

## Incentive Plan Performance Criteria Disclosure

RESOLVED, that the shareholders of FirstEnergy Corporation (“Company”) hereby request that the Company’s Board of Directors take the necessary steps to establish a performance-based senior executive compensation system that focuses the five most highly-paid members of management on advancing the long-term success of the Company. To demonstrate that such steps have been taken, we request that the Compensation Committee Report included in the company’s annual report to shareholders identify specific performance criteria and explain why they have been selected; the specific target level that must be achieved to satisfy that performance criteria; and rank each performance factor in order of importance, as well as identify the weight attached to each factor.

### **Supporting Statement**

The long-term success of the Company depends on the ability of the board of directors and senior management to establish and implement a strategic plan that ensures the Company’s long-term success. This strategic plan must meet the needs of the Company’s customers, recognize the important contributions of its employees, accept the Company’s responsibility to associate itself with responsible vendors and suppliers, and satisfy all legal and ethical responsibilities to the Company’s immediate and broader community.

Senior management must be keenly focused on fulfilling these strategic plans. The best way to ensure proper focus is through a performance-based executive compensation system that generously rewards superior performance. Specific financial and non-financial performance criteria should be selected to focus the five most highly-paid members of management on advancing the long-term success of the Company.

This system must be transparent, justifiable and challenging to focus senior management and the rest of the Company. Accountability must be the cornerstone of the system. Such a system would serve to motivate senior management and all other employees throughout the ranks.

Too often, though, the executive compensation system may reward average or below average performance and does not motivate senior management to excel. Rather than challenging them to achieve superior performance, enormous compensation packages, including

massive stock option grants, effectuate significant and unjustifiable transfer of wealth from shareholders to managers. Such a system is not in shareholders' interest.

The Company's most recent proxy statement provides in pertinent part:

The Committee approved six long-term 1999 corporate financial and strategic objectives for Mr. Holland [retiring Chairman and CEO]. These objectives related to the achievement of confidential target levels regarding total shareholder return relative to the Edison Electric Institute's Index of Investor-Owned Electric Companies (the "Index"), merger savings, profit, earnings per share, customer service excellence, and the level of performance at FirstEnergy's nuclear facilities as measured by an industry index.

The Company's unwillingness to disclose target levels for these performance criteria diminishes shareholders' ability to monitor the Company's compensation practices and ascertain whether senior management is truly being rewarded for outstanding performance. Adoption of this proposal would advance a senior management compensation system that promotes accountability, ensures management is rewarded for excellent performance, not average results, and focuses management and all employees on achieving long-term success. We urge you to vote for this proposal.