.65
, 2010	$	$	$

The table below sets forth, for the calendar quarters indicated, the high and low sale prices per share of FirstEnergy common stock and Allegheny Energy common stock on the NYSE. The table also shows the amount of cash dividends declared on FirstEnergy common stock and Allegheny Energy common stock for the calendar quarters indicated.

	FirstEnergy Common Stock		
	High	Low	Cash Dividends Declared(1)
Fiscal Year Ended December 31, 2010:			
First Quarter (through March 22, 2010)	$ 47.06	$ 38.40	$ 0.55
Fiscal Year Ended December 31, 2009:			
Fourth Quarter	$ 47.77	$ 41.57	$ 0.55
Third Quarter	$ 47.82	$ 36.73	$ 1.10

Second Quarter	$ 43.29	$ 35.26	$
First Quarter	$ 53.63	$ 35.63	$ 0.55
Fiscal Year Ended December 31, 2008:			
Fourth Quarter	$ 66.69	$ 41.20	$ 0.55
Third Quarter	$ 84.00	$ 63.03	$ 1.10
Second Quarter	$ 83.49	$ 69.20	$
First Quarter	$ 78.51	$ 64.44	$ 0.55
Fiscal Year Ended December 31, 2007:			
Fourth Quarter	$ 74.98	$ 63.39	$ 0.55
Third Quarter	$ 68.31	$ 58.75	$ 1.00
Second Quarter	$ 72.90	$ 62.56	$
First Quarter	$ 67.11	$ 57.77	$ 0.50

(1) Since 2008, the quarterly dividend rate of $0.55 per share has remained unchanged. The dividend declared in the first quarter of 2010 will be paid in the second quarter of 2010. The dividends declared in 2009 and 2008 included three quarterly payments of $0.55 per share in 2009 and 2008, respectively, and one quarterly payment of $0.55 per share in 2010 and 2009, respectively. Dividends declared in 2007 include three quarterly payments of $0.50 per share in 2007 and one quarterly payment of $0.55 per share in 2008.

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	Allegheny Energy Common Stock		
	High	Low	Cash Dividends Declared
Fiscal Year Ended December 31, 2010:			
First Quarter (through March 22, 2010)	$ 23.77	$ 20.40	$ 0.15
Fiscal Year Ended December 31, 2009:			
Fourth Quarter	$ 27.15	$ 21.84	$ 0.15
Third Quarter	$ 27.70	$ 23.42	$ 0.15
Second Quarter	$ 29.85	$ 22.70	$ 0.15
First Quarter	$ 35.97	$ 20.32	$ 0.15
Fiscal Year Ended December 31, 2008:			
Fourth Quarter	$ 36.61	$ 23.86	$ 0.15
Third Quarter	$ 51.14	$ 33.94	$ 0.15
Second Quarter	$ 55.98	$ 49.38	$ 0.15
First Quarter	$ 64.75	$ 45.46	$ 0.15
Fiscal Year Ended December 31, 2007:			
Fourth Quarter	$ 65.48	$ 52.37	$ 0.15
Third Quarter	$ 57.30	$ 48.18	$
Second Quarter	$ 56.13	$ 48.67	$
First Quarter	$ 50.25	$ 44.28	$

The information in the preceding tables is historical only. FirstEnergy and Allegheny Energy urge you to obtain current market quotations for shares of FirstEnergy and Allegheny Energy common stock before voting at your special meeting.

CAUTIONARY STATEMENT CONCERNING FORWARD-LOOKING STATEMENTS

This joint proxy statement/prospectus, including information included or incorporated by reference in this joint proxy statement/prospectus, may contain forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. You can typically identify forward-looking statements by the use of forward-looking words such as expect, anticipate, target, goal, project, intend, plan, believe, budget, should, continue, cou potential, strategy, synergies, will, would, seek, estimate, variations of such words and similar expressions the absence of any such words or expressions does not mean that a particular statement is not a forward-looking statement. Any statements regarding the benefits of the merger, or FirstEnergy s or Allegheny Energy s future financial condition, results of operations and business are also forward-looking statements. Without limiting the generality of the preceding sentence, certain statements contained in the sections entitled The Merger Background of the Merger, The Merger Recommendation of the FirstEnergy Board of Directors and Its Reasons for the Merger, The Merger Recommendation of the Allegheny Energy Board of Directors and Its Reasons for the Merger, The Merger Opinion of FirstEnergy s Financial Advisor and The Merger Opinion of Allegheny Energy s Financial Advisor constitute forward-looking statements.

These forward-looking statements represent FirstEnergy s and Allegheny Energy s intentions, plans, expectations, assumptions and beliefs about future events and are subject to risks, uncertainties and other factors. Many of these factors are outside the control of FirstEnergy and Allegheny Energy and could cause actual results to differ materially from the results expressed or implied by these forward-looking statements. In addition to the risk factors described in the section entitled Risk Factors beginning on page 30 of this joint proxy statement/prospectus, these factors include:

- those identified and disclosed in public filings with the SEC made by FirstEnergy and Allegheny Energy;
- obtaining FirstEnergy and Allegheny Energy shareholder approval of the merger;
- the risk that required governmental and regulatory approvals for the merger may not be obtained, or, if obtained, may impose unfavorable terms, conditions or restrictions;
- litigation relating to the merger;
- satisfying the conditions to the closing of the merger;
- the length of the time necessary to complete the merger;
- successfully integrating the FirstEnergy and Allegheny Energy businesses, and avoiding problems which may result in the combined company not operating as effectively and efficiently as expected;
- the possibility that the estimated synergies will not be realized within the expected timeframe or at all;
- competition, whether new or existing;
- industrial, commercial and residential growth in the service territory of FirstEnergy and Allegheny Energy;
- prevailing economic, market and business conditions;
- the cost and availability of capital and any restrictions imposed by lenders or creditors;

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changes in the industry in which FirstEnergy and Allegheny Energy operate;

the weather and other natural phenomena, including the economic, operational and other effects of severe weather, such as tornadoes, hurricanes, ice, sleet, snow storms or droughts;

conditions beyond FirstEnergy s or Allegheny Energy s control such as disaster, acts of war or terrorism;

the failure to renew, or the revocation of, any licensing or other required permits;

unexpected costs or unexpected liabilities, or the effects of acquisition accounting varying from the companies expectations or changes in accounting policies;

the risk that the credit ratings of the combined company or its subsidiaries may be different from what the companies expect, which may increase borrowing costs and/or make it more difficult to pay or refinance its debts and require it to borrow or divert cash flow from operations in order to service debt payments;

the effects on the businesses of the companies resulting from uncertainty surrounding the merger, including with respect to customers, employees or suppliers or the diversion of management s time and attention;

adverse outcomes of pending or threatened litigation or governmental investigations unrelated to the merger;

the effects on the companies of future regulatory or legislative actions, including changes in environmental and other laws and regulations to which FirstEnergy, Allegheny Energy or their subsidiaries and facilities are subject;

conduct of and changing circumstances related to third-party relationships on which FirstEnergy and Allegheny Energy rely, including the level of credit worthiness of counterparties;

the volatility and unpredictability of stock market and credit market conditions;

fluctuations in interest rates;

variations between the stated assumptions on which forward-looking statements are based and FirstEnergy s and Allegheny Energy s actual experience; and

other economic, business, and/or competitive factors.

You are cautioned not to place undue reliance on forward-looking statements, which speak only as of the date of this joint proxy statement/prospectus and should be read in conjunction with the risk factors and other disclosures contained or incorporated by reference into this joint proxy statement/prospectus. The areas of risk and uncertainty described above, which are not exclusive, should be considered in connection with any written or oral forward-looking statements that may be made in this joint proxy statement/prospectus or on, before or after the date of this joint proxy statement/prospectus by FirstEnergy or Allegheny Energy or anyone acting for any or both of them. Except as required by applicable law or regulation, neither FirstEnergy nor Allegheny Energy undertakes any obligation to release publicly or otherwise make any revisions to any forward-looking statements, to report events or circumstances after the date of this joint proxy statement/prospectus or to report the occurrence of unanticipated events.

RISK FACTORS

In addition to the other information included or incorporated by reference in this joint proxy statement/prospectus, including the matters addressed in the section entitled Cautionary Statement Concerning Forward-Looking Statements beginning on page 28 you should carefully consider the following risks before deciding how to vote.

Because the exchange ratio is fixed and the market price of shares of FirstEnergy common stock will fluctuate, Allegheny Energy stockholders cannot be sure of the value of the merger consideration they will receive.

Upon completion of the merger, each outstanding share of Allegheny Energy common stock will be converted into the right to receive 0.667 of a share of FirstEnergy common stock. The number of shares of FirstEnergy common stock to be issued pursuant to the merger agreement for each share of Allegheny Energy common stock is fixed and will not change to reflect changes in the market price of FirstEnergy or Allegheny Energy common stock. The market price of FirstEnergy common stock at the time of completion of the merger may vary significantly from the market prices of FirstEnergy common stock on the date the merger agreement was executed, the date of this joint proxy statement/prospectus and the date of the special meetings. Accordingly, at the time of the special meetings, you will not know or be able to calculate the market value of the merger consideration you will receive upon the completion of the merger.

In addition, the merger might not be completed until a significant period of time has passed after the special meetings. Because the exchange ratio will not be adjusted to reflect any changes in the market value of FirstEnergy common stock or Allegheny Energy common stock, the market value of the FirstEnergy common stock issued in the merger and the Allegheny Energy common stock surrendered in the merger may be higher or lower than the values of those shares on earlier dates.

Stock price changes may result from a variety of factors, many of which are beyond the control of FirstEnergy and Allegheny Energy, including:

- market reaction to the announcement of the merger and market assessment of the likelihood of the merger being completed;
- changes in the respective businesses, operations or prospects of FirstEnergy or Allegheny Energy, including FirstEnergy s and Allegheny Energy s ability to meet earnings estimates;
- litigation or regulatory developments affecting FirstEnergy or Allegheny Energy or the utility industry;
- general business, market, industry or economic conditions; and
- other factors beyond the control of FirstEnergy and Allegheny Energy, including those described elsewhere in this Risk Factors section and in documents incorporated by reference in this joint proxy statement/prospectus.

Neither FirstEnergy nor Allegheny Energy is permitted to terminate the merger agreement solely because of changes in the market price of either company s common stock.

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The merger agreement contains provisions that limit FirstEnergy s and Allegheny Energy s ability to pursue alternatives to the merger, which could discourage a potential competing acquirer of either Allegheny Energy or FirstEnergy from making an alternative transaction proposal and, in certain circumstances, could require FirstEnergy or Allegheny Energy to pay to the other a termination fee of $350 million or $150 million, respectively, as well as up to $45 million of transaction expenses.

Under the merger agreement, FirstEnergy and Allegheny Energy are restricted, subject to limited exceptions, from entering into alternative transactions. Unless and until the merger agreement is terminated, subject to specified exceptions (which are discussed in more detail in the section entitled The Merger Agreement beginning on page 108), both FirstEnergy and Allegheny Energy are restricted from soliciting, initiating, seeking, knowingly encouraging or facilitating, or negotiating, any inquiry, proposal or offer for a competing acquisition proposal with any person. Additionally, under the merger agreement, in the event of a potential change by either the FirstEnergy or the Allegheny Energy board of its recommendation with respect to the merger-related proposals, the company changing its recommendation must provide the other with five business days prior notice and if requested, negotiate in good faith an adjustment to the terms and conditions of the merger agreement prior to changing its recommendation. FirstEnergy and Allegheny Energy may terminate the merger agreement and enter into an agreement with respect to a superior proposal only if specified conditions have been satisfied, including, compliance with the non-solicitation provisions of the merger agreement. These provisions could discourage a third party that may have an interest in acquiring all or a significant part of FirstEnergy or Allegheny Energy from considering or proposing that acquisition, even if such third party were prepared to pay consideration with a higher per share cash or market value than that market value proposed to be received or realized in the merger, or might result in a potential competing acquirer proposing to pay a lower price than it would otherwise have proposed to pay because of the added expense of the termination fee that may become payable in certain circumstances. As a result of these restrictions, neither FirstEnergy nor Allegheny Energy may be able to enter into an agreement with respect to a more favorable alternative transaction without incurring potentially significant liability to the other.

Under the merger agreement, FirstEnergy or Allegheny Energy may be required to pay to the other a termination fee of $350 million or $150 million, respectively, if the merger agreement is terminated under certain circumstances, and/or reasonably documented transaction expenses up to $45 million. Should the merger agreement be terminated in circumstances under which such a termination fee or expense reimbursement is payable, the payment of this fee or reimbursement by FirstEnergy or Allegheny Energy (or by a third party acquiror) could have material and adverse consequences to the financial condition and operations of the company making such payment.

FirstEnergy and Allegheny Energy will be subject to various uncertainties and contractual restrictions while the merger is pending that could adversely affect their businesses and impact the combined company s operational and financial performance after the merger.

Uncertainty about the effect of the merger on employees, suppliers and customers may have an adverse effect on FirstEnergy and Allegheny Energy. Although FirstEnergy and Allegheny Energy intend to take steps designed to reduce any adverse effects, these uncertainties may impair FirstEnergy s or Allegheny Energy s ability to attract, retain and motivate key personnel until the merger is completed and for a period of time thereafter, and could cause customers, suppliers and others that deal with FirstEnergy and Allegheny Energy to seek to change existing business relationships with FirstEnergy and Allegheny Energy.

Employee retention and recruitment may be particularly challenging prior to the completion of the merger, as employees and prospective employees may experience uncertainty about their future roles with the combined company. If, despite FirstEnergy s and Allegheny Energy s retention and recruiting efforts, key employees depart or fail to accept employment with either company because of issues relating to the uncertainty and difficulty of integration or a desire not to remain with the combined company, FirstEnergy s and Allegheny Energy s financial results could be affected. Furthermore, FirstEnergy s operational and financial performance following the merger could be adversely affected if it is unable to retain key employees and skilled workers of Allegheny Energy. The loss of the services of key employees and skilled workers and their experience and knowledge regarding Allegheny Energy s business could adversely affect FirstEnergy s future operating results and its successful ongoing operation of the business.

The pursuit of the merger and the preparation for the integration may place a significant burden on management and internal resources. The diversion of management attention away from day-to-day business concerns and any difficulties encountered in the transition and integration process could affect FirstEnergy s and Allegheny Energy s financial results.

In addition, the merger agreement restricts either company, without the other s consent, from making certain acquisitions and taking other specified actions until the merger occurs or the merger agreement terminates. These restrictions may prevent FirstEnergy or Allegheny Energy from pursuing otherwise attractive business opportunities and making other changes to FirstEnergy s or Allegheny Energy s business prior to completion of the merger or termination of the merger agreement. See the section entitled The Merger Agreement Conduct of Business Pending the Merger beginning on page 115.

Many of the anticipated benefits of combining FirstEnergy and Allegheny Energy may not be realized.

FirstEnergy and Allegheny Energy entered into the merger agreement with the expectation that the merger would result in various benefits including, among other things, synergies, cost savings and operating efficiencies. The success of the merger will depend, in part, on the combined company s ability to realize these anticipated benefits and cost savings from combining the businesses of FirstEnergy and Allegheny Energy. However, to realize these anticipated benefits and cost savings, FirstEnergy and Allegheny Energy must successfully combine their businesses. If FirstEnergy and Allegheny Energy are not able to achieve these objectives, the anticipated benefits and cost savings of the merger may not be realized fully or at all or may take longer to realize than expected. The pro forma financial statements presented elsewhere in this joint proxy statement/prospectus do not reflect potential synergies and are not necessarily indicative of results of operations and financial position that would have been achieved had the pro forma events taken place on the dates indicated, or indicative of the future consolidated results of operations or financial position of the combined company.

FirstEnergy and Allegheny Energy have operated and, until the completion of the merger, will continue to operate independently. It is possible that the integration process could take longer than anticipated and could result in the loss of valuable employees, the disruption of each company s ongoing businesses, processes and systems or inconsistencies in standards, controls, procedures, practices, policies and compensation arrangements, any of which could adversely affect the combined company s ability to achieve the anticipated benefits of the merger. The combined company s results of operations could also be adversely affected by any issues attributable to either company s operations that arise or are based on events or actions that occur prior to the closing of the merger. Further, the size of the merger may make integration difficult, expensive and disruptive, adversely affecting FirstEnergy s revenues after the merger. While the merger agreement provides for the establishment of an integration committee, FirstEnergy may have difficulty addressing possible differences in corporate cultures and management philosophies. Integration efforts between the two companies will also divert management attention and resources. These integration activities could have an adverse effect on the businesses of both FirstEnergy and Allegheny Energy during the transition period. The integration process is subject to a number of uncertainties, and no assurance can be given that the anticipated benefits will be realized or, if realized, the timing of their realization. Failure to achieve these anticipated benefits could result in increased costs or decreases in the amount of expected revenues and could adversely affect FirstEnergy s future business, financial condition, operating results and prospects. In addition, FirstEnergy may not be able to eliminate duplicative costs or realize other efficiencies from integrating the businesses to offset part or all of the transaction and merger-related costs incurred by FirstEnergy and Allegheny Energy.

FirstEnergy and Allegheny Energy may be unable to obtain in the anticipated timeframe, or at all, the regulatory approvals required to complete the merger or, in order to do so, FirstEnergy and Allegheny Energy may be required to comply with material restrictions or conditions that may negatively affect the combined company after the merger is completed or cause them to abandon the merger. Furthermore, FirstEnergy and Allegheny Energy may subsequently agree to conditions without further seeking shareholder approval, even if such conditions could have an adverse impact on FirstEnergy, Allegheny Energy or the combined company.

The merger is subject to review by the U.S. Department of Justice Antitrust Division, referred to as the Antitrust Division, and the Federal Trade Commission, referred to as the FTC, under the HSR Act, and the expiration or termination of the waiting period (and any extension of the waiting period) applicable to the merger under the HSR Act is a condition to closing the merger. The merger is also subject to the regulatory requirements of other federal and state agencies and authorities, including the FERC, the MDPSC, the PAPUC, the VSCC, the WVPSC and the FCC. FirstEnergy and Allegheny Energy can provide no assurance that all required regulatory authorizations, approvals or consents will be obtained or that these authorizations, approvals or consents will not contain terms, conditions or restrictions that would be detrimental to FirstEnergy after the completion of the merger. A substantial delay in obtaining the required authorizations, approvals or consents or the imposition of unfavorable terms, conditions or restrictions contained in such authorizations, approvals or consents could have a material adverse effect on the synergies and other anticipated benefits of the merger, thereby impacting the business, financial condition or results of operations of FirstEnergy after the merger. In addition, delays or unfavorable terms could lead FirstEnergy or Allegheny Energy to become involved in litigation with one or more governmental entities or third parties, or may cause FirstEnergy or Allegheny Energy to significantly delay and/or abandon the merger.

The special meetings of shareholders at which the merger-related proposals will be considered will likely take place before any or all of the required regulatory approvals have been obtained and before all conditions to such approvals, if any, are known. In this event, if the merger-related proposals are approved, FirstEnergy and Allegheny Energy may subsequently agree to conditions without further seeking shareholder approval, even if such conditions could have an adverse impact on FirstEnergy, Allegheny Energy or the combined company.

Even after the statutory waiting period under the HSR Act has expired, and even after completion of the merger, governmental authorities could seek to block or challenge the merger as they deem necessary or desirable in the public interest. In addition, in some jurisdictions, a competitor, customer or other third party could initiate a private action under the antitrust laws challenging or seeking to enjoin the merger, before or after it is completed. FirstEnergy or

Allegheny Energy may not prevail, or may incur significant costs, in defending or settling any action under the antitrust laws.

Any delay in completing the merger may materially adversely affect the synergies and other benefits that FirstEnergy and Allegheny Energy expect to achieve from the merger and the integration of their respective businesses.

FirstEnergy may record goodwill that could become impaired and adversely affect its operating results.

The merger will be accounted for in accordance with GAAP. Under accounting for business combinations, the assets and liabilities of Allegheny Energy will be recorded, as of completion of the merger, at their respective fair values and added to those of FirstEnergy. The reported financial condition and results of operations of FirstEnergy issued after completion of the merger will reflect Allegheny Energy balances and results after completion of the merger, but will not be restated retroactively to reflect the historical financial position or results of operations of Allegheny Energy for periods prior to the merger. Following completion of the merger, the earnings of FirstEnergy will reflect purchase accounting adjustments. See the section entitled Pro Forma Financial Information beginning on page 131.

The total purchase price will be allocated to Allegheny Energy s tangible assets and liabilities and identifiable intangible assets based on their fair values as of the date of completion of the merger. Any excess of the purchase price over those fair values will be recorded as goodwill. To the extent the value of any goodwill or intangibles becomes impaired, FirstEnergy may be required to incur material charges relating to such impairment. Such a potential impairment charge could have a material impact on FirstEnergy s operating results.

FirstEnergy and Allegheny Energy will incur substantial transaction fees and merger-related costs in connection with the merger.

FirstEnergy and Allegheny Energy expect to incur a number of non-recurring transaction fees and merger-related costs associated with completing the merger, combining the operations of the two companies and achieving desired synergies. These fees and costs will be substantial. Additional unanticipated costs may be incurred in the integration of the businesses of FirstEnergy and Allegheny Energy. Although it is expected that the elimination of certain duplicative costs, as well as the realization of other efficiencies related to the integration of the two businesses, will offset the incremental transaction and merger-related costs over time, this net benefit may not be achieved in the near term, or at all.

The opinions obtained by FirstEnergy and Allegheny Energy from their respective financial advisors do not reflect changes in circumstances between the signing of the merger agreement and completion of the merger.

Each of the financial advisors of FirstEnergy and Allegheny Energy rendered opinions dated February 10, 2010, with respect to the fairness from a financial point of view, as of February 10, 2010, of the merger consideration to FirstEnergy and to Allegheny Energy s stockholders, respectively. Each opinion was based on the financial, economic, market and other conditions as in effect on, and the information made available to the opinion giver as of, February 10, 2010. Neither of the opinions will be updated, revised or reaffirmed as of the date of this joint proxy statement/prospectus, the time the merger will be completed or any other date. The opinions do not reflect changes in circumstances of FirstEnergy or Allegheny Energy or in the financial, economic, market and other conditions or other factors affecting FirstEnergy or Allegheny Energy after February 10,

2010. For a description of the opinions that FirstEnergy and Allegheny Energy received from their respective financial advisors, please refer to the sections entitled The Merger Opinion of FirstEnergy s Financial Advisor beginning on page 71 and The Merger Opinion of Allegheny Energy s Financial Advisor beginning on page 80.

The market price of FirstEnergy common stock after the merger may be affected by factors different from those affecting the shares of Allegheny Energy or FirstEnergy currently.

Upon completion of the merger, holders of Allegheny Energy common stock will become holders of FirstEnergy common stock. The businesses of FirstEnergy differ from those of Allegheny Energy in important respects and, accordingly, the results of operations of the combined company and the market price of FirstEnergy s shares of common stock following the merger may be affected by factors different from those currently affecting the independent results of operations of FirstEnergy and Allegheny Energy. For a discussion of the businesses of FirstEnergy and Allegheny Energy and of certain factors to consider in connection with those businesses, see the documents incorporated by reference in this joint proxy statement/prospectus referred to in the section entitled Where You Can Find More Information; Incorporation by Reference beginning on page 166.

The merger may not be accretive to earnings and may cause dilution to FirstEnergy s earnings per share, which may negatively affect the market price of FirstEnergy s common stock.

FirstEnergy currently anticipates that the merger will be accretive to earnings per share in the first year following the completion of the merger. This expectation is based on preliminary estimates which may materially change. FirstEnergy could also encounter additional transaction and integration-related costs, may fail to realize all of the benefits anticipated in the merger or be subject to other factors that affect preliminary estimates. Any of these factors could cause dilution to FirstEnergy s earnings per share or decrease or delay the expected accretive effect of the merger and contribute to a decrease in the price of FirstEnergy s common stock.

Current FirstEnergy and Allegheny Energy shareholders will have a reduced ownership and voting interest after the merger and will exercise less influence over management.

FirstEnergy will issue approximately 115.4 million shares of FirstEnergy common stock to Allegheny Energy stockholders in the merger (including shares to be issued in connection with outstanding Allegheny Energy equity awards). As a result, current FirstEnergy shareholders and Allegheny Energy stockholders are expected to hold approximately 73% and 27% respectively, of FirstEnergy s common stock outstanding immediately following the completion of the merger.

FirstEnergy shareholders and Allegheny Energy stockholders currently have the right to vote for their respective directors and on other matters affecting the applicable company. When the merger occurs, each Allegheny Energy stockholder that receives shares of FirstEnergy common stock will become a shareholder of FirstEnergy with a percentage ownership of the combined organization that is much smaller than the stockholder s percentage ownership of Allegheny Energy. Correspondingly, each FirstEnergy shareholder will remain a shareholder of FirstEnergy with a percentage ownership of the combined organization that is smaller than the shareholder s percentage of FirstEnergy prior to the merger. As a result of these reduced ownership percentages, FirstEnergy shareholders will have less influence on the management and policies of FirstEnergy than they now have, and former Allegheny Energy stockholders will have less influence on the management and policies of the combined company than they now have with respect to Allegheny Energy.

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Failure to complete the merger could negatively affect the stock prices and the future businesses and financial results of FirstEnergy and Allegheny Energy.

Completion of the merger is not assured and is subject to risks, including the risks that approval of the transaction by shareholders of FirstEnergy and Allegheny Energy or by governmental agencies is not obtained or that certain other closing conditions are not satisfied. If the merger is not completed, the ongoing businesses of FirstEnergy and/or Allegheny Energy may be adversely affected and FirstEnergy and Allegheny Energy will be subject to several risks, including:

having to pay certain significant costs relating to the merger without receiving the benefits of the merger, including in certain circumstances a termination fee of $350 million in the case of FirstEnergy and $150 million in the case of Allegheny Energy and, for either FirstEnergy or Allegheny Energy in certain circumstances, the reasonably documented transaction expenses of the other party up to $45 million;

the attention of management of FirstEnergy and Allegheny Energy will have been diverted to the merger rather than each company s own operations and pursuit of other opportunities that could have been beneficial to that company;

the potential loss of key personnel, particularly for Allegheny Energy, during the pendency of the merger as employees may experience uncertainty about their future roles with the combined company;

FirstEnergy and Allegheny Energy will have been subject to certain restrictions on the conduct of their business, which may prevent them from making certain acquisitions or dispositions or pursuing certain business opportunities while the merger is pending;

resulting negative customer perception could adversely affect the ability of FirstEnergy and Allegheny Energy to compete for, or to win, new and renewal business in the marketplace;

the stock price of FirstEnergy or Allegheny Energy may decline to the extent that the current market prices reflect an assumption by the market that the merger will be completed; and

having to face the continuing general competitive pressures and risks of their businesses and the electric utility industry, which may increase if the merger is not completed.

Members of the management and boards of directors of FirstEnergy and Allegheny Energy have interests in the merger that are different from, or in addition to, those of other FirstEnergy and Allegheny Energy shareholders and that could have influenced their decision to support or approve the merger.

In considering whether to approve the proposals at the special meetings, FirstEnergy and Allegheny Energy shareholders should recognize that some of the members of management and the boards of directors of FirstEnergy and Allegheny Energy have interests in the merger that differ from, or are in addition to, their interests as shareholders of FirstEnergy and stockholders of Allegheny Energy. For a discussion of the interests of directors and executive officers in the merger, see the sections entitled The Merger Additional Interests of the FirstEnergy Directors and Executive Officers in the Merger beginning on page 90 and The Merger Additional Interests of the Allegheny Energy Directors and Executive Officers in the Merger beginning on page 90.

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FirstEnergy s indebtedness following the merger will be higher than FirstEnergy s existing indebtedness. Notwithstanding improvements in certain key credit metrics, such as debt-to-capitalization ratios, it may be more difficult for FirstEnergy to pay or refinance its debts and FirstEnergy may need to borrow or divert its cash flow from operations to service debt payments. The additional indebtedness could limit FirstEnergy s ability to pursue other strategic opportunities and increase its vulnerability to adverse economic and industry conditions and may cause FirstEnergy to take other actions that will increase the dilution of its shareholders and former Allegheny Energy stockholders or reduce earnings.

In connection with the merger, FirstEnergy will assume Allegheny Energy s outstanding debt. FirstEnergy s total indebtedness as of December 31, 2009 was approximately $14.9 billion. FirstEnergy s pro forma total indebtedness as of December 31, 2009, after giving effect to the merger, would have been approximately $19.7 billion (including approximately $2.0 billion of currently payable long-term debt, approximately $1.2 billion of short-term borrowings and approximately $16.5 billion of long-term debt and other long-term obligations). FirstEnergy s debt service obligations with respect to this increased indebtedness could have an adverse impact on its earnings and cash flows for as long as the indebtedness is outstanding.

FirstEnergy s increased indebtedness could have important consequences to holders of FirstEnergy common stock. For example, it could:

- make it more difficult for FirstEnergy to pay or refinance its debts as they become due during adverse economic and industry conditions because any related decrease in revenues could cause FirstEnergy to not have sufficient cash flows from operations to make its scheduled debt payments;
- limit FirstEnergy s flexibility to pursue other strategic opportunities or react to changes in its business and the industry in which it operates and, consequently, place FirstEnergy at a competitive disadvantage to its competitors with less debt;
- require a substantial portion of FirstEnergy s cash flows from operations to be used for debt service payments, thereby reducing the availability of its cash flow to fund working capital, capital expenditures, acquisitions, dividend payments and other general corporate purposes;
- result in a downgrade in the rating of FirstEnergy s indebtedness, which could limit FirstEnergy s ability to borrow additional funds, increase the interest rates applicable to FirstEnergy s indebtedness or increase FirstEnergy s requirements to post additional collateral to support outstanding contract guarantees (following the public announcement of the execution of the merger agreement, Standard & Poor s Ratings Service lowered its corporate credit rating on FirstEnergy to BBB- from BBB and lowered the senior unsecured ratings of FirstEnergy to BB+ from BBB- and lowered ratings by one notch on FirstEnergy s rated subsidiaries);
- reduce the amount of credit available to FirstEnergy and its subsidiaries to support its hedging activities; and
- result in higher interest expense in the event of increases in interest rates since some of FirstEnergy s borrowings are, and will continue to be, at variable rates of interest.

Based upon current levels of operations, FirstEnergy expects to be able to obtain sufficient cash on a consolidated basis to make all of the principal and interest payments when such payments are due under FirstEnergy s and its current subsidiaries existing credit facilities, indentures and other instruments governing their outstanding indebtedness, and under the indebtedness of Allegheny

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Energy and its subsidiaries that may remain outstanding after the merger, but there can be no assurance that FirstEnergy will be able to repay or refinance such borrowings and obligations.

FirstEnergy is committed to maintaining and improving its credit ratings. In order to maintain and improve these credit ratings, FirstEnergy may consider it appropriate to reduce the amount of indebtedness outstanding following the merger. This may be accomplished in several ways, including issuing additional shares of common stock or securities convertible into shares of common stock, selling assets, reducing discretionary uses of cash, or a combination of these and other measures. Issuances of additional shares of common stock or securities convertible into shares of common stock would have the effect of diluting the ownership percentage that current FirstEnergy shareholders and former Allegheny Energy stockholders hold in the combined company and might reduce the reported earnings per share. Sales of additional assets could reduce the earnings of the combined company, depending on the earnings attributable to the divested assets. The specific measures that FirstEnergy may ultimately decide to use to maintain or improve its credit ratings and their timing will depend upon a number of factors, including market conditions and forecasts at the time those decisions are made.

The merger will combine two companies that are currently affected by developments in the electric utility industry, including changes in regulation. A failure to adapt to the changing regulatory environment after the merger could adversely affect the stability of earnings and could result in the erosion of the combined company s revenues and profits.

Because FirstEnergy, Allegheny Energy and their respective subsidiaries are regulated in the United States at the federal level and in a number of states, the two companies have been and will continue to be impacted by legislative and regulatory developments in those jurisdictions, as will the combined company following the merger. After the merger, FirstEnergy and/or its subsidiaries will be subject in the United States to extensive federal regulation, including environmental regulation, as well as to state and local regulation in Ohio, Pennsylvania, West Virginia, New York, New Jersey, Maryland and Virginia. The costs and burdens associated with complying with the increased number of regulatory jurisdictions may have a material adverse effect on FirstEnergy. Moreover, the likelihood that federal and/or state legislation or regulation with respect to carbon emissions will be passed or implemented may adversely affect the market price of FirstEnergy s common stock, or its business, financial condition or results of operation.

The combined company will have a higher percentage of coal-fired generation capacity compared to FirstEnergy s current generation mix. As a result, FirstEnergy may be exposed to greater risk from regulations of coal and coal combustion by-products than it faces as a stand-alone company prior to the merger.

After the completion of the merger, the combined company s generation fleet will have a higher percentage of coal-fired generation capacity compared to FirstEnergy s current generation mix. As a result, FirstEnergy s exposure to new or changing legislation, regulation or other legal requirements related to greenhouse gas or other emissions may be increased compared to its current exposure. Approximately 52% of FirstEnergy s current generation fleet capacity is coal-fired, with the remainder being low-emitting natural gas, oil fired or non-emitting nuclear and pumped storage. Approximately 78% of Allegheny Energy s current generation fleet capacity is coal-fired. After the completion of the merger, approximately 62% of FirstEnergy s fleet capacity would be coal-fired. Historically, coal-fired generating plants face greater exposure to the costs of complying with federal, state and local environmental statutes, rules and regulations relating to emissions of substances such as sulfur dioxide, nitrogen oxide and mercury. In addition, there are currently a number of federal, state and international initiatives under consideration to, among other things, require reductions in greenhouse gas emissions from power generation or other facilities, and to regulate coal combustion by-products, such as coal ash, as hazardous waste. These legal requirements and initiatives could require substantial additional costs, extensive mitigation efforts and, in the case of greenhouse gas legislation, would raise uncertainty about the future viability of fossil fuels as an energy source for new and existing electric generation facilities. Failure to comply with any such existing or future legal requirements may also result in the assessment of fines and penalties. Significant resources also may be expended to defend against allegations of violations of any such requirements. FirstEnergy expects approximately 78% of its generation fleet to be non-emitting or low-emitting by the end of 2010. All of Allegheny s supercritical coal-fired generation assets are scrubbed, and its generation portfolio also includes pumped storage and natural gas generation capacity. The combined company s generation fleet nevertheless could face greater exposure to risks relating to the foregoing legal requirements than FirstEnergy s current fleet due to the combined company s increased percentage of coal-fired generation facilities.

Following the merger, Allegheny Energy stockholders will own equity interests in a company that owns and operates nuclear generating facilities, which can present unique risks.

FirstEnergy s ownership interest in and operation of nuclear facilities subjects it to various risks to which Allegheny Energy is not currently subject, including the potential harmful effects on the environment and human health resulting from the operation of nuclear facilities and the storage, handling and disposal of radioactive materials; limitations on the amounts and types of insurance commercially available to cover losses that might arise in connection with nuclear operations; uncertainties with respect to the technological and financial aspects of decommissioning nuclear plants at the end of their licensed lives; and costs associated with regulatory oversight by the Nuclear Regulatory Commission, referred to as the NRC, including NRC imposed fines, lost revenues as a result of any NRC ordered shutdown of FirstEnergy nuclear facilities, or increased capital costs as a result of increased NRC safety and security regulations. As shareholders of FirstEnergy following the merger, Allegheny Energy stockholders may be adversely affected by these risks.

Upon receipt of shares of FirstEnergy common stock upon completion of the merger, Allegheny Energy stockholders will become shareholders in FirstEnergy, an Ohio corporation, which may change certain rights and privileges they hold as stockholders of Allegheny Energy, a Maryland corporation.

FirstEnergy is an Ohio corporation and is governed by the laws of the State of Ohio and by its amended articles of incorporation and amended code of regulations. Ohio corporation law extends to shareholders certain rights and privileges that may not exist under Maryland law and, conversely, does not extend certain rights and privileges that a stockholder of a company, such as Allegheny Energy, governed by Maryland law, may have. For a detailed discussion of the rights of FirstEnergy shareholders versus the rights of Allegheny Energy stockholders, see the section entitled Comparison of Rights of FirstEnergy s Shareholders and Allegheny Energy s Stockholders beginning on page 142.

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Pending litigation against FirstEnergy and Allegheny Energy could result in an injunction preventing the completion of the merger, the payment of damages in the event the merger is completed, and/or may adversely affect FirstEnergy s business, financial condition or results of operations following the merger.

In connection with the merger, purported shareholders of Allegheny Energy have filed putative shareholder class action and/or derivative lawsuits in Pennsylvania and Maryland state courts, as well as in the United States District Court for the Western District of Pennsylvania, against Allegheny Energy and its directors and certain officers, which we refer to as the Allegheny Energy defendants, FirstEnergy and Merger Sub. The lawsuits allege, among other things, that the Allegheny Energy directors breached their fiduciary duties by approving the merger agreement, and that Allegheny Energy, FirstEnergy and Merger Sub aided and abetted in these alleged breaches of fiduciary duty. The plaintiffs allege that the merger consideration is unfair, that other terms in the merger agreement including the termination fee and the non-solicitation provisions are unfair, and that certain individual defendants are financially interested in the merger. Among other remedies, the plaintiffs seek to enjoin the merger and they have demanded jury trials. The Allegheny Energy defendants moved to consolidate the Maryland lawsuits and filed motions to dismiss and answers to each of the Maryland complaints. The court consolidated the Maryland lawsuits and an amended complaint has been filed. The Pennsylvania state court has consolidated the lawsuits filed in that court. While FirstEnergy and Allegheny Energy believe the lawsuits are without merit and intend to defend vigorously against the claims, the outcome of any such litigation is inherently uncertain. If a dismissal is not granted or a settlement is not reached, these lawsuits could prevent or delay the completion of the merger and result in substantial costs to FirstEnergy and Allegheny Energy. In accordance with its bylaws, Allegheny Energy will advance expenses to and, as necessary, indemnify all of its directors in connection with the foregoing proceedings. All applicable insurance policies may not provide sufficient coverage for the claims under these lawsuits, and rights of indemnification with respect to these lawsuits will continue whether or not the merger is completed. The defense or settlement of any lawsuit or claim that remains unresolved at the time the merger closes may adversely affect FirstEnergy s business, financial condition or results of operations.

Risks relating to FirstEnergy and Allegheny Energy

FirstEnergy and Allegheny Energy are, and will continue to be, subject to the risks described in Part I, Item 1A Risk Factors in FirstEnergy s Annual Report on Form 10-K for the year ended December 31, 2009, which was filed by FirstEnergy on February 19, 2010 with the SEC and Part I, Item 1A, Risk Factors of Allegheny Energy s Annual Report on Form 10-K for the year ended December 31, 2009, which was filed by Allegheny Energy on March 1, 2010 with the SEC, and in each case incorporated by reference in this joint proxy statement/prospectus. Please see the section entitled Where You Can Find More Information; Incorporation by Reference beginning on page 166 for how you can obtain information incorporated by reference in this joint proxy statement/prospectus.

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INFORMATION REGARDING THE FIRSTENERGY SPECIAL MEETING

Date, Time, Place and Purpose of the FirstEnergy Special Meeting

The special meeting of the shareholders of FirstEnergy will be held at , on , 2010, at , local time. The purpose of the FirstEnergy special meeting is:

1. to consider and vote on the proposal to approve the issuance of shares of FirstEnergy common stock pursuant to the merger agreement;

2. to consider and vote on the proposal to adopt the charter amendment;

3. to consider and vote on the proposal to adjourn the special meeting to another time or place, if necessary or appropriate, to solicit additional proxies if there are insufficient votes at the time of the special meeting to approve the share issuance or the charter amendment; and

4. to transact any other business that may properly come before the special meeting or any adjournment or postponement of the special meeting by or at the direction of the board of directors of FirstEnergy.

Recommendation of the FirstEnergy Board of Directors

The FirstEnergy board of directors unanimously approved the merger agreement and the transactions contemplated by the merger agreement and recommends that you vote FOR the proposal to approve the issuance of shares of FirstEnergy common stock pursuant to the merger agreement, FOR the proposal to adopt the charter amendment and FOR the proposal to adjourn the FirstEnergy special meeting, if necessary or appropriate, to solicit additional proxies in favor of such approvals. For the reasons for this recommendation, see the section entitled The Merger Recommendation of the FirstEnergy Board of Directors and Its Reasons for the Merger beginning on page 58.

Who Can Vote at the FirstEnergy Special Meeting

Only holders of record of FirstEnergy common stock at the close of business on , 2010, the FirstEnergy record date, are entitled to notice of, and to vote at, the FirstEnergy special meeting and any adjournments or postponements of the FirstEnergy special meeting. At the close of business on that date, there were shares of FirstEnergy common stock outstanding and entitled to vote at the FirstEnergy special meeting, held by approximately shareholders of record.

Each share of FirstEnergy common stock is entitled to one vote on each proposal to be considered at the FirstEnergy special meeting.

Quorum; Abstentions and Broker Non-Votes

In order to conduct business at the FirstEnergy special meeting, the holders of at least a majority of the total number of shares of FirstEnergy common stock issued and outstanding and entitled to vote as of the record date for the FirstEnergy special meeting must be present in person or represented by proxy. This requirement is called a quorum. Proxies marked Abstain and broker non-votes, if any, will be treated as shares that are present for purposes of determining the presence of a quorum. An abstention occurs when a shareholder sends in a proxy with explicit instructions to decline to vote regarding a particular matter. Broker non-votes are shares held by brokers or nominees for which voting instructions have not been received from the beneficial owners or the persons entitled to vote those shares and the broker or nominee does not have discretionary voting power under rules applicable to broker-dealers.

Under rules applicable to broker-dealers, none of the proposals to be voted on at the FirstEnergy special meeting is an item on which brokerage firms may vote in their discretion on behalf of their clients if such clients have not furnished voting instructions within ten days of the FirstEnergy special meeting.

Votes Required for Approval

The approval of the issuance of shares of FirstEnergy common stock pursuant to the merger agreement and the adoption of the charter amendment are conditions to the completion of the merger.

Approval of the share issuance requires the affirmative vote of the holders of at least a majority of the shares of FirstEnergy common stock voting on the proposal, provided that the total number of shares represented in person or by proxy constitutes a majority of the outstanding shares of FirstEnergy common stock entitled to vote at the FirstEnergy special meeting. A shareholder s failure to submit a proxy card (or to vote in person at the FirstEnergy special meeting, if not submitting a proxy card) or an abstention from voting, or the failure of a shareholder who holds his or her shares in street name through a broker or other nominee to give voting instructions to such broker or other nominee, will have no effect on the outcome of the vote on the share issuance proposal, unless they cause the total votes cast on the matter to be 50% or less of the outstanding shares of FirstEnergy common stock entitled to vote at the special meeting.

The adoption of the charter amendment requires the affirmative vote of the holders of at least a majority of the outstanding shares of FirstEnergy common stock entitled to vote on the proposal. Because adoption of the charter amendment requires the affirmative vote of the holders of at least a majority of the outstanding shares of FirstEnergy common stock entitled to vote on the proposal, a failure to vote or an abstention from voting, or a failure of a shareholder who holds his or her shares in street name through a broker or other nominee to give voting instructions to such broker or other nominee, will have the same effect as a vote cast AGAINST adoption of the charter amendment. Accordingly, beneficial owners of FirstEnergy shares should instruct their brokers or nominees how to vote.

Approval of the proposal to adjourn the FirstEnergy special meeting, if necessary or appropriate, to solicit additional proxies requires the affirmative vote of the holders of a majority of the shares represented in person or by proxy at the FirstEnergy special meeting and entitled to vote on the proposal, regardless of whether a quorum is present. Abstentions and broker non-votes will have the same effect as a vote cast AGAINST approval of the proposal. A failure to submit a proxy (or to vote in person at the FirstEnergy special meeting, if not submitting a proxy card) will have no effect on the outcome of any vote to adjourn the FirstEnergy special meeting.

How to Vote Your Shares

Shares Held in Your Own Name

If you hold your shares in your own name, you may submit a proxy by telephone, via the Internet or by mail or vote by attending the FirstEnergy special meeting and voting in person.

> *Submitting a Proxy by Telephone:* You can submit a proxy for your shares by telephone until Eastern Time on , 2010, by calling the toll-free telephone number on the enclosed proxy card. Telephone proxy submission is available 24 hours a day. Easy-to-follow voice prompts allow you to submit a proxy for your shares and confirm that your instructions have been properly recorded. You will be asked to provide the control number shown on your proxy card, which authenticates you as a FirstEnergy shareholder.
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> *Submitting a Proxy via the Internet:* You can submit a proxy via the Internet until Eastern Time on , 2010, by accessing the website listed on your proxy card and following the instructions you will find on the website. Internet proxy submission is available 24 hours a day. You will be asked to provide the control number shown on your proxy card, which authenticates you as a FirstEnergy shareholder, and you will be

given the opportunity to confirm that your instructions have been properly recorded.

Submitting a Proxy by Mail: If you choose to submit a proxy by mail, simply mark the enclosed proxy card, date and sign it, and return it in the postage paid envelope provided.

By casting your vote in any of the three ways listed above, you are authorizing the individuals listed on the proxy to vote your shares in accordance with your instructions.

If you provide specific voting instructions, your shares will be voted at the special meeting in accordance with your instructions. **If you hold shares in your name and sign and return a proxy card or submit a proxy by telephone or via the Internet without giving specific voting instructions, your shares will be voted as follows: FOR the proposal to approve the issuance of shares of FirstEnergy common stock pursuant to the merger agreement, FOR the proposal to adopt the charter amendment and FOR the proposal to adjourn the FirstEnergy special meeting, if necessary or appropriate, to solicit additional proxies in favor of such approvals.**

Proxies solicited may be voted only at the FirstEnergy special meeting and any adjournment or postponement of the FirstEnergy special meeting and will not be used for any other FirstEnergy meeting of shareholders.

Shares Held in Street Name

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

How to Change Your Vote

FirstEnergy shareholders may revoke their proxy at any time before it is exercised by timely sending written notice to FirstEnergy s corporate secretary that they would like to revoke their proxy, by timely delivering a properly executed, later-dated proxy (including over the Internet or telephone) or by voting by ballot at the FirstEnergy special meeting. Simply attending the FirstEnergy special meeting without voting will not revoke their proxy. However, shares held by participants in the FirstEnergy Corp. Savings Plan may only be voted by the plan s trustee on behalf of such participants, and such participants may not vote their shares in person at the FirstEnergy special meeting. If you do not provide the plan trustee instructions by Eastern time on , 2010, unvoted shares will be voted by the trustee in the same proportion as the voted shares.

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

Tabulation of the Votes

FirstEnergy will appoint an inspector of election for the FirstEnergy special meeting to tabulate affirmative and negative votes and abstentions.

Solicitation

FirstEnergy will pay the cost of soliciting proxies. Directors, officers and employees of FirstEnergy may solicit proxies on behalf of FirstEnergy in person or by telephone, facsimile or other means for which such person will receive no additional compensation. FirstEnergy has engaged Innisfree M&A Incorporated to assist it in the distribution and solicitation of proxies.

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FirstEnergy has agreed to pay Innisfree M&A Incorporated a fee of $ plus payment of certain fees and expenses for its services to solicit proxies.

In accordance with the regulations of the SEC and the NYSE, FirstEnergy also will reimburse brokerage firms and other custodians, nominees and fiduciaries for their expenses incurred in sending proxies and proxy materials to beneficial owners of shares of FirstEnergy common stock.

Voting by FirstEnergy Directors and Executive Officers

At the close of business on the record date for the FirstEnergy special meeting, FirstEnergy s directors and executive officers collectively beneficially owned approximately shares of FirstEnergy common stock (inclusive of shares subject to stock options which may be exercised within 60 days following that date), which represents approximately % of the FirstEnergy common stock entitled to vote at the FirstEnergy special meeting. It is expected that FirstEnergy s directors and executive officers will vote their shares FOR approval of the share issuance and the adoption of the charter amendment, although none of them has entered into any agreement requiring them to do so. See the section entitled Security Ownership of Certain Beneficial Owners and Management of FirstEnergy beginning on page 156.

Adjournments

The FirstEnergy special meeting may be adjourned to another time or place, if necessary or appropriate, to solicit additional proxies if there are insufficient votes at the time of the FirstEnergy special meeting to approve the share issuance or the charter amendment. Any adjournment may be made from time to time with the affirmative vote of a majority of the shares represented in person or by proxy, whether or not a quorum exists. FirstEnergy is not required to notify shareholders of any adjournment if the time and place of the adjourned meeting are announced at the meeting at which the adjournment is taken, unless after the adjournment a new record date is fixed for the adjourned meeting. At any adjourned meeting, FirstEnergy may transact any business that it might have transacted at the original meeting, provided that a quorum is present at such adjourned meeting. Proxies submitted by FirstEnergy shareholders for use at the FirstEnergy special meeting will be used at any adjournment or postponement of the meeting. References to the FirstEnergy special meeting in this joint proxy statement/prospectus are to such special meeting as adjourned or postponed.

Other Business

At this time, FirstEnergy is unaware of any matters, other than as set forth above, that may properly come before the FirstEnergy special meeting. If any other matters properly come before the FirstEnergy special meeting, the persons named in the enclosed proxy, or their duly constituted substitutes acting at the FirstEnergy special meeting or any adjournment or postponement of the FirstEnergy special meeting, will be deemed authorized to vote or otherwise act on such matters in accordance with their judgment.

Assistance

If you need assistance in voting your shares or have questions regarding the FirstEnergy special meeting, the share issuance proposal or the charter amendment proposal, please contact Innisfree M&A Incorporated toll free at (877) 687-1866. Banks and brokers may call collect (212) 750-5833.

INFORMATION REGARDING THE ALLEGHENY ENERGY SPECIAL MEETING

Date, Time, Place and Purpose of the Allegheny Energy Special Meeting

A special meeting of Allegheny Energy stockholders will be held at , on , 2010, at , local time, to consider and vote on the proposals listed below:

1. the proposal to approve the merger agreement and the merger; and

2. the proposal to adjourn the special meeting to a later date or dates, if necessary or appropriate, to solicit additional proxies if there are insufficient votes to approve the merger agreement and the merger at the time of the special meeting.

At the Allegheny Energy special meeting, Allegheny Energy stockholders will also be asked to consider and vote on any other matter that may properly come before the Allegheny Energy special meeting or any adjournment or postponement of the Allegheny Energy special meeting. At this time, the Allegheny Energy board of directors is unaware of any matters, other than those set forth above, that may properly come before the Allegheny Energy special meeting.

Recommendation of the Allegheny Energy Board of Directors

The Allegheny Energy board of directors unanimously determined that the merger agreement and the transactions contemplated by the merger agreement, including the merger, are advisable, fair to and in the best interests of Allegheny Energy and its stockholders and recommends that Allegheny Energy stockholders vote FOR the proposal to approve the merger agreement and the merger and FOR the proposal to adjourn the Allegheny Energy special meeting, if necessary or appropriate, to solicit additional proxies in favor of such approval. For the reasons for this recommendation, see the section entitled The Merger Recommendation of the Allegheny Energy Board of Directors and Its Reasons for the Merger beginning on page 63.

Who Can Vote at the Allegheny Energy Special Meeting

Only holders of record of Allegheny Energy common stock at the close of business on , 2010, the Allegheny Energy special meeting record date, are entitled to notice of, and to vote at, the Allegheny Energy special meeting and any adjournments or postponements of the Allegheny Energy special meeting. At the close of business on that date, there were shares of Allegheny Energy common stock outstanding and entitled to vote at the Allegheny Energy special meeting.

Each share of Allegheny Energy common stock is entitled to one vote on each proposal to be considered at the Allegheny Energy special meeting.

Quorum; Abstentions and Broker Non-Votes

In order to conduct business at the Allegheny Energy special meeting (other than action to adjourn the Allegheny Energy special meeting), the holders of at least a majority of the total number of shares of Allegheny Energy common stock issued and outstanding and entitled to vote as of the record date for the Allegheny Energy special meeting, must be present in person or represented by proxy. This requirement is called a quorum. A quorum of stockholders is required to take action to approve the merger agreement and the merger at the Allegheny Energy special meeting, but not to approve any adjournment of the Allegheny Energy special meeting. Proxies marked Abstain and broker non-votes, if any, will be treated as shares that are present for purposes of determining the presence of a quorum. An abstention occurs when a stockholder sends in a proxy with explicit instructions to decline to vote regarding a particular matter. Broker non-votes are shares held by brokers or nominees for which voting instructions have not been received from the beneficial owners or the persons entitled to vote those shares and the broker or nominee does not have discretionary voting power under rules applicable to broker-dealers.

Under rules applicable to broker-dealers, none of the proposals to be voted on at the Allegheny Energy special meeting is an item on which brokerage firms may vote in their discretion on behalf of their clients if such clients have not furnished voting instructions within ten days of the Allegheny Energy special meeting.

Votes Required for Approval

Approval of the merger agreement and the merger by Allegheny Energy stockholders is a condition to the completion of the merger.

The proposal to approve the merger agreement and the merger requires the affirmative vote of holders of at least a majority of the shares of Allegheny Energy common stock outstanding and entitled to vote on the proposal. **Because approval is based on the affirmative vote of a majority of the outstanding shares of Allegheny Energy common stock, an Allegheny Energy stockholder s failure to submit a proxy card (or to vote in person at the Allegheny Energy special meeting, if not submitting a proxy card) or an abstention from voting (or the failure of an Allegheny Energy stockholder who holds his or her shares in street name through a broker or other nominee to give voting instructions to such broker or other nominee), will have the same effect as a vote cast AGAINST approval of the merger agreement and the merger. Accordingly, beneficial owners of Allegheny Energy shares should instruct their brokers or nominees how to vote.**

The proposal to adjourn the Allegheny Energy special meeting, if necessary or appropriate, to solicit additional proxies if there are not sufficient votes to approve the merger agreement and the merger at the time of the Allegheny Energy special meeting, requires the affirmative vote of the holders of a majority of the shares present in person or represented by proxy at the Allegheny Energy special meeting and entitled to vote on the proposal, regardless of whether a quorum is present. Abstentions and broker non-votes, if any, will have the same effect as a vote cast AGAINST approval of the proposal. A failure to submit a proxy (or to vote in person at the Allegheny Energy special meeting, if not submitting a proxy card) will have no effect on the outcome of any vote to adjourn the Allegheny Energy special meeting.

How to Vote Your Shares

Shares Held in Your Own Name

If you hold your shares in your own name**,** you may submit a proxy by telephone, via the Internet or by mail or vote by attending the Allegheny Energy special meeting and voting in person.

> *Submitting a Proxy by Telephone:* You can submit a proxy for your shares by telephone until Eastern Time on , 2010, by calling the toll-free telephone number on the enclosed proxy card. Telephone proxy submission is available 24 hours a day. Easy-to-follow voice prompts allow you to submit a proxy for your shares and confirm that your instructions have been properly recorded. You will be asked to provide the control number shown on your proxy card, which authenticates you as an Allegheny Energy stockholder.
>
> *Submitting a Proxy via the Internet:* You can submit a proxy via the Internet until Eastern Time on , 2010, by accessing the website listed on your proxy card

and following the instructions you will find on the website. Internet proxy submission is available 24 hours a day. You will be asked to provide the control number shown on your proxy card, which authenticates you as an Allegheny Energy stockholder, and you will be given the opportunity to confirm that your instructions have been properly recorded.

Submitting a Proxy by Mail: If you choose to submit a proxy by mail, simply mark the enclosed proxy card, date and sign it, and return it in the postage paid envelope provided.

By casting your vote in any of the three ways listed above, you are authorizing the individuals listed on the proxy to vote your shares in accordance with your instructions.

If you provide specific voting instructions, your shares will be voted at the Allegheny Energy special meeting in accordance with your instructions. **If you hold shares in your name and sign and return a proxy card or submit a proxy by telephone or via the Internet without giving specific voting instructions, your shares will be voted as follows: FOR the proposal to approve the merger agreement and the merger and FOR the proposal to adjourn the Allegheny Energy special meeting, if necessary or appropriate, to solicit additional proxies if there are not sufficient votes to approve the merger agreement and the merger at the time of the Allegheny Energy special meeting.**

Proxies solicited may be voted only at the Allegheny Energy special meeting and any adjournment or postponement of the Allegheny Energy special meeting and will not be used for any other Allegheny Energy meeting of stockholders.

Shares Held in Street Name

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

How to Change Your Vote

If you hold your shares in your own name, you will have the power to revoke your proxy and/or change your vote at any time before it is exercised at the Allegheny Energy special meeting. You can do this by:

- delivering a written notice of revocation to the secretary of Allegheny Energy, dated later than the proxy, before the vote is taken at the Allegheny Energy special meeting;

- delivering a duly executed proxy to the secretary of Allegheny Energy bearing a later date, before the vote is taken at the Allegheny Energy special meeting;

- submitting a proxy on a later date by telephone or via the Internet (only your last telephone or Internet proxy will be counted), before 11:59 p.m. Eastern Time on , 2010; or

- attending the Allegheny Energy special meeting and voting in person (your attendance at the Allegheny Energy special meeting, in and of itself, will not revoke the proxy).

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Any written notice of revocation, or later dated proxy, should be delivered to:

Secretary of Allegheny Energy, Inc.
c/o Allegheny Energy, Inc.
800 Cabin Hill Drive
Greensburg, Pennsylvania 15601

Alternatively, you may hand deliver a written revocation notice, or a later dated proxy, to the secretary at the Allegheny Energy special meeting before we begin voting.

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

Tabulation of the Votes

Allegheny Energy will appoint an inspector of election for the Allegheny Energy special meeting to tabulate affirmative and negative votes and abstentions.

Solicitation

This joint proxy statement/prospectus is being furnished in connection with the solicitation of proxies from Allegheny Energy stockholders by the Allegheny Energy board of directors to be voted at the Allegheny Energy special meeting. Allegheny Energy will pay for all costs incurred by it in connection with the solicitation. In addition to solicitation by mail, the directors, officers and employees of Allegheny Energy, FirstEnergy and their respective subsidiaries may solicit proxies from stockholders of Allegheny Energy in person or by telephone, facsimile or other electronic methods without additional compensation other than reimbursement for their actual expenses.

Allegheny Energy has retained D.F. King & Co., Inc., a proxy solicitation firm, to assist it in the solicitation of proxies for the Allegheny Energy special meeting. Allegheny Energy estimates it will pay D.F. King & Co., Inc. a fee of $ for its services. In addition, Allegheny Energy will reimburse D.F. King & Co., Inc. for its reasonable out-of-pocket expenses.

Arrangements also will be made with brokerage firms and other custodians, nominees and fiduciaries for the forwarding of solicitation material to the beneficial owners of stock held of record by such persons, and Allegheny Energy will reimburse such custodians, nominees and fiduciaries for their reasonable out-of-pocket expenses in connection with forwarding the materials.

Stockholders should not send stock certificates with their proxies. A letter of transmittal and instructions for the surrender of Allegheny Energy common stock certificates will be mailed to Allegheny Energy stockholders shortly after completion of the merger.

Voting by Allegheny Energy Directors and Executive Officers

At the close of business on the record date for the Allegheny Energy special meeting, Allegheny Energy s directors and executive officers and their affiliates collectively beneficially owned approximately shares of Allegheny Energy common stock (inclusive of shares subject to stock options which may be exercised within 60 days following that date), which represents approximately % of the Allegheny Energy common stock entitled to vote at the Allegheny Energy special meeting. It is expected that Allegheny Energy s directors and executive officers will vote their shares

FOR approval of the merger agreement and the merger, although none of them has entered into any agreement requiring them to do so. See the section entitled Security

Ownership of Certain Beneficial Owners and Management of Allegheny Energy beginning on page 158.

Adjournments

The Allegheny Energy special meeting may be adjourned to a later date or dates, if necessary or appropriate, to solicit additional proxies if there are insufficient votes at the time of the Allegheny Energy special meeting to approve the merger agreement and the merger at the time of the special meeting. Under Allegheny Energy s bylaws, any adjournment may be made from time to time by the Chairman of the Allegheny Energy board of directors or with the affirmative vote of the holders of a majority of the shares present in person or represented by proxy at the Allegheny Energy special meeting and entitled to vote on the proposal, whether or not a quorum exists. Allegheny Energy is not required to notify stockholders of any adjournment of 120 days or less if the time and place of the adjourned meeting are announced at the meeting at which the adjournment is taken, unless after the adjournment a new record date is fixed for the adjourned meeting. At any adjourned meeting, Allegheny Energy may transact any business that it might have transacted at the original meeting, provided that a quorum is present at such adjourned meeting. Proxies submitted by Allegheny Energy stockholders for use at the Allegheny Energy special meeting will be used at any adjournment or postponement of the meeting. References to the Allegheny Energy special meeting in this joint proxy statement/prospectus are to such special meeting as adjourned or postponed.

Other Business

At this time, Allegheny Energy is unaware of any matters, other than as set forth above, that may properly come before the Allegheny Energy special meeting. If any other matters properly come before the Allegheny Energy special meeting, the persons named in the enclosed proxy, or their duly constituted substitutes acting at the Allegheny Energy special meeting or any adjournment or postponement of the Allegheny Energy special meeting, will be deemed authorized to vote or otherwise act on such matters in accordance with their judgment.

Assistance

If you need assistance in voting your shares or have questions regarding the Allegheny Energy special meeting, the proposals to be considered at the Allegheny Energy special meeting, or the merger, please contact D.F. King & Co., Inc. toll-free at (800) 549-6650 (banks and brokers call collect at (212) 269-5550).

THE MERGER

The following is a description of the material aspects of the merger and the material terms of the merger agreement. While FirstEnergy and Allegheny Energy believe that the following description covers the material terms of the merger, the description may not contain all of the information that is important to you. FirstEnergy and Allegheny Energy encourage you to carefully read this entire joint proxy statement/prospectus, including the merger agreement attached as Annex A and incorporated by reference into this section of the joint proxy statement/prospectus, for a more complete understanding of the merger.

General

Each of the FirstEnergy and Allegheny Energy boards of directors has unanimously approved the merger agreement and the transactions contemplated by it. In the merger, Merger Sub will merge with and into Allegheny Energy with Allegheny Energy surviving the merger as a wholly owned subsidiary of FirstEnergy. Allegheny Energy stockholders will receive the merger consideration described below in the section entitled The Merger Agreement Merger Consideration beginning on page 109.

Background of the Merger

The management of FirstEnergy and Allegheny Energy are each generally familiar with the business and operations of the other company as participants in the electric utility industry. Executives from FirstEnergy, Allegheny Energy and other electric utility companies periodically interact with each other at industry meetings and at other events. For example, on June 4, 2009, Paul J. Evanson, Chief Executive Officer and President of Allegheny Energy, and Anthony J. Alexander, Chief Executive Officer and President of FirstEnergy, served on a panel together at a conference sponsored by Citibank. During 2009, Mr. Evanson had general discussions with various industry executives, including with Mr. Alexander at a social event on August 25, 2009, and on other occasions with other individuals, including the Chief Executive Officer of another large publicly-traded electric utility company referred to as Company A, regarding the industry and their businesses.

On an ongoing basis, FirstEnergy evaluates options for achieving its long-term strategic goals and enhancing shareholder value. For several years, the FirstEnergy board of directors and management have been engaged in a strategic planning process designed to position FirstEnergy to take advantage of growth opportunities in the electric utility industry and to enhance its position in the competitive generation market. As part of this process, FirstEnergy management has periodically made presentations to the FirstEnergy board regarding a variety of possible business combinations in light of its evolving acquisition criteria and opportunities presented by various potential transactions. During the November 2009 strategic planning process, FirstEnergy management presented to the FirstEnergy board strategic alternatives that included a possible combination with Allegheny Energy. The FirstEnergy board authorized Mr. Alexander at a time he deemed appropriate to contact Mr. Evanson to learn if Allegheny Energy had any interest in a possible transaction.

The senior management team and board of directors of Allegheny Energy periodically monitor and assess developments in the electric utility industry and are generally aware of the business activities of other major electric utility companies, including FirstEnergy. From time to time, Allegheny Energy s board reviews strategic opportunities in the electric utility industry in response to developments within its businesses, industry trends, competitive conditions and changes in legislation and regulation.

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At Allegheny Energy s annual board strategy session in July 2009, the Allegheny Energy board reviewed key industry, legislative and regulatory trends and their potential impacts on the company s businesses and evaluated various options for achieving long-term strategic goals and enhancing stockholder value. As part of the Allegheny Energy board s strategic planning process, this review included the consideration of possible strategic opportunities in an effort to better position Allegheny Energy for future growth in light of industry and regulatory developments.

In mid-2009, Allegheny Energy had exploratory discussions with a large publicly-traded electric utility company to consider on a preliminary basis a potential business combination. Shortly thereafter, such discussions were mutually abandoned.

At its regularly scheduled meetings on September 10, 2009 and October 15, 2009, the Allegheny Energy board reviewed the company s prospects for growth and long-term goals and discussed various strategic opportunities for the company. At these meetings, the Allegheny Energy board discussed, but determined not to pursue, expansion in the independent power producer sector to enhance the company s scale and generation portfolio.

In the weeks prior to an industry conference in the fall of 2009, the Chief Executive Officer of Company A contacted Mr. Evanson to arrange a meeting during the conference to discuss general industry matters, including climate change issues. Ultimately, this meeting did not occur.

In its regularly scheduled board meeting on December 3, 2009, Mr. Evanson discussed with the Allegheny Energy board the potential impact of carbon legislation and more stringent environmental regulations on the company and the potential benefits of an increased scale and scope, including improved access to capital. At this meeting, he also discussed with the Allegheny Energy board various strategic options for the company, including the possibility of a business combination transaction and the potential strategic rationale for such a transaction. He described two companies, FirstEnergy and Company A, that could represent a potential strategic fit for Allegheny Energy and compared for the Allegheny Energy board the financial metrics, operational metrics, service territories and generation assets of FirstEnergy and Company A. The Allegheny Energy board indicated its support for Mr. Evanson, when he deemed it appropriate, to contact the chief executive officers of FirstEnergy and Company A and, if these executives were interested in exploring the possibility of a business combination transaction, to entertain such discussions. On this same day, Allegheny Energy contacted Skadden, Arps, Slate, Meagher & Flom LLP, referred to as Skadden, in connection with serving as Allegheny Energy s outside legal counsel for such a potential transaction.

On December 10, 2009, representatives of Goldman Sachs met with members of Allegheny Energy senior management to discuss a possible combination with FirstEnergy or Company A.

On December 14, 2009, Mr. Evanson contacted Company A s Chief Executive Officer, who at that time asked to reschedule the meeting to discuss general industry matters that had been previously scheduled for the fall industry conference but had been cancelled. On December 22, 2009, Mr. Evanson had a lunch meeting with Company A s Chief Executive Officer in Pittsburgh, Pennsylvania. At this meeting, Company A s Chief Executive Officer raised the subject of a possible transaction between the two companies, and Mr. Evanson indicated that he would discuss the potential opportunity with the Allegheny Energy board. No specific terms or proposals for a possible transaction were discussed at this meeting.

In early December 2009, Mr. Alexander had discussions with representatives of Morgan Stanley in New York concerning a possible business combination with Allegheny Energy and the timing of a contact with Mr. Evanson. During the week of December 14, 2009, a representative of Morgan Stanley contacted both Mr. Alexander and Mr. Evanson suggesting a possible meeting date in late

December between the two executives, and in the conversation with Mr. Evanson suggested that Mr. Alexander was interested in discussing a possible business combination with Allegheny Energy. The representative from Morgan Stanley followed up with both Mr. Alexander and Mr. Evanson shortly thereafter and arranged a meeting for December 29, 2009 in North Palm Beach, Florida. At this meeting, Mr. Alexander expressed his interest in pursuing a possible transaction between the two companies, and Mr. Evanson indicated that he would discuss the potential opportunity with the Allegheny Energy board. No specific terms or proposals for a possible transaction were discussed at this meeting.

On January 4, 2010, Mr. Evanson and other members of Allegheny Energy senior management discussed by telephone with representatives of Goldman Sachs and Skadden, the possibility of a transaction with either FirstEnergy or Company A and a process for pursuing and considering such a transaction.

On January 5, 2010, Allegheny Energy s board held a special telephonic meeting, which was attended by representatives from Goldman Sachs. Mr. Evanson updated the Allegheny Energy board regarding his discussions with both Mr. Alexander and Company A s Chief Executive Officer and the interest of both companies in pursuing a potential business combination transaction with Allegheny Energy. After a thorough discussion, the Allegheny Energy board authorized Mr. Evanson to approach both FirstEnergy and Company A to propose a process in which both companies would be permitted to conduct due diligence leading to the submission of a non-binding indicative proposal by each for Allegheny Energy s consideration. This board meeting included an executive session of the non-management directors.

Following the meeting between Mr. Evanson and Mr. Alexander on December 29, 2009, and before January 6, 2010, Mr. Alexander called Mr. Smart, Chairman of the FirstEnergy board, to inform him of his discussion with Mr. Evanson and of the potential for a response in early January.

On January 6, 2010, Mr. Evanson separately contacted each of Mr. Alexander and Company A s Chief Executive Officer and preliminarily discussed Allegheny Energy s proposed process for submission of a non-binding indicative proposal regarding a potential business combination. Both executives indicated to Mr. Evanson that their companies wished to engage in the proposed process.

On January 6, 2010, Mr. Evanson informed Mr. Alexander that the Allegheny Energy board would consider a transaction, if it was better than the stand-alone options available to Allegheny Energy. Mr. Evanson further informed Mr. Alexander that the Allegheny Energy board was supportive of going forward, provided that: (1) FirstEnergy would agree to an expeditious process in which all preliminary due diligence, management presentations and a non-binding letter of intent would be completed within three weeks, and if the Allegheny Energy board desired to proceed further, that final due diligence and all other matters would be completed to permit the signing and announcement by February 11, 2010, and (2) FirstEnergy would agree to a process in which another potential party would participate in parallel. Following Mr. Evanson s call, Mr. Alexander discussed the Allegheny Energy response and conditions with each FirstEnergy board member individually by phone, commencing on January 6, 2010, and received their individual concurrence with the recommendation to proceed with further discussions.

On January 6, 2010, Morgan Stanley was retained by FirstEnergy as its financial advisor. On January 7, 2010, Akin Gump Strauss Hauer & Feld LLP, referred to as Akin Gump, was officially retained as FirstEnergy s legal advisor. On January 8, 2010, PricewaterhouseCoopers LLP, FirstEnergy s independent accountant, was retained by FirstEnergy for the potential transaction.

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On January 6, 2010, Skadden retained two economic consultants with electric utility industry expertise to assist with competition analysis relating to a potential business combination between Allegheny Energy and either FirstEnergy or Company A.

FirstEnergy and Company A separately entered into confidentiality agreements with Allegheny Energy on January 8, 2010 and January 11, 2010, respectively. Among other things, each confidentiality agreement contained mutual standstill restrictions that, in accordance with and subject to the terms of the confidentiality agreement, prohibited either party from making an unsolicited offer to acquire the other party s stock for a period of two years. After the execution of these confidentiality agreements, Allegheny Energy began to exchange confidential financial and legal information with each of FirstEnergy and Company A.

During the week of January 11, 2010, Akin Gump retained a consulting firm with electric utility industry expertise to assist with the competition analysis relating to a potential business combination between FirstEnergy and Allegheny Energy and FirstEnergy retained a consulting firm to assist FirstEnergy management with its analysis of potential synergies from a merger transaction with Allegheny Energy.

On January 15, 2010, members of FirstEnergy s management and their representatives from Morgan Stanley met with Allegheny Energy s management and their representatives from Goldman Sachs at Skadden s Washington, D.C. offices. At this meeting, executives from each company made presentations regarding their respective businesses and operations. The discussions at this meeting also included a timeline for the activities leading to the announcement of a potential transaction, including due diligence, analysis of the required regulatory approvals, the submission of a non-binding indicative proposal and the preparation and negotiation of a merger agreement. Allegheny Energy had held a similar meeting with Company A s management at Skadden s Washington, D.C. offices on January 14, 2010. After each management presentation, the parties exchanged lists of materials that they wished to review in connection with their due diligence investigations. In the course of their respective management presentations, Mr. Evanson met separately with both Mr. Alexander and Company A s Chief Executive Officer and talked through general terms of a possible transaction. In addition, Mr. Evanson told each executive that, although not a requirement for a proposal and only if so desired by such company, he would be willing to consider a role as non-executive chairman of the board of the combined company to assist with the integration of the companies. Mr. Alexander expressed to Mr. Evanson an interest in having him serve in some continuing role with the combined company.

After the management presentations, representatives from Allegheny Energy, Goldman Sachs and Skadden discussed the next steps of the process, including matters related to due diligence and the timetable leading to receipt of a non-binding indicative proposal from each company.

On January 19, 2010, Allegheny Energy formally engaged Goldman Sachs to act as its financial advisor with respect to a possible transaction. On that same date, at Allegheny Energy s direction, Goldman Sachs distributed a formal bid instruction letter to the financial advisors for each of FirstEnergy and Company A as well as a proposed term sheet prepared by Allegheny Energy and its advisors outlining various financial, regulatory, deal protection, governance and other proposed terms. The proposed term sheet did not include specific economic terms with respect to a potential transaction. The bid instruction letter outlined the process for the submission of a non-binding indicative proposal and mark-up of the proposed term sheet by January 28, 2010. Goldman Sachs communicated to the parties respective financial advisors that FirstEnergy and Company A should submit their best and final offer, with the understanding that there would be no further bids requested from the companies.

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Also on January 19, 2010, FirstEnergy, Company A and their respective representatives were granted access to Allegheny Energy s online dataroom to continue their due diligence investigations. At this time, each of FirstEnergy and Company A also granted Allegheny Energy and its representatives access to their respective online datarooms. These datarooms contained additional confidential due diligence materials regarding various business, commercial, legal, regulatory and other matters. Over the next several weeks, Allegheny Energy and its representatives continued to exchange information, update the datarooms and hold conference calls for due diligence purposes with each of FirstEnergy and Company A.

At a regularly scheduled meeting of the FirstEnergy board on January 19, 2010, FirstEnergy management briefed the FirstEnergy board members on the strategic rationale for a potential merger transaction, discussions with Allegheny Energy to date and the proposed transaction timeline, and responded to questions from the board. Representatives of FirstEnergy s financial advisor, Morgan Stanley, and legal advisor, Akin Gump, were present for the portion of the meeting during which a potential transaction with Allegheny Energy was discussed. Representatives of Morgan Stanley presented a high-level preliminary financial analysis of a potential merger transaction and representatives of Akin Gump reviewed the duties and obligations of directors in the context of significant corporate transactions such as a merger. At this meeting, FirstEnergy s board discussed the possibility of a transaction with Allegheny Energy and authorized management to continue due diligence and discussions with Allegheny Energy regarding a possible merger.

During the period when FirstEnergy and Company A were developing their proposals, Mr. Evanson had conversations from time to time with both Mr. Alexander and Company A s Chief Executive Officer to discuss matters relating to a possible transaction.

On or about January 25, 2010, Mr. Alexander indicated to Mr. Evanson that FirstEnergy was considering proposing that Mr. Evanson serve as Executive Vice Chairman of the combined company and report to Mr. Alexander. Mr. Evanson was receptive to the concept of this continuing position.

On January 27, 2010, DLA Piper LLP (US), referred to as DLA Piper, Allegheny Energy s Maryland counsel, was retained by Allegheny Energy for the potential transaction.

On January 27, 2010, the FirstEnergy board met with members of FirstEnergy management and representatives of Morgan Stanley and Akin Gump for the purposes of reviewing a proposed non-binding indicative proposal for a transaction with Allegheny Energy. At this meeting, members of FirstEnergy management briefed the FirstEnergy board on the strategic rationale for a merger with Allegheny Energy, the potential financial benefits of a merger including the potential synergies that could be achieved, the status of discussions between FirstEnergy and Allegheny Energy, the ongoing due diligence review of Allegheny Energy and the regulatory approvals that would be required in connection with a merger. Representatives of Morgan Stanley reviewed with the FirstEnergy board its preliminary financial analysis with respect to a potential merger transaction. The FirstEnergy management team also reviewed with the FirstEnergy board the proposed non-binding indicative proposal to be submitted to Allegheny Energy, which contemplated (i) a merger transaction with a fixed exchange ratio pursuant to which each share of Allegheny Energy common stock would be converted into the right to receive 0.667 of a share of FirstEnergy common stock, (ii) a proposed corporate governance structure for FirstEnergy after the merger, including Mr. Alexander serving as the Chief Executive Officer and Mr. Evanson potentially serving as Executive Vice Chairman reporting to Mr. Alexander and that after the merger the FirstEnergy board would be expanded from 11 to 13 members with two of the current Allegheny Energy directors appointed to the board, and (iii) a proposed termination fee of $175 million if the merger agreement were terminated under

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certain circumstances. The FirstEnergy board authorized FirstEnergy management to deliver the non-binding indicative proposal to Allegheny Energy.

On January 28, 2010, Allegheny Energy received each of FirstEnergy s and Company A s non-binding indicative proposal and mark-up of the proposed term sheet. Company A s proposed exchange ratio represented a lower implied premium to Allegheny Energy stockholders than the implied premium of FirstEnergy s proposal. Later that day, Mr. Alexander telephoned Mr. Evanson to discuss the terms of FirstEnergy s non-binding indicative proposal and the potential benefits of a transaction between FirstEnergy and Allegheny Energy.

On January 29, 2010, Goldman Sachs distributed to the financial advisors for each of Company A and FirstEnergy a draft merger agreement for review by their respective clients, and asked that each be prepared to submit their comments on the merger agreement by mid-week of the following week. In addition, on January 29, 2010, representatives of Goldman Sachs and Skadden had discussions with representatives of Morgan Stanley and Akin Gump regarding various terms of FirstEnergy s non-binding indicative proposal, including the standard for federal and state regulatory approvals, the circumstances under which the parties would be able to terminate the merger agreement or change their recommendation of the transaction and the amount of the termination fee.

On January 30, 2010, after further discussions among Allegheny Energy, Goldman Sachs and Skadden regarding timing, Goldman Sachs contacted the financial advisors for each of Company A and FirstEnergy and requested return of a mark-up of the merger agreement by February 2, 2010.

On February 1, 2010, Mr. Alexander contacted Mr. Evanson to discuss the status of FirstEnergy s bid and to further discuss, on more substantive terms, the role envisioned for Mr. Evanson as Executive Vice Chairman of the combined company reporting to Mr. Alexander. On the same day, Company A s Chief Executive Officer contacted Mr. Evanson to discuss the status of Company A s bid. Company A s Chief Executive Officer offered a small increase in its proposed exchange ratio, which still represented a lower implied premium to Allegheny Energy stockholders than the implied premium of FirstEnergy s proposal.

Also on February 1, 2010, prior to their return of a mark-up of the merger agreement, FirstEnergy s outside legal counsel, Akin Gump, informed Allegheny Energy s outside legal counsel, Skadden, of certain high level issues raised in the initial draft of the merger agreement, including the standard for federal and state regulatory approvals and fiduciary and breakup fee provisions.

On February 2, 2010, Allegheny Energy s board held a special all-day meeting at Skadden s offices in Washington, D.C. to discuss the proposals from each of FirstEnergy and Company A and to determine whether to continue to explore a business combination transaction and, if so, an appropriate course of action for moving forward. At the meeting, the board members received information about their duties under Maryland law and related matters in connection with their consideration of a potential transaction. Mr. Evanson updated the board on the process that led to the submission of non-binding indicative proposals from each of FirstEnergy and Company A. Representatives from Goldman Sachs reviewed the financial aspects of a potential transaction. Allegheny Energy management and its legal advisors reviewed with the Allegheny Energy board the status of due diligence with respect to FirstEnergy and Company A. The Allegheny Energy board discussed significant events and challenges that Allegheny Energy faced during the prior decade, Allegheny Energy s current valuation and growth drivers, and reviewed data for a stand-alone scenario, and data and rationales for a possible business combination. The Allegheny Energy board also discussed the business, operations and regulatory issues of each of FirstEnergy and Company A and compared the implied premium offered to Allegheny Energy stockholders in each of the proposals. Representatives from Skadden reviewed and compared for the board the FirstEnergy and

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Company A term sheet mark-ups on financial, regulatory, deal protection, governance (including number of board seats offered on the combined company) and other terms. Representatives from Talisman International, LLC, Allegheny Energy s nuclear consultant, described the nuclear sites in a potential transaction and assessed the strengths, weaknesses and potential issues regarding each site. Representatives of Skadden met separately with the non-management directors in executive session to discuss the consequences of a possible transaction under Allegheny Energy s executive compensation plans and arrangements and the potential role for Mr. Evanson with the combined company. Next steps and a timeline for consideration of a potential transaction were discussed with the full board. The meeting was then adjourned until the morning of February 3, 2010.

In the evening of February 2, 2010, outside legal counsel for each of FirstEnergy and Company A delivered their mark-ups of the draft merger agreement to Skadden.

On February 3, 2010, the special meeting of Allegheny Energy s board resumed. The board reviewed and requested follow-up information regarding certain due diligence matters, including nuclear matters. Representatives for Skadden reviewed the contemplated process for negotiating and finalizing a merger agreement and the importance, during such time, of maintaining confidentiality and in protecting against any premature leaks regarding the negotiations. At the conclusion of the meeting, the board expressed support for pursuing negotiations with FirstEnergy and, for the moment, suspending discussions with Company A. The Allegheny Energy board s decision in this regard took into account the superior value of the FirstEnergy proposal, as well as the proposed terms of the non-binding indicative proposal, the mark-up of the proposed term sheet, the due diligence findings to date and the likelihood of the completion of the transaction. Taking into account the risk of a premature leak regarding merger discussions, the board authorized Allegheny Energy management and its advisors to proceed in an expeditious manner.

On that same day, Mr. Evanson called Mr. Alexander to inform him that the Allegheny Energy board had determined to pursue negotiations with FirstEnergy. Mr. Evanson also contacted Company A s Chief Executive Officer to inform him that, at such time, Allegheny Energy would not be further pursuing Company A s proposal, but that the situation was dynamic.

On February 3, 2010, based on matters discussed at the Allegheny Energy board meeting, Skadden informed Akin Gump of certain of the more significant issues presented in FirstEnergy s mark-up of the merger agreement that would require further negotiation among the parties, including the standard for federal and state regulatory approvals and fiduciary and breakup fee provisions, and scheduled a meeting between the parties for the following day.

On February 3, 2010, a telephonic meeting of the FirstEnergy board of directors was convened. At the meeting, FirstEnergy s management informed the FirstEnergy board that Allegheny Energy was proceeding with negotiations regarding a potential merger with FirstEnergy and the proposed timeline. The FirstEnergy board authorized management to proceed with negotiations regarding a potential transaction with Allegheny Energy.

On February 4, 2010, Deloitte & Touche LLP, Allegheny Energy s independent accountant was engaged to assist Allegheny Energy in connection with a potential transaction regarding FirstEnergy.

On February 4, 2010, representatives of FirstEnergy, Akin Gump, Allegheny Energy and Skadden met at Skadden s offices in Washington, D.C. to review and discuss the revised version of the draft merger agreement. From February 5, 2010 through February 10, 2010, FirstEnergy and Allegheny Energy and their respective legal advisors had extensive discussions with respect to contractual issues in the draft merger agreement, including (i) the nature and scope of the representations and warranties to be given by each party, (ii) the scope of negative covenants applicable to each party during the period of time prior to the closing of the merger, (iii) the definition of material adverse effect, (iv) the standard for federal and state regulatory approvals, (v) the circumstances under which termination fees and expense reimbursement would be payable by either party, and (vi) the amount of the termination fee that would be payable by each party in the event that the merger agreement was terminated under certain circumstances.

On February 8, 2010, Mr. Evanson informed Company A s Chief Executive Officer that, in view of the status of negotiations with another party, it was unlikely that Allegheny Energy would be further pursuing Company A s proposal.

Additionally, on February 8, 2010, Mr. Evanson spoke with Mr. Alexander and requested clarifications relating to the Executive Vice Chairman employment arrangement being offered to him with the combined company and asked that the arrangement be put into writing. On that same date, Mr. Evanson received from Mr. Alexander a draft letter outlining the proposed employment arrangement.

On February 8, 2010, Allegheny Energy s treasury group contacted the lenders under certain credit facilities of Allegheny Energy and its subsidiaries and secured amendments to such agreements having the effect of delaying for 90 days the triggering of a change in control (as defined in the credit agreements) after execution of a merger agreement, instead of upon signing. These lenders subsequently provided their consent to the transaction such that the merger will not cause any change in control, default or similar event under the credit agreements.

On February 9, 2010, a meeting of the FirstEnergy board was convened to review the status of the proposed merger with Allegheny Energy. At the meeting, FirstEnergy management reviewed certain aspects of the proposed transaction with the board and responded to various questions from members of the board. Representatives of Morgan Stanley made a presentation regarding the financial aspects of the proposed merger and informed the FirstEnergy board that on February 10, 2010 they would be prepared to deliver an oral opinion that the proposed exchange ratio was fair from a financial point of view to FirstEnergy. Akin Gump reviewed certain legal matters with the FirstEnergy board, including the terms and conditions of the draft merger agreement and the proposed charter amendment. The board scheduled a meeting for the following day to consider the proposed transaction.

On February 10, 2010, FirstEnergy, Allegheny Energy and their respective legal advisors finalized a proposed merger agreement to be executed by the parties.

On February 10, 2010, Allegheny Energy s board held a special meeting at Skadden s offices in New York City to review and consider the proposed transaction. The meeting was attended by members of Allegheny Energy management and representatives of Goldman Sachs and Skadden, as well as DLA Piper. Allegheny Energy s outside legal advisors reviewed the duties of directors under Maryland law in connection with the consideration of the proposed transaction. Allegheny Energy management provided the Allegheny Energy board with an update regarding confirmatory due diligence items and discussed the negotiations that had taken place with FirstEnergy and its legal advisors. Representatives from Skadden described in detail the material terms of the proposed merger agreement. Representatives of Goldman Sachs reviewed the financial terms of the proposed transaction and Goldman Sachs financial analyses with respect to the proposed transaction and delivered Goldman Sachs oral opinion, which was subsequently confirmed in writing, that, as of February 10, 2010 and based upon and subject to the assumptions, considerations, qualifications and limitations set forth therein, the exchange ratio of 0.667 of a share of FirstEnergy common stock for each share of Allegheny Energy common stock was fair, from a financial point of view, to Allegheny Energy s stockholders (other than FirstEnergy and its affiliates). See the section entitled Opinion of Allegheny Energy s Financial Advisor beginning on page 80 and the opinion which

is attached as Annex D and incorporated by reference to this section of the joint proxy statement/prospectus. Representatives from Skadden then reviewed and discussed with the non-management directors meeting in executive session the proposed continuing role for Mr. Evanson with the combined company after the merger. After further discussion, the full board of directors of Allegheny Energy unanimously determined that the proposed merger agreement and the merger were advisable, fair and in the best interests of Allegheny Energy and its stockholders and authorized Allegheny Energy management to execute the merger agreement on the terms described to the Allegheny Energy board.

Also on February 10, 2010, a telephonic meeting of the FirstEnergy board was convened to review and consider the proposed transaction and the charter amendment. At the meeting, FirstEnergy management informed the FirstEnergy board that the merger agreement had been finalized and that the Allegheny Energy board had approved the proposed merger. Also at the meeting Morgan Stanley delivered its oral opinion, later confirmed in writing, that as of February 10, 2010 and based upon and subject to the various assumptions, considerations, qualifications and limitations set forth in the opinion, the exchange ratio pursuant to the proposed merger agreement was fair from a financial point of view to FirstEnergy. See the section entitled Opinion of FirstEnergy s Financial Advisor beginning on page 71 and the opinion which is attached as Annex C and incorporated by reference to this section of the joint proxy statement/prospectus. The members of the FirstEnergy board considered and discussed the information presented at the meeting and at prior meetings regarding the proposed merger. Following such discussions, the FirstEnergy board, by unanimous vote, determined that the merger agreement and the transactions contemplated by the merger agreement were advisable and in the best interests of the FirstEnergy shareholders and approved the merger agreement and the transactions contemplated thereby including the charter amendment, and determined to recommend that the FirstEnergy shareholders approve the issuance of FirstEnergy common stock in connection with the merger and the charter amendment.

Promptly after the meetings of the boards of directors of FirstEnergy and Allegheny Energy, the management of FirstEnergy and Allegheny Energy executed the merger agreement and FirstEnergy delivered an executed letter to Mr. Evanson which described the anticipated role that Mr. Evanson would play as Executive Vice Chairman of FirstEnergy following the merger reporting to Mr. Alexander. A joint press release announcing the merger was issued on the morning of February 11, 2010.

Recommendation of the FirstEnergy Board of Directors and Its Reasons for the Merger

By unanimous vote at a meeting held on February 10, 2010, the FirstEnergy board of directors determined that the merger agreement and the transactions contemplated by it, including the merger and the charter amendment, are advisable and in the best interests of FirstEnergy and its shareholders and approved the merger agreement, the issuance of shares of FirstEnergy common stock pursuant to the merger agreement and the charter amendment. **The FirstEnergy board of directors recommends that FirstEnergy shareholders vote FOR the proposal to approve the issuance of shares of FirstEnergy common stock pursuant to the merger agreement and FOR the proposal to adopt the charter amendment.**

In reaching its decision to approve the merger agreement and to recommend that FirstEnergy shareholders vote to approve the issuance of FirstEnergy common stock to Allegheny Energy stockholders pursuant to the merger agreement and adopt the charter amendment, the FirstEnergy board consulted with FirstEnergy s management, legal and financial advisors, and considered a variety of factors with respect to the merger. The following discussion of the factors considered by the FirstEnergy board is not exhaustive. In view of the wide variety of factors considered by the FirstEnergy board in connection with its evaluation of the merger, the FirstEnergy board did not consider it practical to, nor did it attempt to, quantify, rank or otherwise assign relative weights to the specific factors that it considered in reaching its decision. Rather, it reviewed the collection of factors in the aggregate. In considering the factors described below, individual members of the FirstEnergy board may have given different weight to different factors. The FirstEnergy board did not reach any specific conclusion with respect to any of the factors considered and instead conducted an overall analysis of such factors and determined that, in the aggregate, the potential benefits considered outweighed the potential risks or possible negative consequences of approving the merger agreement, the issuance of shares of FirstEnergy common stock pursuant to the merger agreement and the adoption of the charter amendment. The FirstEnergy board considered this information as a whole, and overall considered the information and factors to be favorable to, and in support of, its determinations and recommendations.

Among the material information and factors considered by the FirstEnergy board were the following:

Strategic Considerations

The FirstEnergy board considered a number of factors pertaining to the strategic rationale for the merger, including the following:

Increased Scale and Scope; Diversification. The merger will create a combined company with increased scale and scope in energy delivery, generation and transmission. In addition, the combined company will have greater diversification and balance in its energy delivery business and generation portfolio. This increased scale, scope and diversification should allow for improved service, reliability and operational flexibility with greater potential earnings. The merger will create a larger company with total assets of approximately $48.4 billion calculated on a pro forma historical combined basis. The combined company will be the largest U.S. diversified electric utility by customers, and will also operate one of the largest unregulated power generation fleets in the United States. In the energy delivery business, the combined company will have 10 electric distribution companies with more than six million customers. In the generation business, the combined company is expected to own and/or operate approximately 24,000 megawatts of domestic capacity in multiple states, including approximately 11,200 MWs of generation units that are equipped with environmental controls to minimize air emissions, approximately 4,000 MWs of nuclear energy and more than 2,200 megawatts of renewable energy, including hydroelectric, contracted wind and pumped-storage capacity. Also included in the combined fleet is approximately 10,400 MWs of super-critical coal-fired generation units. This diversified generation portfolio creates a more balanced portfolio in terms of geography, fuel mix, dispatch and load-servicing capacity. The combined company will have over 20,000 miles of high-voltage transmission lines connecting the Midwest and Mid-Atlantic with planned growth underway. See the bullet point entitled Transmission Projects below.

Anticipated Financial Strength and Flexibility. The increased scale and scope is ultimately expected to strengthen the balance sheet of the combined company. In addition, the diversification of the energy delivery and generation portfolios of the combined company should result in a more stable cash flow. The all-stock transaction is expected to improve credit metrics, including the debt-to-capitalization ratio, of the combined company.

Combined Expertise in Competitive Markets and Complementary Geography. The FirstEnergy board believes the merger will combine companies with complementary areas of expertise. The combined company is expected to be able to draw upon the intellectual capital, technical expertise and experience of a deeper and more diverse workforce. The combined company should also be better able to invest in and deploy new technologies. The FirstEnergy board considered that the combined company will operate regulated utility businesses in seven adjacent states, which should be beneficial in the integration and management of the combined company.

Synergies. The FirstEnergy board considered that, although no assurance can be given that any particular level of cost savings and other synergies will be achieved, FirstEnergy management had identified estimated synergies of approximately $180 million in the first full year of operations following completion of the merger and approximately $350 million in the second full year of operations following completion of the merger, prior to costs to achieve and transaction costs. The FirstEnergy board took note of the fact that the synergy numbers were estimates, that they may change and that achieving the synergies is subject to a number of uncertainties. See the section entitled Risk Factors Many of the anticipated benefits of combining FirstEnergy and Allegheny Energy may not be realized beginning on page 32.

Comparable Business Approach. The FirstEnergy board considered the comparable corporate cultures and competitive strategies of the two companies, including their shared commitment to supporting and participating in competitive energy markets. In addition, the FirstEnergy board considered the common vision of the prospects for future consolidation in the electric utility sector and the present and future effect of deregulation on electric utility companies.

Transmission Projects. The FirstEnergy board considered the significant transmission projects in which Allegheny Energy is involved, including the Potomac-Appalachian Transmission Highline, referred to as PATH, and the Trans-Allegheny Interstate Line, referred to as TrAIL (while also considering the possibility that the PATH project could be further delayed or even canceled), and that these projects should further diversify the asset base of the company and have the potential to contribute to earnings growth without a dependency on commodity prices.

Impact of the Merger on Customers and Employees. The FirstEnergy board evaluated the expected impact of the merger on FirstEnergy s customers and employees. Specifically, the FirstEnergy board believes that the merger should benefit customers by enhancing operations and strengthening reliability and provide more opportunities for employees in a larger, more competitive company.

Impact of the Merger on Communities. The FirstEnergy board evaluated the expected impact of the merger on the communities in which FirstEnergy and Allegheny Energy are located and which they serve. In particular, the FirstEnergy board believes the merger will benefit the communities served by the combined company by creating a stronger combined company better able to provide more reliable service. In addition, the companies expect to maintain their substantial presence in the cities and communities they serve. During the three-year period after closing, FirstEnergy will provide community development and charitable contributions to Allegheny Energy s utility service areas consistent with Allegheny Energy s current levels, and thereafter consistent with FirstEnergy levels of contributions within its current utility service areas. See the section entitled The Merger Agreement Additional Agreements Charitable Contributions beginning on page 123.

Share Prices The FirstEnergy board took note of the historic stock prices of FirstEnergy and Allegheny Energy, including that the exchange ratio represented a 31.6% premium over the closing price of Allegheny Energy s common stock on February 10, 2010 and a 22.3% premium over the 60-day average closing price of Allegheny Energy s common stock as of February 10, 2010.

Financial Considerations. The FirstEnergy board considered the expected financial impact of the merger on FirstEnergy in light of FirstEnergy s acquisition criteria, including that the merger is expected to be accretive to FirstEnergy s earnings in the first year following the merger. In particular, the FirstEnergy board considered the quantitative analysis of the merger on the combined company s earnings per share and the financial prospects of FirstEnergy and Allegheny Energy, including the financial projections prepared by the management of FirstEnergy and the financial projections prepared by the management of Allegheny Energy. The FirstEnergy board also considered the historic financial condition, operating results and businesses of FirstEnergy and Allegheny Energy, including information with respect to their respective earnings history.

Opinion of Financial Advisor. The FirstEnergy board considered the opinion of Morgan Stanley to the FirstEnergy board that, as of February 10, 2010, and subject to and based upon the assumptions, considerations, qualifications and limitations discussed in such opinion, the exchange ratio pursuant to the merger agreement was fair, from a financial point of view, to FirstEnergy. See the section entitled Opinion of FirstEnergy s Financial Advisor beginning on page 71 and Annex C to this joint proxy statement/prospectus which contains the full text of the written opinion of Morgan Stanley, dated February 10, 2010, which discusses, among other things, the assumptions made, procedures followed, matters considered, and qualifications and limitations of the review undertaken by Morgan Stanley in rendering its opinion, and is incorporated by reference into this section of the joint proxy statement/prospectus.

Strategic Alternatives. The FirstEnergy board considered the trends and competitive developments in the diversified electric utility industry and the range of strategic alternatives available to FirstEnergy, including continuing to operate as a stand-alone entity.

Recommendation of Management. The FirstEnergy board took into account FirstEnergy management s recommendation in favor of the merger.

Terms of the Merger Agreement. The FirstEnergy board reviewed the terms of the merger agreement, including that the exchange ratio is fixed, the restrictions on each party s interim operations, the conditions to each party s obligation to complete the merger, the instances in which each party is permitted to terminate the merger agreement and the related termination fees payable by each party in the event of termination of the merger agreement under specified circumstances. See the section entitled The Merger Agreement beginning on page 108 for a detailed discussion of the terms and conditions of the merger agreement. The FirstEnergy board also considered the course of negotiations of the merger agreement.

Severance Arrangements. The FirstEnergy board considered the severance arrangements of Allegheny Energy in place prior to the execution of the merger agreement and the financial impact of such arrangements and the impact on the retention of key management of Allegheny Energy.

Due Diligence. The FirstEnergy board considered the scope of the due diligence investigation conducted by management and FirstEnergy s advisors and evaluated the results thereof, including the information contained in Allegheny Energy s disclosure letter relating to the merger agreement. The FirstEnergy board also took note of the coverage of identified risk areas in the representations and warranties in the merger agreement.

Likelihood of Completion of the Merger. The FirstEnergy board considered the likelihood that the merger will be completed on a timely basis, including the likelihood that the merger will receive all necessary regulatory approvals without unacceptable conditions as well as the recent history of proposed mergers in the electric distribution industry. The FirstEnergy board took note of the closing condition in the merger agreement that neither FirstEnergy nor Allegheny Energy is required to agree to certain actions or conditions in connection with the required statutory approvals. See the section entitled The Merger Agreement Conditions to the Completion of the Merger beginning on page 114 for a description of these matters.

Corporate Governance. The FirstEnergy board considered the corporate governance provisions of the merger agreement including that, upon completion of the merger, the FirstEnergy board will be comprised of eleven legacy FirstEnergy directors and two legacy Allegheny Energy directors and that following completion of the merger, the headquarters of the combined company will remain in Akron, Ohio, Mr. Anthony J. Alexander will remain President and Chief Executive Officer of FirstEnergy and that Mr. Paul J. Evanson, the current Chairman, President and Chief Executive Officer of Allegheny Energy, will serve as the Executive Vice Chairman of FirstEnergy and report to Mr. Alexander.

The FirstEnergy board also considered the potential risks of the merger, including the following:

Regulatory Approvals. The FirstEnergy board considered the regulatory approvals required to complete the merger and the risk that governmental authorities and third parties may seek to impose unfavorable terms or conditions on the required approvals or that such approvals would not be obtained at all. The FirstEnergy board also considered the potential length of the regulatory approval process and that the merger agreement provides that it may not be terminated until 14 months from the date of the merger agreement, which may be extended to 20 months under specified circumstances.

Restrictions Under the Merger Agreement. The FirstEnergy board considered the provisions of the merger agreement placing restrictions on FirstEnergy s operations until completion of the merger. The FirstEnergy board also considered the risk that, although FirstEnergy has the right under certain limited circumstances to consider and participate in negotiations with respect to proposals for alternative transactions, the provisions of the merger agreement relating to the potential payment of a termination fee of $350 million may have the effect of discouraging such proposals. In addition, the FirstEnergy board considered that the merger agreement includes other customary restrictions on the ability of FirstEnergy to solicit offers for alternative proposals or engage in discussions regarding such proposals, subject to exceptions, which could have the effect of discouraging such proposals from being made or pursued. The FirstEnergy board understood that these provisions may have the effect of discouraging alternative proposals and may make it less likely that the transactions related to such proposals would be negotiated or pursued, even if potentially more favorable to the shareholders of FirstEnergy than the merger.

Diversion of Management. The FirstEnergy board considered the possible diversion of management resulting from the substantial time and effort necessary to complete the merger and integrate the operations of FirstEnergy and Allegheny Energy following completion of the merger.

Integration and Achievement of Anticipated Synergies. The FirstEnergy board evaluated the challenges inherent in the combination of two business enterprises of the size and scope of FirstEnergy and Allegheny Energy, including the possibility of not achieving the anticipated synergies and other benefits sought from the merger.

Impact on Credit Rating and Ability to Service Debt. The FirstEnergy board considered the possibility that the merger could result in a lower credit rating for the combined company and certain of its subsidiaries from that of FirstEnergy and its subsidiaries prior to announcing the merger and the implications of such lower credit rating. See the section entitled Risk Factors FirstEnergy s indebtedness following the merger will be higher than FirstEnergy s existing indebtedness. Notwithstanding improvements in certain key credit metrics, such as debt-to-capitalization ratios, it may be more difficult for FirstEnergy to pay or refinance its debts and FirstEnergy may need to borrow or divert its cash flow from operations to service debt payments. The additional indebtedness could limit FirstEnergy s ability to pursue other strategic opportunities and increase its vulnerability to adverse economic and industry conditions and may cause FirstEnergy to take other actions that will increase the dilution of its shareholders and former Allegheny Energy stockholders or reduce earnings beginning on page 37.

Increased Regulation. The FirstEnergy board considered the additional regulation to which the combined company would be subject, including regulation by the MDPSC, the VSCC and the WVPSC.

Employee Matters. The FirstEnergy board considered the impact that business uncertainty pending completion of the merger could have on the ability to attract, retain and motivate key personnel until the merger is completed.

Additional Interests of Executive Officers and Directors. The FirstEnergy board considered that certain executive officers and directors of FirstEnergy may have interests with respect to the merger in addition to their interests as shareholders of FirstEnergy. See the section entitled Additional Interests of the FirstEnergy Directors and Executive Officers in the Merger beginning on page 90 for further information.

The FirstEnergy board realized that there can be no assurance about future results, including results considered or expected as described in the factors listed above, such as assumptions regarding potential synergies. It should be noted that this explanation of the reasoning of the FirstEnergy board and all other information presented in this section is forward-looking in nature and, therefore, should be read in light of the factors discussed under the heading Cautionary Statement Concerning Forward-Looking Statements beginning on page 28.

Recommendation of the Allegheny Energy Board of Directors and Its Reasons for the Merger

By unanimous vote, the Allegheny Energy board of directors, at a meeting held on February 10, 2010, determined that the merger agreement and the transactions contemplated by the merger agreement, including the merger, were advisable, fair to and in the best interests of Allegheny Energy and its stockholders and approved the merger agreement and the transactions contemplated thereby, including the merger. **The Allegheny Energy board of directors recommends that Allegheny Energy stockholders vote FOR the proposal to approve the merger agreement and the merger at the Allegheny Energy special meeting and FOR the proposal to adjourn the Allegheny Energy special meeting, if necessary or appropriate, to solicit additional proxies in favor of such approval.**

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In reaching its determination to recommend the approval of the merger agreement and the merger, the Allegheny Energy board consulted with management, as well as Goldman Sachs, Allegheny Energy s financial advisor, and Allegheny Energy s internal and outside legal counsel and outside consultants, and considered various material factors, which are discussed below. The following discussion of the information and factors considered by the Allegheny Energy board is not intended to be exhaustive. In view of the wide variety of factors considered in connection with the merger, the Allegheny Energy board did not consider it practicable to, nor did it attempt to, quantify or otherwise assign relative weights to the specific material factors it considered in reaching its decision. In addition, individual members of the Allegheny Energy board may have given different weight or priority to different factors. The Allegheny Energy board considered this information and these factors as a whole, and overall considered the relevant information and factors to be favorable to, and in support of, its determination and recommendation.

Among the material information and factors considered by the Allegheny Energy board were the following:

Strategic Considerations. The Allegheny Energy board considered a number of factors pertaining to the strategic rationale for the merger, including the following:

Mitigation of Impact of Environmental Legislation and Regulation. The Allegheny Energy board considered the current trend of increasing legislative and regulatory initiatives with respect to coal-fired generation facilities, including initiatives regarding carbon emissions and climate change. The combined company s generation fleet will be more diversified than that of Allegheny Energy as a stand-alone company, with significant non-carbon emitting capacity and a greater balance in terms of fuel mix. Thus, the merger is expected to reduce Allegheny Energy s exposure to the impact of evolving environmental legislation and regulation.

Increased Scale, Scope and Diversification. The Allegheny Energy board considered that the merger will create a combined company with increased scale and scope in a variety of dimensions. The combined company will have greater diversification of markets, regulatory jurisdictions and generation portfolio. By extending its operations across more states, the merger will diversify Allegheny Energy s regulatory risk by subjecting the combined company s utility operations to the jurisdiction of additional state regulators rather than only to the jurisdiction of Pennsylvania, West Virginia, Maryland and Virginia regulators.

The combined company will create a significant presence in its region and industry sector. The combined company will own and/or operate approximately 24,000 megawatts of electric generation, of which 21,000 megawatts will be in competitive markets. This combined company s generation portfolio will be more diversified in terms of geography and fuel mix. The combined company will also create a stronger portfolio of utility businesses, with approximately 6.1 million retail electric customers and enhanced retail marketing capability.

The increased scale and scope is ultimately expected to enhance the financial strength and flexibility of the combined company, which should have greater access to capital then Allegheny Energy as a stand-alone company.

Potential Benefit from Higher Power Prices. Like Allegheny Energy, the combined company will be positioned to benefit from a future recovery in the general economy and in power prices in particular. In light of the current downturn in the economy and the related decrease in power prices, the Allegheny Energy board found a strategic benefit in the ability of the combined company, like Allegheny Energy, to gain from a rebound in power prices.

Contiguous Service Territories. The Allegheny Energy board considered that together, Allegheny Energy and FirstEnergy serve a contiguous area covering parts of Ohio, Pennsylvania, New York, New Jersey, Maryland, West Virginia, and Virginia. The companies adjacent geographical footprints will allow their existing businesses to complement each other and facilitate the combined company s retail sales strategy. Further, the combined company s geographical footprint, when combined with Allegheny Energy s transmission assets, will allow the combined company to take advantage of opportunities created by the continuing need for power to be transmitted to the eastern region of the United States as electricity demand grows in that region.

Nuclear Generation Capability. The Allegheny Energy board considered that the merger will allow Allegheny Energy to benefit from the nuclear generation capability of FirstEnergy. As a zero-carbon emissions technology, FirstEnergy s nuclear generation assets will balance Allegheny Energy s coal-fired generation assets, producing a more diversified generation fleet with a lower carbon profile than Allegheny Energy has as a stand-alone company. Given the high cost and unique technical requirements associated with developing new nuclear generation, Allegheny Energy does not have the size or technical expertise necessary to develop or acquire nuclear generation assets and operate them as a stand-alone company.

Combined Expertise. The Allegheny Energy board considered that the merger will combine complementary areas of expertise. The combined company is expected to be able to draw upon the intellectual capital, technical expertise and experience of a deeper, more diverse workforce.

Common Regulatory Framework. The Allegheny Energy board considered that the regulatory frameworks applicable to the combined company s franchised service areas are generally favorable, diversify regulatory risk as identified above, and provide additional scale for the two companies expertise in dealing with the complexities of regulation and the interplay of regulation and deregulation at state and federal levels.

Equity Participation in Combined Company. The Allegheny Energy board took note of the fact that the merger consideration will be paid in FirstEnergy common stock, which provides Allegheny Energy stockholders with the opportunity to participate in any future earnings or growth of the combined company and future appreciation of FirstEnergy common stock following the merger, should they determine to retain the FirstEnergy common stock to be received in the merger. In this regard, the Allegheny Energy board considered the fact that Allegheny Energy stockholders would own approximately 27% of the combined company. The Allegheny Energy board also considered the fact that receiving shares of FirstEnergy common stock would provide liquidity for those Allegheny Energy stockholders who do not desire to continue holding their shares of FirstEnergy common stock and seek to sell their shares into the market following the merger.

Premium Over Market Prices. The Allegheny Energy board considered that the exchange ratio of 0.667 of a share of FirstEnergy common stock for each share of Allegheny Energy common stock resulted in an implied merger consideration as of February 8, 2010 of $27.34 per share (based in turn on the $40.99 closing price of FirstEnergy common stock on February 8, 2010). The exchange ratio represented a premium over the market prices at which Allegheny Energy common stock had previously traded, including a premium of approximately:

38.7% over the closing price of Allegheny Energy common stock of $21.26 per share on January 27, 2010, the trading day prior to the date FirstEnergy s non-binding indicative proposal was received by Allegheny Energy;

30.9% over the closing price of Allegheny Energy common stock of $20.89 per share on February 8, 2010, the day when the materials for the February 10, 2010 board meeting were prepared; and

34.8% over the average closing price of Allegheny Energy common stock over the 30-day trading period ended on February 8, 2010.

During the course of the February 10, 2010 meeting, the Allegheny Energy board was provided updated premium information based on the February 10, 2010 closing prices.

Premium Compared to Other Utility Transactions. The Allegheny Energy board considered that the premiums described above are higher than the premiums offered in other transactions in the utility industry announced since December 2004. For the transactions reviewed by the Allegheny Energy board, the median premium as of the date which was one week prior to the announcement date of the transaction was 18.8%, with the premiums ranging from 0.2% to 26.3%, and the median premium as of the date which was one day prior to the announcement date of the transaction was 15.2%, with the premiums ranging from 7.0% to 25.3%.

Dividend Increase. Assuming FirstEnergy maintains its current dividend amount, the combined company dividend to be received by holders of Allegheny Energy common stock at the 0.667 exchange ratio would be 145% higher than the dividend they currently receive on their Allegheny Energy shares. The Allegheny Energy board considered that the combined company s future dividend rate would be supported by the combined company s strong balance sheet and cash flows.

Financial Considerations. The Allegheny Energy board considered the expected financial impact of the merger on Allegheny Energy. In particular, the Allegheny Energy board considered the anticipated impact of the Allegheny Energy merger on the combined company s earnings per share and the financial prospects of Allegheny Energy and FirstEnergy, including the financial projections prepared by the management of Allegheny Energy and the financial projections prepared by the management of FirstEnergy (with adjustments made by Allegheny Energy management). The Allegheny Energy board also considered historical trading information for shares of Allegheny Energy common stock and FirstEnergy common stock and the historical financial condition, operating results and businesses of Allegheny Energy and FirstEnergy, including information with respect to their respective earnings histories, return on capital and cash flow as well as comparisons of historical operational measures for Allegheny Energy and FirstEnergy. In addition, the Allegheny Energy board considered the stand-alone illustrative valuation of FirstEnergy under various methodologies based on its long range plan, as adjusted by Allegheny Energy management based on their due diligence.

Cost Savings and Synergies. The Allegheny Energy board considered that, although no assurance can be given that any particular level of synergies will be achieved, FirstEnergy has

estimated that the combination will generate synergies from across generation and fuel, regulated utilities, corporate activities and information services businesses. The companies anticipate that upon review with state commissions, savings attributed to regulated utility operations will be shared between customers and shareholders over time in an equitable manner. The Allegheny Energy board took note of the fact that the synergy numbers were estimates, that they may change and that achieving the synergies is subject to a number of uncertainties.

Opinion of Goldman Sachs. The Allegheny Energy board considered Goldman Sachs opinion to Allegheny Energy s board, dated February 10, 2010, that, as of such date and based upon and subject to the assumptions, considerations, qualifications and limitations set forth therein, the exchange ratio in the proposed merger was fair, from a financial point of view, to Allegheny Energy s stockholders (other than FirstEnergy and its affiliates). See the section entitled Opinion of Allegheny Energy s Financial Advisor beginning on page 80 of this joint proxy statement/prospectus for a fuller description. The full text of Goldman Sachs written opinion, which sets forth, among other things, the assumptions made, procedures followed, matters considered, qualifications and limitations on the review undertaken in connection with its opinion, is attached as Annex D and incorporated by reference into this section of the joint proxy statement/prospectus.

Merger Agreement. The Allegheny Energy board reviewed, with Allegheny Energy s legal advisors, the structure of the merger and other terms of the merger agreement. In particular, the Allegheny Energy board considered the following specific aspects of the merger agreement:

that the merger is intended to qualify as a reorganization for U.S. federal income tax purposes and the expectation that the receipt of shares of FirstEnergy common stock will generally not be a taxable event to Allegheny Energy stockholders for U.S. federal income tax purposes;

the representations and warranties made by Allegheny Energy and FirstEnergy in the merger agreement, including the material adverse effect standard that qualifies many of the representations and warranties made by each party;

the nature of the closing conditions included in the merger agreement, as well as the likelihood of satisfaction of all conditions to the completion of the merger;

Allegheny Energy s right to engage in negotiations with, and provide information to, a third party that makes an unsolicited written acquisition proposal, if Allegheny Energy s board determines in good faith, after consultation with its outside legal and financial advisors, that such proposal constitutes or is reasonably likely to lead to a transaction that is more favorable, from a financial point of view, to Allegheny Energy s stockholders than the merger;

the right of Allegheny Energy s board to change its recommendation in favor of the merger upon receipt of a superior offer or upon the occurrence of an intervening event (as defined in the merger agreement and discussed in the section entitled The Merger Agreement Additional Agreements Non-Solicitation beginning on page 125 of this joint proxy statement/prospectus), in each case, if failing to take such action would be reasonably likely to be inconsistent with the exercise by the board of its duties under applicable law;

the circumstances under which the Allegheny Energy termination fee is payable by Allegheny Energy to FirstEnergy and the size of the termination fee, which the Allegheny

Energy board views as reasonable in light of the size and benefits of the transaction and not preclusive of a superior offer, if one were to emerge;

the circumstances under which the FirstEnergy termination fee is payable by FirstEnergy to Allegheny Energy and the size of the termination fee, which the Allegheny Energy board views as favorable;

the general ability of Allegheny Energy to operate its business in the ordinary course during the period between the signing of the merger agreement and the closing of the merger, as well as the ability of Allegheny Energy to enter into retention agreements or arrangements to help retain employees and management during the period between the signing of the merger agreement and the closing of the merger;

the requirement that Allegheny Energy obtain stockholder approval as a condition to completion of the merger; and

the requirement that FirstEnergy use reasonable best efforts to obtain required regulatory approvals and clearances to complete the merger, subject to certain exceptions described in the section entitled The Merger Agreement Additional Agreements Efforts Related to Consents and Approvals of Governmental Entities and Third Parties beginning on page 123 of this joint proxy statement/prospectus.

Mr. Evanson s Employment with FirstEnergy. The Allegheny Energy board considered the fact that FirstEnergy is expected to employ Mr. Evanson as Executive Vice Chairman after the merger. The Allegheny Energy board determined that the skills, talents and experiences of Mr. Evanson would be beneficial to FirstEnergy, and the integration of the two companies and thus to Allegheny Energy stockholders who choose to retain their FirstEnergy common stock received in the merger.

Regulatory Approvals. The Allegheny Energy board considered the belief that regulatory approvals and clearances necessary to complete the merger are reasonably obtainable.

Alternatives to the Merger. The Allegheny Energy board considered the belief that, after careful consideration of potential alternatives to the merger (such as, among others, Allegheny Energy continuing to operate as a stand-alone company and the pursuit of a transaction or business combination with a third party other than FirstEnergy), the merger with FirstEnergy is expected to yield greater benefits to Allegheny Energy stockholders (including the benefits discussed above) than would the range of alternatives considered.

Management Recommendation. The Allegheny Energy board considered the recommendation of senior management of Allegheny Energy that the merger is in the best interests of Allegheny Energy s stockholders based on their knowledge of current conditions in the electricity generation, distribution and transmission industry and markets and the likely effects of these factors on Allegheny Energy s and FirstEnergy s potential growth, productivity and strategic options.

Due Diligence. The Allegheny Energy board considered the scope of the due diligence investigation conducted by management and certain of Allegheny Energy s outside advisors and evaluated the results thereof.

Employee Matters. The Allegheny Energy board considered that FirstEnergy has agreed to honor all Allegheny Energy collective bargaining agreements, benefit plans and compensation arrangements in effect before the closing in accordance with their terms, and that for at least one year after the closing, FirstEnergy will provide current and former Allegheny Energy

employees not covered by collective bargaining agreements compensation and benefits that are no less favorable in the aggregate than the compensation and benefits provided to those employees immediately before the merger. While FirstEnergy is entitled to make modifications to the compensation and benefits of those employees, these modifications may not result in compensation and benefits for those employees that are less favorable in the aggregate than the compensation and benefits that are provided to similarly situated non-union employees of FirstEnergy not covered by collective bargaining agreements. FirstEnergy has agreed that Allegheny Energy employees generally will be credited with pre-closing service for benefit plan purposes, and FirstEnergy has also agreed that severance benefits will not be reduced during the one-year period following closing.

Impact of the Merger on Customers. The Allegheny Energy board evaluated the expected impact of the merger on Allegheny Energy s customers. Specifically, the Allegheny Energy board believes that the merger should benefit customers by enhancing operations and improving reliability.

Impact of the Merger on Communities. The Allegheny Energy board considered the fact that the merger would have a positive impact on the communities served by Allegheny Energy based on the greater strength of the combined company as compared to Allegheny Energy on a stand-alone basis, and the potential for the combined company to become a more significant benefactor of charities in the communities served by Allegheny Energy. In addition, the companies expect to maintain their substantial presence in the communities they serve. During the three-year period after closing, FirstEnergy will provide community development and charitable contributions to Allegheny Energy s utility service areas consistent with Allegheny Energy s current levels, and thereafter consistent with FirstEnergy levels of contributions within its current utility service areas. See the section entitled The Merger Agreement Additional Agreements Charitable Contributions beginning on page 123.

Board of Directors of Combined Company. The Allegheny Energy board considered the fact that the board of directors of the combined company will include two members who served as directors of Allegheny Energy prior to the completion of the merger.

The Allegheny Energy board also considered certain potentially negative factors in its deliberations concerning the merger, including but not limited to the following:

Fixed Exchange Ratio. The Allegheny Energy board considered the fact that because the merger consideration is a fixed exchange ratio of shares of FirstEnergy common stock to Allegheny Energy common stock, Allegheny Energy stockholders could be adversely affected by a decrease in the trading price of FirstEnergy common stock during the pendency of the merger and the fact that the merger agreement does not provide Allegheny Energy with a price-based termination right or other similar protection. The Allegheny Energy board determined that this structure was appropriate and the risk acceptable in view of factors such as the Allegheny Energy board s review of the relative intrinsic values and financial performance of FirstEnergy and Allegheny Energy, as well as the opportunity Allegheny Energy stockholders have as a result of the fixed exchange ratio to benefit from any increase in the trading price between the announcement and completion of the merger.

Integration. The Allegheny Energy board considered the risk that the potential benefits of the merger will not be realized or will not be realized within the expected time period and the risks and challenges associated with the integration by FirstEnergy of Allegheny Energy s businesses, operations and workforce, which is mitigated by the fact that FirstEnergy successfully completed two prior integrations.

Regulatory Approvals. The Allegheny Energy board considered the regulatory approvals required to complete the merger and the risk that the applicable governmental authorities and third parties may seek to impose unfavorable terms or conditions on the required approvals. The Allegheny Energy board also considered the potential length of the regulatory approval process and that the merger agreement provides that it may not be terminated as a result of the failure to meet these and other closing conditions until April 10, 2011, which may be extended to a date up to July 10, 2011 and further extended to a date up to October 10, 2011 under specified circumstances.

Failure to Close. The Allegheny Energy board considered the risks and contingencies relating to the announcement and pendency of the merger and the risks and costs to Allegheny Energy if the closing of the merger is not timely or if the merger does not close at all, including the impact on Allegheny Energy s relationships with employees and third parties and the effect a public announcement of termination of the merger agreement may have on the trading price of Allegheny Energy s common stock.

Diversion of Focus. The risk of diverting management focus, employee attention and resources from other strategic opportunities and from operational matters while working to complete the merger.

Merger Agreement. The Allegheny Energy board considered the risks associated with various provisions of the merger agreement, including:

the requirements that Allegheny Energy must pay to FirstEnergy a termination fee of $150 million, and up to $45 million of its reasonable transaction expenses, if the merger agreement is terminated under certain circumstances, which might discourage other parties potentially interested in an acquisition of, or combination with, Allegheny Energy from pursuing that opportunity, even if potentially more favorable to the stockholders of Allegheny Energy than the merger. See the section entitled The Merger Agreement Effect of Termination beginning on page 128 of this joint proxy statement/prospectus.

the fact that the merger agreement includes other customary restrictions on the ability of Allegheny Energy to solicit offers for alternative proposals or engage in discussions regarding such proposals, subject to exceptions, which could have the effect of discouraging such proposals from being made or pursued, even if potentially more favorable to the stockholders of Allegheny Energy than the merger.

the requirement that Allegheny Energy conduct its business in the ordinary course prior to the completion of the merger and subject to specified restrictions on the conduct of Allegheny Energy s business without FirstEnergy s consent (not to be unreasonably withheld, conditioned or delayed), which might delay or prevent Allegheny Energy from undertaking certain business opportunities that might arise pending completion of the merger.

Risk Factors. The Allegheny Energy board considered the risks described in the section entitled Risk Factors beginning on page 30 of this joint proxy statement/prospectus.

The Allegheny Energy board concluded that the potentially negative factors associated with the proposed merger were outweighed by the potential benefits that it expected the Allegheny Energy stockholders would achieve as a result of the merger, including the belief of the Allegheny Energy board that the proposed merger would maximize the value of Allegheny Energy s stockholders shares and mitigate the risks and uncertainties affecting the future prospects of Allegheny Energy. Accordingly, the Allegheny Energy board determined that the merger agreement and the transactions

contemplated thereby, including the merger, are advisable, fair to, and in the best interests of, Allegheny Energy and its stockholders.

In addition, the Allegheny Energy board was aware of and considered the interests that Allegheny Energy s directors and executive officers may have with respect to the merger that differ from, or are in addition to, their interests as stockholders of Allegheny Energy generally, as described in the section entitled Additional Interests of Allegheny Energy Directors and Executive Officers in the Merger beginning on page 90 of this joint proxy statement/prospectus.

This explanation of Allegheny Energy s reasons for the merger and other information presented in this section is forward-looking in nature and, therefore, should be read in light of the factors described in the section entitled Cautionary Statement Concerning Forward-Looking Statements beginning on page 28 of this joint proxy statement/prospectus.

Opinion of FirstEnergy s Financial Advisor

FirstEnergy retained Morgan Stanley to provide it with financial advisory services and a financial opinion in connection with the transaction. FirstEnergy selected Morgan Stanley to act as its financial advisor based on Morgan Stanley s qualifications, expertise and reputation and its knowledge of the business and affairs of FirstEnergy. At the meeting of the FirstEnergy board of directors on February 10, 2010, Morgan Stanley rendered its oral opinion, subsequently confirmed in writing, that as of such date and based upon and subject to the various assumptions, considerations, qualifications and limitations set forth in its written opinion, the exchange ratio pursuant to the merger agreement was fair, from a financial point of view, to FirstEnergy.

The full text of the written opinion of Morgan Stanley, dated February 10, 2010, which discusses, among other things, the assumptions made, procedures followed, matters considered, and qualifications and limitations of the review undertaken by Morgan Stanley in rendering its opinion, is attached as Annex C and incorporated by reference into this section of the joint proxy statement/prospectus. The summary of the Morgan Stanley fairness opinion provided in this joint proxy statement/prospectus is qualified in its entirety by reference to the full text of the opinion. FirstEnergy shareholders are urged to read the opinion carefully and in its entirety. The Morgan Stanley opinion is directed to the FirstEnergy board of directors and addresses only the fairness, from a financial point of view, of the exchange ratio pursuant to the merger agreement. The Morgan Stanley opinion does not address any other aspect of the merger and does not constitute a recommendation to any FirstEnergy or Allegheny Energy shareholder as to how any such shareholder should vote with respect to the proposed merger or any other matter. The opinion also does not address the prices at which shares of FirstEnergy common stock will trade following the completion of the merger or at any other time.

For the purposes of its opinion, Morgan Stanley, among other things:

- reviewed certain publicly available financial statements and other business and financial information of Allegheny Energy and FirstEnergy, respectively;
- reviewed certain internal financial statements and other financial and operating data concerning Allegheny Energy and FirstEnergy, respectively;
- reviewed certain financial projections prepared by the managements of Allegheny Energy and FirstEnergy, respectively;
- reviewed information relating to certain strategic, financial and operational benefits anticipated from the merger provided by the management of FirstEnergy;

discussed the past and current operations and financial condition and the prospects of Allegheny Energy, including information relating to certain strategic, financial and operational benefits anticipated from the merger, with senior executives of Allegheny Energy;

discussed the past and current operations and financial condition and the prospects of FirstEnergy, including information relating to certain strategic, financial and operational benefits anticipated from the merger, with senior executives of FirstEnergy;

reviewed the pro forma impact of the merger on FirstEnergy s earnings per share, cash flow, consolidated capitalization and other financial ratios and metrics;

reviewed the reported prices and trading activity for Allegheny Energy s common stock and FirstEnergy s common stock;

compared the financial performance of Allegheny Energy and FirstEnergy and the prices and trading activity of Allegheny Energy s common stock and FirstEnergy s common stock with that of certain other publicly-traded companies comparable with Allegheny Energy and FirstEnergy, respectively, and their securities;

reviewed the financial terms, to the extent publicly available, of certain comparable acquisition transactions;

participated in discussions and negotiations among representatives of Allegheny Energy and FirstEnergy and their financial and legal advisors;

reviewed the merger agreement and certain related documents; and

performed such other analyses, reviewed such other information and considered such other factors as it deemed appropriate.

In arriving at its opinion, Morgan Stanley assumed and relied upon, without independent verification, the accuracy and completeness of the information supplied or otherwise made available to it by Allegheny Energy and FirstEnergy, and formed a substantial basis for the opinion. With respect to the financial projections, including information relating to certain strategic, financial and operational benefits anticipated from the merger, Morgan Stanley assumed that they were reasonably prepared by or on behalf of the managements of Allegheny Energy and FirstEnergy, respectively, on bases reflecting the best currently available estimates and judgments of the future financial performance of Allegheny Energy and FirstEnergy, respectively. Morgan Stanley relied upon, without independent verification, the assessment by the managements of Allegheny Energy and FirstEnergy of: (i) the strategic, financial and operational benefits expected to result from the merger; (ii) the timing and risks associated with the integration of Allegheny Energy and FirstEnergy; (iii) their ability to retain key employees of Allegheny Energy and FirstEnergy, respectively; and (iv) the validity of, and risks associated with, Allegheny Energy s and FirstEnergy s existing and future products, services, business models and technologies. In addition, Morgan Stanley assumed that the merger will be consummated in accordance with the terms set forth in the merger agreement without any waiver, amendment or delay of any terms or conditions, including, among other things, that the merger will be treated as a tax-free reorganization and/or exchange, each pursuant to the Internal Revenue Code. Morgan Stanley assumed that in connection with the receipt of all the necessary governmental, regulatory or other approvals and consents required for the proposed merger, no delays, limitations, conditions or restrictions will be imposed that would have a material adverse effect on the contemplated benefits expected to be derived in the proposed merger.

Morgan Stanley is not a legal, tax or regulatory advisor. Morgan Stanley is a financial advisor only and relied upon, without independent verification, the assessment of FirstEnergy and Allegheny

Energy and their respective legal, tax or regulatory advisors with respect to legal, tax or regulatory matters. Morgan Stanley expressed no opinion with respect to the fairness of the amount or nature of the compensation to any of Allegheny Energy s officers, directors or employees, or any class of such persons, relative to the consideration to be paid to the holders of shares of Allegheny Energy s common stock in the transaction. Morgan Stanley did not make any independent valuation or appraisal of the assets or liabilities of Allegheny Energy, nor was it furnished with any such appraisals. Morgan Stanley s opinion was necessarily based on financial, economic, market and other conditions as in effect on, and the information made available to it as of, February 10, 2010. Events occurring after February 10, 2010 may affect Morgan Stanley s opinion and the assumptions used in preparing it, and Morgan Stanley did not assume any obligation to update, revise or reaffirm its opinion.

The following is a summary of the material financial analyses performed by Morgan Stanley in connection with its oral opinion and the preparation of its written opinion, dated as of February 10, 2010. Although each analysis was provided to the FirstEnergy board of directors, in connection with arriving at its opinion, Morgan Stanley considered all of its analysis as a whole and did not attribute any particular weight to any analysis described below. Some of these summaries include information in tabular format. In order to understand fully the financial analyses used by Morgan Stanley, the tables must be read together with the text of each summary. The tables alone do not constitute a complete description of the analyses.

Historical Trading and Exchange Ratio Analysis. Morgan Stanley reviewed the ranges of closing prices of FirstEnergy common stock and Allegheny Energy common stock for various periods ending on February 8, 2010. Morgan Stanley noted that for the 52-week period ending February 8, 2010, the ranges of closing prices per share for FirstEnergy common stock and Allegheny Energy common stock were $35.26 to $53.63 and $20.32 to $35.03, respectively. Morgan Stanley also calculated the average trading ratio of the price of Allegheny Energy common stock to the price of FirstEnergy common stock over the following periods:

Period Ending February 8, 2010	**Average Historical Trading Ratio**
February 8, 2010	0.510x
6 Months Prior	0.537x
1 Year Prior	0.580x
2 Years Prior	0.613x
3 Years Prior	0.678x

Morgan Stanley also calculated the high and low trading ratios to be 0.889x and 0.474x, respectively, over the three years ending February 8, 2010. Morgan Stanley noted that the merger exchange ratio of 0.667x resulted in implied consideration of $27.34 per share of Allegheny Energy common stock, based on the closing price of FirstEnergy common stock of $40.99 as of February 8, 2010.

Equity Research Analysts Price Targets. Morgan Stanley reviewed the most recent equity research analysts per-share target prices for Allegheny Energy common stock and FirstEnergy common stock. These targets reflect each analyst s estimate of the future public market trading price for Allegheny Energy common stock and FirstEnergy common stock. Target prices for Allegheny Energy common stock ranged from $22.00 to $37.00, compared with the implied offer value per share of $27.34 as of February 8, 2010. Target prices for FirstEnergy common stock ranged from $38.00 to $53.00, compared with the closing price of FirstEnergy common stock of $40.99 as of February 8, 2010.

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The public market trading price targets published by equity research analysts do not necessarily reflect current market trading prices for Allegheny Energy common stock or FirstEnergy common stock and these estimates are subject to uncertainties, including the future financial performance of Allegheny Energy and FirstEnergy and future financial market conditions.

Comparable Public Companies Analysis. Morgan Stanley reviewed and compared certain publicly available and internal financial information, ratios and publicly available market multiples relating to Allegheny Energy and FirstEnergy, respectively, to corresponding financial data for publicly-traded utility companies that shared characteristics with Allegheny Energy and FirstEnergy to derive an implied valuation range for each company.

The companies included in the FirstEnergy comparable companies analysis were:

Entergy Corporation;

Exelon Corporation;

FPL Group, Inc.; and

Public Service Enterprise Group Incorporated.

The companies included in the Allegheny Energy comparable companies analysis were:

Public Service Enterprise Group Incorporated;

PPL Corporation; and

Edison International.

Morgan Stanley then reviewed both publicly available and internal financial information for each of Allegheny Energy and FirstEnergy to compare financial information and multiples of market value of the companies included in the comparable companies analysis to the following metrics for Allegheny Energy and FirstEnergy:

stock price to 2010 estimated earnings per share (which is referred to herein as EPS); and

stock price to 2011 estimated EPS.

The multiples and ratios for Allegheny Energy, FirstEnergy and for each of the comparable companies were calculated using the closing price of each company s common stock on February 8, 2010 and were based on the most recent publicly available information and I/B/E/S estimates for calendar years 2010 and 2011.

The following table reflects the results of this analysis, as compared to the multiples for Allegheny Energy and FirstEnergy based on median statistics of earnings for these companies obtained from I/B/E/S, a data service that monitors and publishes a compilation of earnings estimates produced by selected research analysts on companies of interest to investors:

	Price to EPS	
	2010E	**2011E**

Representative range derived from Allegheny Energy comparables	9.25x	11.0x	9.0x	10.25x
Allegheny Energy multiples (I/B/E/S)	9.3x		8.2x	
Representative range derived from FirstEnergy comparables	11.0x	12.0x	10.0x	11.0x
FirstEnergy multiples (I/B/E/S)	11.4x		10.0x	

Applying a representative range of multiples derived from the comparable public companies analysis, Morgan Stanley calculated a range of implied equity values per share of Allegheny Energy common stock and FirstEnergy common stock with respect to the following metrics based on I/B/E/S estimates and projected financial results for each of Allegheny Energy and FirstEnergy, taking into account the different commodity curve forecasts of FirstEnergy and Allegheny Energy:

- stock price to 2010 estimated EPS; and

- stock price to 2011 estimated EPS.

Based on this analysis, Morgan Stanley derived a range of implied equity value per share of Allegheny Energy common stock of $20.81 to $26.14 and a range of implied equity value per share of FirstEnergy common stock of $39.38 to $44.88. Morgan Stanley noted that based on a closing price of FirstEnergy common stock of $40.99 as of February 8, 2010, the exchange ratio of 0.667x resulted in implied consideration of $27.34 per share of Allegheny Energy common stock.

No company utilized in the comparable public companies analysis is identical to Allegheny Energy or FirstEnergy. Accordingly, an analysis of the results of the foregoing necessarily involves complex considerations and judgments concerning differences in financial and operating characteristics of Allegheny Energy and FirstEnergy and other factors that could affect the public trading value of the companies to which they are being compared. In evaluating the comparable companies, Morgan Stanley made judgments and assumptions with regard to industry performance, general business, economic, market and financial conditions and other matters, many of which are beyond the control of Allegheny Energy and FirstEnergy, such as the impact of competition on Allegheny Energy or FirstEnergy and the industry generally, industry growth and the absence of any adverse material change in the financial conditions and prospects of Allegheny Energy or FirstEnergy or the industry or in the financial markets in general. Mathematical analysis, such as determining the mean, median or average, is not in itself a meaningful method of using comparable company data.

Sum-of-the-Parts Discounted Cash Flow Analyses. Given the different nature of the businesses in which Allegheny Energy and FirstEnergy participate, Morgan Stanley also analyzed each company as the sum of its constituent businesses, or as the sum of the parts, and performed a discounted cash flow analysis on each of its constituent businesses. A discounted cash flow analysis is designed to provide insight into the value of a company as a function of its future cash flows and terminal value. Morgan Stanley s discounted cash flow analysis was based on:

- subsidiary and consolidated financial projections provided by the management of Allegheny Energy for the period from January 1, 2010 through December 31, 2014 (also referred to in this joint proxy statement/prospectus as the Allegheny Energy forward-looking financial information); and

- subsidiary and consolidated financial projections provided by the management of FirstEnergy for the period from January 1, 2010 through December 31, 2014 (also referred to in this joint proxy statement/prospectus as the FirstEnergy forward-looking financial information).

Unlevered free cash flows were calculated by tax-affecting earnings before interest and taxes and adding back the aggregate of depreciation and amortization, deferred taxes, and other noncash expenses less the sum of capital expenditures and investment in noncash working capital. The free cash flows and range of terminal values were then discounted to present values using a range of discount rates which were chosen by Morgan Stanley based upon an analysis of market discount rates applicable to comparable companies in the electric utility sector.

Allegheny Energy. For the Allegheny Energy discounted cash flow analysis, Morgan Stanley performed discounted cash flow analysis on the following business units with the noted assumptions and considerations.

Regulated Utilities: For each of Allegheny Energy s regulated utility subsidiaries, West Penn Power Company, The Potomac Edison Company and Monongahela Power Company, Morgan Stanley calculated a range of terminal values at the end of the projection period for each subsidiary by applying a multiple to each subsidiary s projected 2014 earnings and then adding back the projected net debt (defined as total debt less securitized debt and cash) in 2014. For West Penn Power Company and The Potomac Edison Company, which are transmission and distribution businesses, the price to earnings multiple range used was 12.5x to 14.0x and the weighted average cost of capital was 5.5% to 6.5%. For Monongahela Power Company, which is a utility business with transmission, distribution and generation operations, the price to earnings multiple range used was 11.5x to 13.0x and the weighted average cost of capital was 5.5% to 6.5%.

Allegheny Energy Supply Company, LLC: For Allegheny Energy s unregulated generation subsidiary, Morgan Stanley calculated a range of terminal values at the end of the projection period by applying a multiple of Aggregate Value (defined as equity value plus estimated non-convertible debt, minority interest, capital lease obligations and preferred stock less cash and cash equivalents)/EBITDA (defined as earnings before interest, tax, depreciation and amortization) to Allegheny Energy Supply Company LLC s projected 2014 EBITDA. The Aggregate Value to EBITDA multiple range used was 6.5x to 7.5x and the weighted average cost of capital range was 8.0% to 8.5%.

Transmission: For Allegheny Energy s transmission subsidiary, which holds Allegheny Energy s investment in the PATH and TrAIL transmission projects, Morgan Stanley calculated a range of terminal values at the end of the projection period for each of PATH and TrAIL by applying a multiple to the projected 2014 earnings for each project and then adding back the projected net debt in 2014. The price to earnings multiple range used was 15.0x to 18.0x and the weighted average cost of capital was 6.0% to 7.0%.

Corporate: For unallocated corporate-level expenses and other items, Morgan Stanley calculated a range of terminal values at the end of the projection period by applying a perpetual growth rate to projected 2014 corporate free cash flow. The perpetual growth rate range used was 0.0% to 1.0% and the weighted average cost of capital was 7.0% to 8.0%.

From this analysis, Morgan Stanley calculated a range of equity values per share of Allegheny Energy common stock of $29.03 to $36.70 on the basis of Allegheny Energy s forecast of relevant commodity curves. Applying FirstEnergy s forecast of relevant commodity curves to Allegheny Energy s projections yielded a range of equity values per share of Allegheny Energy common stock of $39.84 to $49.38. Morgan Stanley noted that the implied consideration to be paid for each share of Allegheny Energy common stock was $27.34 as of February 8, 2010.

FirstEnergy. For the FirstEnergy discounted cash flow analysis, Morgan Stanley performed discounted cash flow analysis on the following business units with the noted assumptions and considerations.

Regulated Utilities: For each of FirstEnergy s regulated utility subsidiaries, Ohio Edison Company, The Toledo Edison Company, The Cleveland Electric Illuminating Company, Jersey Central Power & Light Company, Pennsylvania Electric Company, Pennsylvania Power Company and Metropolitan Edison Company, each of which is a transmission and distribution business, Morgan Stanley calculated a range of terminal values at the end of the projection period for each subsidiary by applying a multiple to the projected 2014 earnings for each subsidiary and then adding back the projected net debt in 2014. The price to earnings multiple range used was 12.5x to 14.0x and the weighted average cost of capital ranged 5.0% to 8.0%, depending on the long-term capital structure of the utility.

American Transmission Systems, Incorporated: For FirstEnergy s transmission subsidiary American Transmission Systems, Incorporated, Morgan Stanley calculated a range of terminal values at the end of the projection period by applying a multiple to the subsidiary s projected 2014 earnings and then adding back the projected net debt in 2014. The price to earnings multiple range used was 15.0x to 18.0x and the weighted average cost of capital was 6.0% to 7.0%.

FirstEnergy Solutions Corp.: For FirstEnergy s unregulated generation subsidiary, FirstEnergy Solutions Corp., Morgan Stanley calculated a range of terminal values at the end of the projection period by applying an Aggregate Value/EBITDA multiple to FirstEnergy Solutions Corp. s projected 2014 EBITDA. The Aggregate Value to EBITDA multiple range used was 7.0x to 8.0x and the weighted average cost of capital range was 8.0% to 9.0%.

Corporate: For unallocated corporate-level expenses and other items, Morgan Stanley calculated a range of terminal values at the end of the projection period by applying a perpetual growth rate to projected 2014 corporate free cash flow. The perpetual growth rate range used was 0.0% to 1.0% and the weighted average cost of capital was 7.0% to 8.0%.

From this analysis, Morgan Stanley calculated a range of equity values per share of FirstEnergy common stock of $47.02 to $60.81 on the basis of FirstEnergy s forecast of relevant commodity curves. Applying Allegheny Energy s forecast of relevant commodity curves to FirstEnergy s projections yielded a range of equity values per share of FirstEnergy common stock of $39.19 to $51.64. Morgan Stanley noted that the closing price of FirstEnergy common stock on February 8, 2010 was $40.99.

The sum-of-the-parts discounted cash flow analyses do not imply the value at which the individual Allegheny Energy or FirstEnergy businesses could be sold. Morgan Stanley did not consider the effect of transaction costs, including taxes that could be payable, associated with a disposition of any of the Allegheny Energy or FirstEnergy businesses.

Sum-of-the-Parts Comparable Public Companies Analysis. Morgan Stanley also used a comparable companies analysis as described earlier to analyze each of Allegheny Energy s and FirstEnergy s constituent businesses. Using management estimates, Morgan Stanley compared certain financial measures of selected comparable companies to those of the relevant businesses within Allegheny Energy and FirstEnergy. Morgan Stanley selected these comparable companies based upon its views as to the comparability of the financial and operating characteristics of these companies to the relevant Allegheny Energy and FirstEnergy businesses. Morgan Stanley calculated reference value ranges for the Allegheny Energy and FirstEnergy businesses by applying various multiples derived from these comparable companies to selected financial measures of the relevant Allegheny Energy and FirstEnergy businesses based on information provided by each company s management. Based on this analysis, Morgan Stanley calculated per share values for Allegheny Energy common stock ranging from $25.14 to $32.34. Morgan Stanley noted that the implied consideration to be paid for each share of Allegheny Energy common stock was $27.34 as of February 8, 2010. In addition, based on this analysis, Morgan Stanley calculated per share values for FirstEnergy common stock ranging from $37.14 to $45.45 and noted that the closing price of FirstEnergy common stock on February 8, 2010 was $40.99.

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Analysis of Selected Precedent Transactions. Morgan Stanley also performed an analysis of selected precedent transactions, which attempted to provide an implied value for Allegheny Energy by comparing it to other companies involved in business combinations. Using publicly available information, Morgan Stanley considered two sets of announced or completed transactions:

United States mergers, referred to in this joint proxy statement/prospectus as Large U.S. All-Stock Mergers, announced since January 1990 involving 100% stock-for-stock exchanges with a transaction size of at least $1 billion; and

Utility sector corporate acquisition transactions since January 2005, referred to in this joint proxy statement/prospectus as Utility Acquisitions.

Morgan Stanley compared certain financial and market statistics of the two sets of selected precedent transactions. Based on an assessment of the Large U.S. All-Stock Mergers, Morgan Stanley applied a premium to unaffected market price ranging from 20% to 40%. Based on the analysis of the Large U.S. All-Stock Mergers, Morgan Stanley calculated a per-share price for Allegheny Energy common stock ranging from $25.07 to $29.25. Based on an assessment of the Utility Acquisitions, Morgan Stanley applied a premium to unaffected market price ranging from 15% to 30% as well as a multiple to the I/B/E/S median estimate for Allegheny Energy s 2010 earnings ranging from 15.0x 18.5x. Based on the analysis of Utility Acquisitions, Morgan Stanley calculated a per-share price for Allegheny Energy common stock ranging from $24.02 to $41.63. Morgan Stanley noted that the implied consideration to be paid for each share of Allegheny Energy common stock was $27.34 as of February 8, 2010.

No transaction utilized as a comparison in the analysis of selected precedent transactions is identical to the merger in business mix, timing and size. Accordingly, an analysis of the results of the foregoing necessarily involves complex considerations and judgments concerning differences in financial and operating characteristics of Allegheny Energy and other factors that would affect the value of the companies to which it is being compared. In evaluating the precedent transactions, Morgan Stanley made judgments and assumptions with regard to industry performance, global business, economic, market and financial conditions and other matters, many of which are beyond the control of Allegheny Energy, such as the impact of competition on Allegheny Energy and the industry generally, industry growth and the absence of any adverse material change in the financial conditions and prospects of Allegheny Energy or the industry or the financial markets in general. Mathematical analysis (such as determining the mean or median) is not, in itself, a meaningful method of using precedent transactions data.

Premium to 52-Week High. Morgan Stanley applied a premium of 0% to 10% to the highest closing price of Allegheny Energy common stock during the 52-week period ending February 8, 2010, which was $35.03. Based on this analysis, Morgan Stanley calculated a per-share value of Allegheny Energy common stock ranging from $35.03 to $38.53. Morgan Stanley noted that the implied consideration to be paid for each share of Allegheny Energy common stock was $27.34 as of February 8, 2010.

Pro Forma Transaction Analysis. Using financial projections provided by the managements of Allegheny Energy and FirstEnergy and publicly available I/B/E/S earnings estimates, Morgan Stanley reviewed the pro forma impact of the merger on FirstEnergy s internal projections of EPS for the years 2011-2013, taking into account the different commodity curve forecasts of FirstEnergy and Allegheny Energy, and I/B/E/S median EPS estimates for the years 2011-2012. For purposes of this analysis, the transaction was viewed as pro forma for 2011 with respect to full-year consolidated financial statements.

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Using each company s forward-looking financial information as the basis of comparison, the pro forma impact on Reported Earnings Per Share (defined as earnings per share taking into account all projected merger-related adjustments, including certain purchase accounting adjustments and FirstEnergy s estimates of expected synergies) was found to be accretive to earnings from 2011 to 2013 to FirstEnergy. Using I/B/E/S median EPS estimates as the basis of comparison, the pro forma impact on Reported Earnings Per Share was found to be accretive to earnings from 2011 to 2012 to FirstEnergy.

In connection with the review of the transaction by FirstEnergy s board of directors, Morgan Stanley performed a variety of financial and comparative analyses for purposes of rendering its opinion. The preparation of a fairness opinion is a complex process and is not susceptible to partial analysis or summary description. In arriving at its opinion, Morgan Stanley considered the results of all of its analyses as a whole and did not attribute any particular weight to any analysis or factor considered. Furthermore, Morgan Stanley believes that the summary provided and the analyses described above must be considered as a whole and that selecting any portion of the analyses, without considering all of them, would create an incomplete view of the process underlying Morgan Stanley s analyses and opinion. In addition, Morgan Stanley may have given various analyses and factors more or less weight than other analyses and factors, and may have deemed various assumptions more or less probable than other assumptions. As a result, the ranges of valuations resulting from any particular analysis or combination of analyses described above should not be taken to be the view of Morgan Stanley with respect to the actual value of FirstEnergy common stock or Allegheny Energy common stock.

In performing its analyses, Morgan Stanley made numerous assumptions with respect to industry performance, general business and economic conditions and other matters, many of which are beyond the control of FirstEnergy or Allegheny Energy. Any estimates contained in Morgan Stanley s analyses are not necessarily indicative of future results or actual values, which may be significantly more or less favorable than those suggested by the estimates. The analyses performed were performed solely as part of Morgan Stanley s analysis of the fairness from a financial point of view of the exchange ratio pursuant to the merger agreement and were conducted in connection with the delivery of Morgan Stanley s opinion dated February 10, 2010 to the FirstEnergy board of directors. The analyses do not purport to be appraisals or to reflect the prices at which FirstEnergy common stock or Allegheny Energy common stock might actually trade. The exchange ratio under the merger agreement and other terms of the merger agreement were determined through arm s length negotiations between FirstEnergy and Allegheny Energy and approved by the FirstEnergy board of directors. Morgan Stanley provided advice to FirstEnergy during these negotiations, but did not, however, recommend any specific exchange ratio or merger consideration to FirstEnergy, or that any specific exchange ratio or merger consideration constituted the only appropriate exchange ratio or merger consideration for the transaction. The opinion of Morgan Stanley was one of a number of factors taken into consideration by FirstEnergy s board of directors in making its decision to approve the merger agreement and the transactions contemplated by the merger agreement. Consequently, Morgan Stanley s analyses described above should not be viewed as determinative of the opinion of FirstEnergy s board of directors with respect to the value of FirstEnergy or Allegheny Energy, or the exchange ratio, or of whether the FirstEnergy board of directors would have been willing to agree to a different exchange ratio or merger consideration. See the section entitled Recommendation of the FirstEnergy Board of Directors and Its Reasons for the Merger beginning on page 58. Morgan Stanley s opinion was approved by a committee of Morgan Stanley investment banking and other professionals in accordance with its customary practice.

Morgan Stanley, as part of its investment banking businesses, is continually engaged in the valuation of businesses and their securities in connection with mergers and acquisitions, negotiated underwritings, competitive biddings, secondary distributions of listed and unlisted securities, private placements and valuations for estate, corporate and other purposes. FirstEnergy selected Morgan Stanley as its financial advisor based upon the firm s qualifications, experience and expertise and because it is an internationally recognized investment banking firm with substantial experience in transactions similar to the merger. In the ordinary course of its trading and brokerage activities, Morgan Stanley and its affiliates may at any time hold long or short positions, trade or otherwise effect transactions, for their own accounts or for the accounts of customers, in the equity or debt securities or senior loans of FirstEnergy or Allegheny Energy or any currency or commodity related to FirstEnergy or Allegheny Energy. Pursuant to the terms of its engagement, FirstEnergy has agreed to pay Morgan Stanley a fee of $35 million, a portion of which became payable upon announcement of the execution of the merger agreement, a portion of which is contingent upon FirstEnergy shareholder and Allegheny Energy stockholder approval and a portion of which is contingent upon completion of the merger. FirstEnergy has also agreed to reimburse Morgan Stanley for its fees and expenses incurred in performing its services. In addition, FirstEnergy has agreed to indemnify Morgan Stanley and its affiliates, their respective directors, officers, agents and employees and each person, if any, controlling Morgan Stanley or any of its affiliates against certain liabilities and expenses, including certain liabilities under the federal securities laws, related to or arising out of Morgan Stanley s engagement and any related transactions. In the two years prior to the date of its opinion, Morgan Stanley and its affiliates have provided financial advisory and financing services for FirstEnergy and Allegheny Energy and have received fees for the rendering of these services. In addition, an affiliate of Morgan Stanley is a lender of $68 million in principal amount in connection with the $1 billion credit facility, dated as of September 24, 2009, of Allegheny Energy Supply Company, LLC and a lender of $10 million in principal amount in connection with the $350 million credit facility, dated as of January 25, 2010, of Trans-Allegheny Interstate Line Company, the borrower under each of which is a wholly owned subsidiary of Allegheny Energy. Morgan Stanley also may in the future seek to provide financial advisory or financing services to FirstEnergy and Allegheny Energy and may receive fees for such services.

Opinion of Allegheny Energy s Financial Advisor

Allegheny Energy retained Goldman Sachs to provide it with financial advisory services and, at Allegheny Energy s request, to render an opinion as to the fairness from a financial point of view of the consideration to be received in connection with the merger. At the meeting of the board of directors of Allegheny Energy on February 10, 2010, Goldman Sachs delivered its oral opinion, subsequently confirmed in writing, that, as of February 10, 2010 and based upon and subject to the assumptions, considerations, qualifications and limitations set forth therein, the exchange ratio of 0.667 of a share of FirstEnergy common stock to be paid for each share of Allegheny Energy common stock pursuant to the merger agreement was fair from a financial point of view to the holders of Allegheny Energy common stock (other than FirstEnergy and its affiliates).

The full text of the written opinion of Goldman Sachs, dated February 10, 2010, which sets forth the assumptions made, procedures followed, matters considered, qualifications and limitations on the review undertaken in connection with the opinion, is attached as Annex D and incorporated by reference into this section of the joint proxy statement/prospectus. Goldman Sachs provided its opinion for the information and assistance of the board of directors of Allegheny Energy in connection with its consideration of the merger. The Goldman Sachs opinion is not a recommendation as to how any holder of Allegheny Energy common stock should vote with respect to the merger or any other matter.

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In connection with rendering the opinion described above and performing its related financial analyses, Goldman Sachs reviewed, among other things:

- the merger agreement;
- annual reports to shareholders and Annual Reports on Form 10-K of Allegheny Energy and FirstEnergy for the five fiscal years ended on December 31, 2008;
- certain interim reports to shareholders and Quarterly Reports on Form 10-Q of Allegheny Energy and FirstEnergy;
- certain publicly available research analyst reports for Allegheny Energy and FirstEnergy;
- certain other communications from Allegheny Energy and FirstEnergy to their respective shareholders; and
- certain internal financial analyses and forecasts for Allegheny Energy prepared by its management, which are referred to below as the Allegheny Energy Forecasts, and certain internal financial analyses and forecasts for FirstEnergy prepared by its management, as adjusted by the management of Allegheny Energy, which are referred to below as the FirstEnergy Forecasts, in each case as approved for Goldman Sachs use by Allegheny Energy.

Goldman Sachs also held discussions with members of the senior managements of Allegheny Energy and FirstEnergy regarding their assessment of the strategic rationale for, and the potential benefits of, the merger and the past and current business operations, financial condition, and future prospects of Allegheny Energy and FirstEnergy. In addition, Goldman Sachs reviewed the reported price and trading activity for the Allegheny Energy common stock and for the FirstEnergy common stock, compared certain financial and stock market information for Allegheny Energy and FirstEnergy with similar information for certain other companies the securities of which are publicly traded, reviewed the financial terms of certain recent business combinations in the utility industry and performed such other studies and analyses, and considered such other factors, as it considered appropriate.

For purposes of rendering the opinion described above, Goldman Sachs relied upon and assumed, without assuming any responsibility for independent verification, the accuracy and completeness of all of the financial, legal, regulatory, tax, accounting and other information provided to, discussed with or reviewed by it. Goldman Sachs assumed that the Allegheny Energy Forecasts and the FirstEnergy Forecasts had been reasonably prepared on a basis reflecting the best currently available estimates and judgments of the management of Allegheny Energy. In addition, Goldman Sachs did not make an independent evaluation or appraisal of the assets and liabilities (including any contingent, derivative or off-balance-sheet assets and liabilities) of Allegheny Energy or FirstEnergy or any of their respective subsidiaries, nor was any evaluation or appraisal of the assets or liabilities of Allegheny Energy or FirstEnergy or any of their respective subsidiaries furnished to Goldman Sachs. Goldman Sachs assumed that all governmental, regulatory or other consents and approvals necessary for the completion of the merger will be obtained without any adverse effect on Allegheny Energy or FirstEnergy or on the expected benefits of the merger in any way meaningful to its analysis. Goldman Sachs also assumed that the merger will be completed on the terms set forth in the merger agreement, without the waiver or modification of any term or condition the effect of which would be in any way meaningful to its analysis. Goldman Sachs did not express any opinion as to the impact of the merger on the solvency or viability of Allegheny Energy or FirstEnergy or the ability of Allegheny Energy or FirstEnergy to pay their obligations when they come due. Goldman Sachs opinion does not address any legal, regulatory, tax or accounting matters nor does it address the underlying business decision of Allegheny Energy to engage in the merger or the relative merits of the merger as compared to any strategic alternatives that may be available to Allegheny Energy. Goldman Sachs opinion addressed only the fairness from a financial point of view to the holders (other than FirstEnergy and its affiliates) of Allegheny Energy common stock, as of the date of the opinion, of the exchange ratio pursuant to the merger agreement. Goldman Sachs opinion did not express any view on, and did not address, any other term or aspect of the merger agreement or the merger or any term or aspect of any other agreement or instrument contemplated by the merger agreement or entered into or amended in connection with the merger, including, without limitation, the fairness of the merger to, or any consideration received in connection therewith by, the holders of any other class of securities, creditors or other constituencies of Allegheny Energy. Goldman Sachs opinion did not express any view on, and did not address the fairness of the amount or nature of any compensation to be paid or payable to any of the officers, directors or employees of Allegheny Energy or class of such persons in connection with the merger, whether relative to the exchange ratio pursuant to the merger agreement or otherwise. In addition, Goldman Sachs did not express any opinion as to the prices at which shares of FirstEnergy common stock will trade at any time. Goldman Sachs opinion was necessarily based on economic, monetary, market and other conditions, as in effect on, and the information made available to it as of, the date of the opinion and Goldman Sachs assumed no responsibility for updating, revising or reaffirming its opinion based on circumstances, developments or events occurring after the date of its opinion. Goldman Sachs opinion was approved by a fairness committee of Goldman Sachs.

The following is a summary of the material financial analyses delivered by Goldman Sachs to the board of directors of Allegheny Energy in connection with rendering the opinion described above. The following summary does not purport to be a complete description of the financial analyses performed by Goldman Sachs, nor does the order of analyses described represent the relative importance or weight given to those analyses by Goldman Sachs. Some of the summaries of the financial analyses include information presented in tabular format. The tables must be read together with the full text of each summary and are alone not a complete description of Goldman Sachs financial analyses. Except as otherwise noted, the following quantitative information, to the extent that it is based on market data, is based on market data as it existed on or before February 8, 2010 and is not necessarily indicative of current market conditions.

For purposes of performing certain of its financial analyses, Goldman Sachs calculated an exchange ratio of 0.510 shares of FirstEnergy common stock per share of Allegheny Energy common stock, which is referred to below as the market exchange ratio, by dividing the closing price of Allegheny Energy common stock of $20.89 on February 8, 2010 by the closing price of FirstEnergy common stock of $40.99 on February 8, 2010. Goldman Sachs also noted that the exchange ratio of 0.667 of a share of FirstEnergy common stock per share of Allegheny Energy common stock to be paid for each share of Allegheny Energy common stock pursuant to the merger agreement, which is referred to below as the merger exchange ratio, implied a price per share for Allegheny Energy common stock of $27.34 based on the closing prices of Allegheny Energy and FirstEnergy on February 8, 2010.

Historical Trading Analysis

Goldman Sachs calculated the premium implied by the merger exchange ratio based on the closing prices per share of Allegheny Energy common stock and FirstEnergy common stock on February 8, 2010 and on January 27, 2010, the trading day prior to the date FirstEnergy s non-binding indicative proposal was received by Allegheny Energy, as well as the average premium implied by the merger exchange ratio based on the closing prices per share of Allegheny Energy common stock and FirstEnergy common stock during the period from January 27, 2010 to February 8, 2010 and the 30 trading day period ended on February 8, 2010. This analysis showed the following implied premiums and average premiums:

Date or Period	Implied Premium
February 8, 2010	30.9%
January 27, 2010	38.7%
January 27, 2010 February 8, 2010	36.8% (average)
30 trading day period ended February 8, 2010	34.8% (average)

Goldman Sachs also selected an indicative range of premiums of the acquisition price over the closing price on the day prior to the announcement of the merger of 10.5% to 20.0% and used these percentages to calculate a corresponding range of implied equity values per share of Allegheny Energy common stock, which was $23.00 to $25.00, based on the closing price of Allegheny Energy common stock on February 8, 2010 of $20.89. Goldman Sachs also calculated the exchange ratio implied by dividing each of the $23.00 low end and the $25.00 high end of the range of implied equity values of Allegheny Energy common stock by the $40.99 closing price of FirstEnergy common stock on February 8, 2010. This analysis indicated a range of implied exchange ratios of 0.561 to 0.610 of a share of FirstEnergy common stock per share of Allegheny Energy common stock.

Selected Companies Analysis

Goldman Sachs reviewed and compared certain financial information, ratios and public market multiples for Allegheny Energy and FirstEnergy to corresponding financial information, ratios and public market multiples for the following publicly traded companies in the utilities industry:

Constellation Energy Group, Inc.;

Edison International;

Entergy Corporation;

Exelon Corporation;

FPL Group, Inc.;

PPL Corporation; and

Public Service Enterprise Group Incorporated.

Although none of the selected companies is directly comparable to Allegheny Energy or FirstEnergy, the companies included were chosen because they are publicly traded companies with operations that for purposes of analysis may be considered similar to certain operations of Allegheny Energy and FirstEnergy.

With respect to Allegheny Energy, FirstEnergy and the selected companies, Goldman Sachs calculated:

The enterprise value, referred to as EV, which is defined as the market value of common equity plus the book value of debt, plus minority interest, less cash, as a multiple of estimated earnings before interest, taxes, depreciation and amortization, referred to as EBITDA, for calendar year 2011, which is referred to below as 2011E EV/EBITDA ;

The EV as a multiple of estimated EBITDA for calendar year 2012, which is referred to below as 2012E EV/EBITDA ;

The price per share as a multiple of estimated earnings per share, referred to as EPS, for calendar year 2011, which is referred to below as 2011E P/E ; and

The price per share as a multiple of estimated EPS for calendar year 2012, which is referred to below as 2012E P/E.

The multiples and ratios for Allegheny Energy, FirstEnergy and for each of the other selected companies, were calculated using the closing price of each company s common stock on February 8, 2010 and were based on the most recent publicly available information and I/B/E/S estimates for calendar years 2011 and 2012.

This analysis indicated the following indicative multiples:

	Range*	Median*	Allegheny Energy	FirstEnergy
2011E EV/EBITDA	4.1x 7.3x	6.1x	5.7x	6.5x
2012E EV/EBITDA	4.1x 7.0x	6.2x	5.7x	6.6x
2011E P/E	8.4x 10.8x	9.7x	8.4x	10.0x
2012E P/E	9.0x 12.2x	9.7x	9.4x	9.6x

* Includes Allegheny Energy and FirstEnergy.

Based on this analysis, Goldman Sachs then selected certain reference ranges for each of the four categories of multiples listed in the table above and applied those ranges to determine indicative ranges of implied equity values of Allegheny Energy common stock based on the Allegheny Energy Forecasts. Goldman Sachs also selected certain reference ranges for each of the four categories of multiples listed in the table above and applied those ranges to determine indicative ranges of implied equity values of FirstEnergy common stock based on the FirstEnergy Forecasts. This analysis indicated the following indicative ranges of implied equity values of Allegheny Energy and FirstEnergy common stock:

	Allegheny Energy		FirstEnergy	
	Reference Ranges of Multiples	Implied Equity Values of Allegheny Energy Common Stock	Reference Ranges of Multiples	Implied Equity Values of FirstEnergy Common Stock
2011E EV/EBITDA	5.0x 6.0x	$ 15.25 $23.25	6.0x 7.0x	$ 30.75 $43.50
2012E EV/EBITDA	5.0x 6.0x	$ 13.75 $21.25	6.0x 7.0x	$ 28.50 $41.00
2011E P/E	8.0x 9.0x	$ 20.25 $22.75	9.5x 10.5x	$ 35.75 $39.50
2012E P/E	9.0x 10.0x	$ 20.50 $22.75	9.0x 10.0x	$ 32.50 $36.25

Goldman Sachs then calculated the exchange ratio implied by dividing the $14.50 average of the low ends of the implied equity value of Allegheny Energy common stock specified in the table above based on 2011E EV/EBITDA and 2012E EV/EBITDA multiple ranges by the $42.25 average of the high ends of the implied equity value of FirstEnergy common stock specified in the table above based on 2011E EV/EBITDA and 2012E EV/EBITDA multiple ranges. Goldman Sachs also calculated the exchange ratio implied by dividing the $22.25 average of the high ends of the implied equity value of Allegheny Energy common stock specified in the table above based on 2011E EV/EBITDA and 2012E EV/EBITDA multiple ranges by the $29.62 average of the low ends of the implied equity value of FirstEnergy common stock specified in the table above based on 2011E EV/EBITDA and 2012E EV/EBITDA multiple ranges. This analysis indicated a range of implied exchange ratios of 0.343 to 0.751 shares of FirstEnergy common stock per share of Allegheny Energy common stock.

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Goldman Sachs also calculated the exchange ratio implied by dividing the $20.38 average of the low ends of the implied equity value of Allegheny Energy common stock specified in the table above based on 2011E P/E and 2012E P/E multiple ranges by the $37.88 average of the high ends of the implied equity value of FirstEnergy common stock specified in the table above based on 2011E P/E and 2012E P/E multiple ranges. Goldman Sachs also calculated the exchange ratio implied by dividing the $22.75 average of the high ends of the implied equity value of Allegheny Energy common stock specified in the table above based on 2011E P/E and 2012E P/E multiple ranges by the $34.13 average of the low ends of the implied equity value of FirstEnergy common stock specified in the table above based on 2011E P/E and 2012E P/E multiple ranges. This analysis indicated a range of implied exchange ratios of 0.538 to 0.667 of a share of FirstEnergy common stock per share of Allegheny Energy common stock.

Illustrative Discounted Cash Flow Analyses

Goldman Sachs performed a discounted cash flow, referred to as DCF, analysis to determine a range of illustrative implied present values of Allegheny Energy common stock based on projected unlevered free cash flows for Allegheny Energy on a stand-alone basis for the years ending on December 31, 2010 through 2014, using the Allegheny Energy Forecasts. For the purposes of this analysis, and several other analyses described below, Goldman Sachs took into consideration two possible scenarios. Under the first scenario, referred to as the Base Case, federal and/or state regulations of emissions of carbon dioxide, referred to below as carbon legislation, would not be adopted. Under the second scenario, referred to as the Carbon Legislation Case, carbon legislation would be adopted and become effective beginning in 2013 and would have the financial impact estimated by Allegheny Energy management based on certain assumptions, including with respect to the estimated cost of carbon. Goldman Sachs calculated the present value of the projected unlevered free cash flows for Allegheny Energy for the years ending on December 31, 2010 through 2014 by using a range of discount rates from 7.0% to 8.0%, reflecting estimates of the weighted average cost of capital, referred to as WACC, of Allegheny Energy. Goldman Sachs then calculated Allegheny Energy s terminal EV on December 31, 2014 by applying a range of EV/EBITDA terminal multiples of 5.0x to 6.0x to estimated 2014 EBITDA. The results of the terminal EV calculation were then discounted to the present value by using a range of discount rates from 7.0% to 8.0%, reflecting estimates of the WACC of Allegheny Energy, and the implied terminal equity value of Allegheny Energy was then calculated by subtracting the year end 2009 net debt (which Goldman Sachs calculated for the purposes of this analysis as total debt less $527 million securitized debt less cash). Goldman Sachs then calculated the implied present value per share of Allegheny Energy common stock by adding the present value of the five years of projected unlevered free cash flows ending on December 31, 2014 to the present value of Allegheny Energy s terminal equity value. This analysis resulted in a range of implied present values of approximately $13.50 to $22.25 per share of Allegheny Energy common stock in the Base Case and a range of implied present values of approximately $12.00 to $20.50 per share of Allegheny Energy common stock in the Carbon Legislation Case.

Goldman Sachs performed a DCF analysis to determine a range of illustrative implied present values of FirstEnergy common stock based on projected unlevered free cash flows for FirstEnergy on a stand-alone basis for the years ending on December 31, 2010 through 2014, using the FirstEnergy Forecasts. Goldman Sachs calculated the present value of the projected unlevered free cash flows for FirstEnergy for the years ending on December 31, 2010 through 2014 by using a range of discount rates from 6.5% to 7.5%, reflecting estimates of WACC of FirstEnergy. Goldman Sachs then calculated FirstEnergy s terminal EV on December 31, 2014 by applying a range of EV/EBITDA terminal multiples of 6.0x to 7.0x to estimated 2014 EBITDA. The results of the terminal

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EV calculation were then discounted to the present value by using a range of discount rates from 6.5% to 7.5%, reflecting estimates of the WACC of FirstEnergy, and the implied terminal equity value of FirstEnergy was then calculated by subtracting the year end 2009 net debt (which Goldman Sachs calculated for the purposes of this analysis as total debt less cash). Goldman Sachs then calculated the implied present value per share of FirstEnergy common stock by adding the present value of the five years of projected unlevered free cash flows ending on December 31, 2014 to the present value of FirstEnergy s terminal equity value. This analysis resulted in a range of implied present values of approximately $24.50 to $37.00 per share of FirstEnergy common stock in the Base Case and a range of implied present values of approximately $32.25 to $44.75 per share of FirstEnergy common stock in the Carbon Legislation Case.

Goldman Sachs also calculated the exchange ratio implied by dividing the low end of approximately $13.50 (Base Case) and $12.00 (Carbon Legislation Case), respectively, of the implied value of Allegheny Energy common stock indicated by the DCF analysis by the high end of approximately $37.00 (Base Case) and $44.75 (Carbon Legislation Case), respectively, of the implied value of FirstEnergy common stock indicated by the DCF analysis. Goldman Sachs also calculated the exchange ratio implied by dividing the high end of approximately $22.25 (Base Case) and $20.50 (Carbon Legislation Case), respectively, of the implied value of Allegheny Energy common stock indicated by the DCF analysis by the low end of approximately $24.50 (Base Case) and $32.25 (Carbon Legislation Case), respectively, of the implied value of FirstEnergy common stock indicated by the DCF analysis. This analysis indicated a range of implied exchange ratios of 0.365 to 0.908 in the Base Case and of 0.268 to 0.636 in the Carbon Legislation Case.

Goldman Sachs also performed a DCF analysis to determine a range of illustrative implied present values per share of the combined company s common stock, based on projected pro forma unlevered free cash flows for the combined company for the years ending on December 31, 2010 through 2014, using the Allegheny Energy Forecasts and the FirstEnergy Forecasts. Goldman Sachs calculated the present value of the projected pro forma unlevered free cash flows for the years ending on December 31, 2010 through 2014 by using a range of discount rates from 6.0% to 8.0%, reflecting estimates of the WACC for the combined company. Goldman Sachs then calculated the present value of the combined company s terminal EV on December 31, 2014 by applying a range of EV/EBITDA multiples of 5.5x to 7.5x to estimated 2014 EBITDA. The results of the terminal EV calculation were then discounted to the present value by using a range of discount rates from 6.0% to 8.0%, reflecting estimates of the WACC for the combined company, and the implied terminal equity value of the combined company was then calculated by subtracting the year end 2009 net debt of Allegheny Energy (which Goldman Sachs calculated for the purposes of this analysis as total debt less $527 million securitized debt less cash) and the year end 2009 net debt of FirstEnergy (which Goldman Sachs calculated for the purposes of this analysis as total debt less cash). Goldman Sachs then calculated the implied present value of the combined company s common stock by adding the present value of the five years of projected unlevered free cash flows ending on December 31, 2014 to the present value of the combined company s terminal equity value. The resulting implied present values of the combined company s common stock were then multiplied by the merger exchange ratio to arrive at a range of implied present values of Allegheny Energy common stock. This analysis resulted in a range of implied present values of approximately $15.66 to $32.71 per share of Allegheny Energy common stock in the Base Case and a range of implied present values of approximately $18.98 to $36.02 per share of Allegheny Energy common stock in the Carbon Legislation Case.

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Illustrative Sum-of-the-Parts Analysis

Goldman Sachs performed an illustrative sum-of-the-parts analysis to determine a range of implied equity values of Allegheny Energy common stock, which was based on a hypothetical separate valuation of Allegheny Energy s Electric Utilities, Transmission and Supply business segments. Goldman Sachs applied a range of multiples of 11.5x to 13.0x to the estimated 2010 net income of the Electric Utilities business segment, a range of multiples of 13.0x to 15.0x to the estimated 2014 net income of the Transmission business segment discounted to present value using an illustrative 10% equity discount rate, and a range of multiples of 6.0x to 7.5x to the estimated 2012 EBITDA of the Supply business segment. The estimated financial data used in the analysis was based on the Allegheny Energy Forecasts and publicly available information. The sum-of-the-parts analysis indicated the following ranges of approximate implied equity values of Allegheny Energy common stock:

	Implied Equity Values of Allegheny Energy Common Stock
Base Case	$ 21.50 - $28.00
Carbon Legislation Case	$ 19.75 - $26.25

Goldman Sachs also performed an illustrative sum-of-the-parts analysis to determine a range of implied equity values per share of FirstEnergy common stock, which was based on a hypothetical separate valuation of FirstEnergy s Electric Utilities, Transmission and FirstEnergy Solutions Corp. business segments. Goldman Sachs applied a range of multiples of 12.5x to 13.5x to the estimated 2010 net income of the Electric Utilities business segment, a range of multiples of 13.0x to 14.0x to the estimated 2010 net income of the Transmission business segment, and a range of multiples of 7.0x to 9.0x to the estimated 2011 EBITDA of the FirstEnergy Solutions Corp. business segment. The estimated financial data used in the analysis was based on the FirstEnergy Forecasts and publicly available information. The sum-of-the-parts analysis indicated the following ranges of approximate implied equity values of FirstEnergy common stock:

	Implied Equity Values of FirstEnergy Common Stock
Base Case	$ 35.00 - $44.00
Carbon Legislation Case	$ 42.75 - $51.75

Goldman Sachs then calculated, for the Base Case, the exchange ratio implied by dividing the low end of approximately $21.50 of the implied equity value of Allegheny Energy common stock by the high end of approximately $44.00 of the implied equity value of FirstEnergy common stock, and the exchange ratio implied by dividing the high end of approximately $28.00 of the implied equity value of Allegheny Energy common stock by the low end of approximately $35.00 of the implied equity value of FirstEnergy common stock. This analysis indicated a range of implied exchange ratios of 0.489 to 0.800. Goldman Sachs also calculated, for the Carbon Legislation Case, the exchange ratio implied by dividing the low end of approximately $19.75 of the implied equity value of Allegheny Energy common stock by the high end of approximately $51.75 of the implied equity value of FirstEnergy common stock, and the exchange ratio implied by dividing the high end of approximately $26.25 of the implied equity value of

Allegheny Energy common stock by the low end of approximately $42.75 of the implied equity value of FirstEnergy common stock. This analysis indicated a range of implied exchange ratios of 0.382 to 0.614 shares of FirstEnergy common stock per share of Allegheny Energy common stock.

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Contribution Analysis

Goldman Sachs examined the implied contribution of each of Allegheny Energy and FirstEnergy to the combined company s pro forma EBITDA and net income for the years 2011 through 2014, based on estimated EBITDA and net income for each company on a stand-alone basis for the years 2011 through 2014 derived from the Allegheny Energy Forecasts, the FirstEnergy Forecasts and publicly available information. This analysis indicated that the implied contribution of Allegheny Energy to the combined company ranged from approximately 25% to approximately 37%, with the median being approximately 27%. As part of this analysis, Goldman Sachs also derived an implied range of exchange ratios from approximately 0.611 to approximately 1.072, with the median being approximately 0.659 shares of FirstEnergy common stock per share of Allegheny Energy common stock.

Pro Forma Analysis

Goldman Sachs prepared an illustrative pro forma analysis of the potential financial impact of the merger, excluding any potential synergies resulting from the merger, on FirstEnergy s estimated EPS for years 2010 through 2014 using the Allegheny Energy Forecasts and the FirstEnergy Forecasts. For each of the years 2010 through 2014, Goldman Sachs compared the estimated EPS of FirstEnergy common stock on a stand-alone basis to the estimated EPS of the FirstEnergy common stock on a pro forma basis following the merger. Based on this analysis, and excluding any potential synergies resulting from the merger, the proposed merger would be dilutive to FirstEnergy in years 2010 through 2012 and accretive in years 2013 and 2014.

In addition, based on the current annual dividend paid on the Allegheny Energy common stock of $0.60 per share and the current annual dividend paid on the FirstEnergy common stock of $2.20 per share, Goldman Sachs calculated that, based on the 0.667 merger exchange ratio, Allegheny Energy stockholders would receive a pro forma annual dividend of approximately $1.47 per share following the merger, representing a 145% increase compared to the current annual dividend paid on the Allegheny Energy common stock of $0.60 per share.

Sensitivity Analysis

Goldman Sachs reviewed the potential impact of four hypothetical scenarios (each of which was based on Allegheny Energy management estimates and assumptions) on the projected value of Allegheny Energy common stock on a stand-alone basis (which is referred to as the Allegheny Energy stand-alone sensitivity value) as compared to the potential impact of the same hypothetical scenarios on a projected pro forma value of 0.667 of a share of FirstEnergy common stock following the merger (which is referred to as the Allegheny Energy pro forma sensitivity value). The first scenario was an increase in market power prices of $10/MWH. The second scenario was the Carbon Legislation Case. The third scenario was the adoption by the Environmental Protection Agency, which is referred to as the EPA, of more stringent regulations than those currently in effect and the corresponding costs of compliance estimated by Allegheny Energy management. The fourth scenario analyzed the potential combined financial impact of the second and third scenarios. For each scenario, Goldman Sachs noted that the Allegheny Energy pro forma sensitivity value was higher than the Allegheny Energy stand-alone sensitivity value.

The preparation of a fairness opinion is a complex process and is not necessarily susceptible to partial analysis or summary description. Selecting portions of the analyses or of the summary set forth above, without considering the analyses as a whole, could create an incomplete view of the processes underlying Goldman Sachs opinion. In arriving at its fairness determination, Goldman Sachs considered the results of all of its analyses and did not attribute any particular weight to any factor or analysis considered by it. Rather, Goldman Sachs made its determination as to fairness on the basis of its experience and professional judgment after considering the results of all of its analyses. No company or transaction used in the above analyses as a comparison is directly comparable to Allegheny Energy or FirstEnergy or the contemplated merger.

Goldman Sachs prepared these analyses for purposes of providing its opinion to the board of directors of Allegheny Energy as to the fairness from a financial point of view to the holders of Allegheny Energy common stock (other than FirstEnergy and its affiliates) of the exchange ratio pursuant to the merger agreement. These analyses do not purport to be appraisals nor do they necessarily reflect the prices at which businesses or securities actually may be sold. Analyses based upon forecasts of future results are not necessarily indicative of actual future results, which may be significantly more or less favorable than suggested by these analyses. Because these analyses are inherently subject to uncertainty, being based upon numerous factors or events beyond the control of the parties or their respective advisors, none of Allegheny Energy, FirstEnergy, Goldman Sachs or any other person assumes responsibility if future results are materially different from those forecast.

The exchange ratio was determined through arm s length negotiations between Allegheny Energy and FirstEnergy and was approved by the board of directors of Allegheny Energy. Goldman Sachs provided advice to Allegheny Energy during these negotiations. Goldman Sachs did not, however, recommend any specific exchange ratio to Allegheny Energy or its board of directors or indicate that any specific exchange ratio constituted the only appropriate exchange ratio for the merger.

As described above, Goldman Sachs opinion to the board of directors of Allegheny Energy was one of many factors taken into consideration by the board of directors of Allegheny Energy in making its determination to engage in the merger and approve the merger agreement. The foregoing summary does not purport to be a complete description of the analyses performed by Goldman Sachs in connection with the fairness opinion and is qualified in its entirety by reference to the written opinion of Goldman Sachs attached as Annex D and incorporated by reference to this section of the joint proxy statement/prospectus.

Goldman Sachs and its affiliates are engaged in investment banking and financial advisory services, commercial banking, securities trading, investment management, principal investment, financial planning, benefits counseling, risk management, hedging, financing, brokerage activities and other financial and non-financial activities and services for various persons and entities. In the ordinary course of these activities and services, Goldman Sachs and its affiliates may at any time make or hold long or short positions and investments, as well as actively trade or effect transactions, in the equity, debt and other securities (or related derivative securities) and financial instruments (including bank loans and other obligations) of Allegheny Energy, FirstEnergy and any of their respective affiliates or any currency or commodity that may be involved in the transaction for their own account and for the accounts of their customers. Goldman Sachs acted as financial advisor to Allegheny Energy in connection with, and participated in certain of the negotiations leading to, the merger. In addition, Goldman Sachs has provided certain investment banking and other financial services to Allegheny Energy and its affiliates from time to time, including having acted as senior co-manager with respect to a public offering of fixed rate debt (aggregate principal amount of $215,000,000) in October 2007, as senior co-manager with respect to a public offering of fixed rate debt (aggregate principal amount of $235,000,000) in June 2009, as joint-bookrunner with respect to a public offering of Allegheny Energy s 6.75% Senior Unsecured Notes due September 2039 (aggregate principal amount of $250,000,000) in September 2009, and as joint-bookrunner with respect to an offering of Allegheny Energy s 5.75% Senior Unsecured Notes due September 2019 (aggregate principal amount of $350,000,000) in September 2009. Goldman Sachs also has provided certain investment banking and other financial services to FirstEnergy and its affiliates from time to time, including having acted as joint-lead bookrunner with respect to an offering of FirstEnergy s 7.70% Senior Unsecured Notes due January 2019 (aggregate principal amount of $300,000,000) in January 2009, as joint-bookrunner with respect to a public offering of FirstEnergy s 5.50% First Mortgage Bonds due August 2024 (aggregate principal amount of $300,000,000) in August 2009, and as a counterparty with respect to various derivative transactions entered into by FirstEnergy from 2007 to 2009. Goldman Sachs also may provide investment banking and other financial services to Allegheny Energy, FirstEnergy and their respective affiliates in the future. In connection with the above-described services Goldman Sachs has received, and may receive, compensation.

The board of Allegheny Energy selected Goldman Sachs as its financial advisor because it is an internationally recognized investment banking firm that has substantial experience in transactions similar to the merger. Pursuant to a letter agreement dated January 19, 2010, Allegheny Energy engaged Goldman Sachs to act as its financial advisor in connection with the contemplated merger. Pursuant to the terms of that engagement letter, Allegheny Energy has agreed to pay Goldman Sachs a fee of $23 million, a portion of which became payable upon execution of the definitive merger agreement on February 10, 2010, a portion of which is contingent upon approval of the merger by holders of the requisite majority of Allegheny Energy common stock and a portion of which is contingent upon completion of the merger. In addition, Allegheny Energy has agreed to reimburse Goldman Sachs for its expenses, including attorneys fees and disbursements, and to indemnify Goldman Sachs and related persons against various liabilities, including certain liabilities under the federal securities laws.

Additional Interests of the FirstEnergy Directors and Executive Officers in the Merger

In considering the recommendation of the FirstEnergy board with respect to the merger, FirstEnergy shareholders should be aware that the executive officers and directors of FirstEnergy have certain interests in the merger that may be different from, or in addition to, the interests of FirstEnergy shareholders generally. The FirstEnergy board was aware of these interests and considered them, among other matters, in evaluating, negotiating and approving the merger agreement and making its recommendation that the FirstEnergy shareholders approve the share issuance and the charter amendment. These interests are described below.

Continuing Positions with FirstEnergy

Under the terms of the merger agreement, all of the directors of FirstEnergy immediately before the merger will continue to serve as directors of FirstEnergy after completion of the merger. Additionally, it is expected that each of the executive officers of FirstEnergy before the merger will, after the completion of the merger, continue to serve as executive officers of FirstEnergy holding the same or similar offices as they held with FirstEnergy immediately before the merger.

Additional Interests of the Allegheny Energy Directors and Executive Officers in the Merger

In considering the recommendation of the Allegheny Energy board with respect to the merger, Allegheny Energy stockholders should be aware that the executive officers and directors of Allegheny Energy have certain interests in the merger that may be different from, or in addition to, the interests of Allegheny Energy stockholders generally. The Allegheny Energy board was aware of these interests and considered them, among other matters, in approving the merger agreement and the merger and making its recommendation that the Allegheny Energy stockholders approve the merger agreement and the merger. These interests are described below.

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Continued FirstEnergy Board Service

The parties have agreed that two members of the Allegheny Energy board will be added to the FirstEnergy board effective upon completion of the merger. and have been designated to become members of the FirstEnergy board. The other directors of Allegheny Energy will no longer serve as directors of Allegheny Energy (and will not serve as directors of FirstEnergy) effective upon completion of the merger and will become eligible to receive any vested benefits, including if applicable any deferrals under Allegheny Energy s non-employee director deferred compensation plan.

Allegheny Energy s non-employee directors are compensated through (1) quarterly stock awards, (2) an annual cash retainer, including additional cash retainers for serving as the presiding director and for serving on committees and as the chair of a committee, and (3) fees for board and committee meetings attended. FirstEnergy s non-employee directors are compensated through a combination of annual cash and equity-based retainers, including cash retainers for: (a) board and committee meetings attended, company office or facility visits, industry meetings or trainings attended upon request; (b) serving as chairperson on the corporate governance committee, the compensation committee, the finance committee, the nuclear committee or the audit committee, (c) serving as a member of the audit committee, and (d) serving as the non-executive chairman of the board of directors. Since the compensation amounts for non-employee directors of Allegheny Energy and FirstEnergy are different, the aggregate annual compensation of and for serving as directors of FirstEnergy may be higher or lower than their Allegheny Energy director compensation.

Treatment of Stock Options and Other Equity Awards

Under the Allegheny Energy stock plans, upon approval of the merger agreement and the merger by the Allegheny Energy stockholders, the following treatment will apply to stock awards (other than grants of restricted or unrestricted Allegheny Energy common stock to members of the Allegheny Energy board of directors) that were granted before the execution of the merger agreement and that remain outstanding upon stockholder approval of the merger agreement and the merger:

- options to purchase Allegheny Energy common stock will become fully vested and exercisable, and any options that are not exercised before completion of the merger will automatically convert upon completion of the merger (as described in greater detail below) into an option to acquire FirstEnergy common stock on a basis intended to preserve the intrinsic value of the option and otherwise on the terms and conditions applicable under the option;

- restricted Allegheny Energy common stock (other than that held by Allegheny Energy directors) will vest in full; and

- performance awards will be deemed earned at the target performance level and will be settled in shares of Allegheny Energy common stock not more than 30 days following stockholder approval of the merger agreement and the merger.

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The following table sets forth, as of March 1, 2010, (1) the number of stock options held by each Allegheny Energy executive officer whose vesting will accelerate upon stockholder approval of the merger agreement and the merger and their weighted average exercise price, (2) the number of restricted shares whose restrictions will lapse upon stockholder approval of the merger agreement and the merger, and (3) the number of performance shares whose payment will be accelerated upon stockholder approval of the merger agreement and the merger. The Allegheny Energy directors hold no such awards. Because Allegheny Energy s stock price at the time of stockholder approval of the merger agreement and the merger is not now determinable, it is not possible at this time to ascribe a value to the options, restricted shares and performance shares shown below.

Name	Number of Shares Subject to Unvested Options	Weighted Average Exercise Price Per Option Share ($)	Number of Restricted Shares	Number of Performance Shares
Paul J. Evanson	477,182	29.230	0	244,872
Curtis H. Davis	29,539	28.671	0	15,160
Rodney L. Dickens	17,953	26.100	0	4,710
Edward Dudzinski	21,035	28.622	0	10,602
David M. Feinberg	29,539	29.229	11,900	15,160
Eric S. Gleason	75,039	38.741	0	15,160
Kirk R. Oliver	41,519	24.091	0	18,090
William F. Wahl, III	10,997	28.342	0	5,115

Restricted Allegheny Energy common stock granted to Allegheny Energy directors before execution of the merger agreement will vest in full upon completion of the merger. The following table sets forth the number of restricted shares held by directors that will vest upon completion of the merger:

Name	Number of Restricted Shares
H. Furlong Baldwin	0
Eleanor Baum	1,000
Cyrus F. Freidheim, Jr.	0
Julia L. Johnson	0
Ted J. Kleisner	0
Christopher D. Pappas	0
Steven H. Rice	1,294
Gunnar E. Sarsten	1,000
Michael H. Sutton	0

Stock awards (other than the ordinary course quarterly grants of unrestricted stock to directors) granted after execution of the merger agreement will not vest upon either stockholder approval of the merger agreement or completion of the merger. However, any performance awards granted after execution of the merger agreement will be deemed earned at the target performance level for the year in which the merger is completed and all subsequent years (*e.g.*, if the closing occurs in 2011, actual performance will be applied in respect of 2010 and target performance will be assumed for 2011 and 2012), and the resulting number of performance shares will be treated as restricted Allegheny Energy common stock units whose payment at the end of the three-year performance cycle is generally subject to continued employment during that period (subject to earlier vesting upon retirement, disability or death in accordance with Allegheny Energy s historical performance share grant practices). Upon completion of the merger, each such restricted stock unit will be redenominated in FirstEnergy shares in proportion to the exchange ratio of 0.667.

Any options to purchase shares of Allegheny Energy common stock that are outstanding upon completion of the merger (including those whose vesting was accelerated as described above) will be assumed by FirstEnergy on the same terms and conditions as applied to the assumed stock option immediately prior to the merger except that the option will cover shares of FirstEnergy common stock in a manner that is intended to preserve, as of the completion of the merger, the intrinsic value of the Allegheny Energy option immediately before completion of the merger (such that the number of FirstEnergy shares covered by the option will equal the number of Allegheny Energy shares subject to the assumed option immediately prior to the merger multiplied by the exchange ratio, rounded down to the nearest whole share, and the exercise price per share will equal the exercise price under the assumed option immediately prior to the merger divided by the exchange ratio, rounded up to the nearest whole cent).

If the holder of a stock option or performance share terminates his or her employment for good reason or is terminated without cause following completion of the merger (or, for Allegheny Energy executive officers other than Mr. Evanson, before the merger if the circumstances of the termination are attributable to FirstEnergy), then any performance awards will vest in full and (to the extent not yet then already fully vested) any options will vest in full as well. Regardless of when vested, options will remain exercisable for their full term (in the case of Mr. Evanson) and for three years or 90 days following termination of employment for other executive officers (depending on whether they are retirement eligible upon termination).

No Allegheny Energy stock options have been granted since execution of the merger agreement. The following table shows, for each executive officer, the target number of Allegheny Energy performance shares granted since the execution of the merger agreement:

Name	**Number of Performance Shares**
Paul J. Evanson	359,436
Curtis H. Davis	22,808
Rodney L. Dickens	20,861
Edward Dudzinski	16,648
David M. Feinberg	22,808
Eric S. Gleason	22,808
Kirk R. Oliver	33,698
William F. Wahl, III	7,863

Severance Arrangements

Each of the Allegheny Energy executive officers other than Mr. Evanson participates in Allegheny Energy s Executive Change in Control Severance Plan, which provides for certain severance benefits upon a qualifying termination of employment (a good reason resignation by the executive or an involuntary termination without cause, as those terms are defined in the plan) within 24 months following completion of the merger (or before the merger if the circumstances of the termination are attributable to FirstEnergy). Likewise, pursuant to his employment agreement, Mr. Evanson is entitled to certain severance benefits if he terminates his employment following completion of the merger for good reason (including without limitation his failure to become chief

executive officer or chairman of the combined company) or his employment is involuntarily terminated without cause, as those terms are defined in the employment agreement.

These severance benefits are described in more detail below. Pursuant to the Executive Change in Control Severance Plan and Mr. Evanson s employment agreement, respectively, each of the executives is prohibited for one year following termination of employment for any reason from competing against Allegheny Energy or its successors in certain respects and for two years following termination for any reason from soliciting Allegheny Energy employees.

Executive Change in Control Severance Plan

In the event of a qualifying termination of employment, the executive officers of Allegheny Energy other than Mr. Evanson are entitled to the following:

a lump sum severance payment equal to three times (two times in the case of Mr. Wahl) the sum of the executive officer s base salary and target bonus amount;

a bonus payment equal to the target annual bonus for the year of termination, prorated for the number of days the executive officer was employed during such year;

a lump-sum payment of $60,000 ($40,000 in the case of Mr. Wahl) in lieu of continued medical and dental coverage;

forgiveness of any obligation to repay any relocation benefits previously provided by Allegheny Energy to the executive officer;

full vesting in Allegheny Energy s Supplemental Executive Retirement Plan (in which only Mr. Dudzinski is presently vested) and an additional three years of service credit under that plan (two years in the case of Mr. Wahl); and

for executive officers other than Mr. Dickens, a gross-up payment for any golden parachute excise taxes for which the executive may be liable in respect of the benefits to be received by the executive that are contingent upon the completion of the merger unless such amount does not exceed 110% of the smallest amount that would be subject to that tax.

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The following table sets forth the approximate amount of the foregoing benefits determined as if the merger had occurred and the executives experienced a qualifying termination of employment as of December 31, 2009. The actual amounts payable will vary depending on the timing of the merger and any qualifying termination, the amount of salary and bonuses being earned by the executive officers at that time, and various assumptions about the golden parachute excise tax imposed in respect of Section 280G of the Internal Revenue Code. As a result, the actual amounts, if any, to be received by an executive officer may differ in material respects from the amounts set forth below.

Name	**Severance Payment ($)**	**Pro-Rata Bonus Payment ($)**	**Payment in Lieu of Continued Medical/ Dental ($)**	**Relocation Payment Forgiveness ($)**	**Present Value of Additional SERP Benefits ($)**	**280G Gross-Up Payment ($)**	**Total ($)**
Curtis H. Davis	1,800,000	200,000	60,000	40,558	458,738	0	2,559,296
Rodney L. Dickens	1,575,000	175,000	60,000	88,989	241,893	0	2,140,882
Edward Dudzinski	1,485,000	165,000	60,000	0	375,890*	1,044,246	3,130,136
David M. Feinberg	1,800,000	200,000	60,000	0	407,672	1,187,899	3,655,571
Eric S. Gleason	1,800,000	200,000	60,000	3,181	234,754	1,071,326	3,369,261
Kirk R. Oliver	2,756,250	393,750	60,000	56,241	460,141	1,595,274	5,321,656
William F. Wahl, III	636,525	82,513	40,000	0	326,591	466,118	1,551,747

* As of December 31, 2009, Mr. Dudzinski had a vested Allegheny Energy Supplemental Executive Retirement Plan benefit of $1,122,303.

Evanson Employment Agreement with Allegheny Energy

In the event of a qualifying termination of employment under his employment agreement, Mr. Evanson is entitled to the following:

a lump sum severance payment equal to the sum of his base s