ALLEGHENY ENERGY, INC
Form 425
September 02, 2010

Filed by FirstEnergy Corp.
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Subject Company: Allegheny Energy, Inc.
Commission File No: 333-165640

The following is a press release relating to the proposed merger with Allegheny Energy, Inc. issued by FirstEnergy Corp. on September 2, 2010 and subsequently posted on the merger-related website maintained jointly by Allegheny Energy, Inc. and FirstEnergy Corp.

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For Release: September 2, 2010

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FirstEnergy receives support for merger
from proxy advisory firms

Akron, Ohio   FirstEnergy Corp. (NYSE: FE) announced today that its proposed merger with Allegheny Energy (NYSE: AYE) received support from four proxy advisory firms. The firms   ISS Proxy Advisory Services; Glass, Lewis & Co.; PROXY Governance, Inc.; and Egan-Jones Proxy Services   have recommended that FirstEnergy shareholders vote for each of the proposals related to the proposed merger.

We are pleased to have received recommendations in favor of our proposed merger from these independent advisors, said Anthony J. Alexander, president and chief executive officer of FirstEnergy. Their support of the merger underscores our belief that the combination of FirstEnergy and Allegheny Energy will help us continue to build shareholder value.

FirstEnergy s special meeting of shareholders will be held Tuesday, September 14, 2010, at 9:30 a.m. Eastern time, at the John S. Knight Center in Akron, Ohio.

On February 11, 2010, FirstEnergy and Allegheny Energy announced plans to combine their companies in a stock-for-stock transaction. The merger, which received unanimous support from the boards of directors of both companies, requires certain approvals of the majority of outstanding shares of both companies.

The combination of FirstEnergy and Allegheny Energy is expected to provide enhanced earnings growth and shareholder return potential, and opportunities to create value through increased scale, scope and diversification. The transaction, which would create a company with approximately $16 billion in annual revenues and $1.4 billion in annual net income based on combined figures as of December 31, 2009, is expected to be accretive to earnings in the first full year following completion of the merger. The merger is expected to be completed in the first half of 2011, subject to customary closing conditions, including shareholder and regulatory approvals, as outlined in the joint proxy statement/prospectus.

FirstEnergy is a diversified energy company headquartered in Akron, Ohio. 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 operating companies comprise the nation s fifth largest investor-owned electric system, based on 4.5 million customers served within a 36,100-square-mile area of Ohio, Pennsylvania and New Jersey; and its generation subsidiaries control more than 14,000 megawatts of capacity.

INFORMATION CONCERNING FORWARD-LOOKING STATEMENTS

In addition to historical information, this news release may contain a number of forward-looking statements as defined in the Private Securities Litigation Reform Act of 1995. Words such as anticipate, expect, project, intend, plan, believe, and words and terms of similar substance used in connection with any discussion of future plans, actions, or events identify forward-looking statements. Forward-looking statements relating to the proposed merger include, but are not limited to: statements about the benefits of the proposed merger involving FirstEnergy and Allegheny Energy, including future financial and operating results; FirstEnergy s and Allegheny Energy s plans, objectives, expectations and intentions; the expected timing of completion of the transaction; and other statements relating to the merger that are not historical facts. Forward-looking statements involve estimates, expectations and projections and, as a result, are subject to risks and uncertainties. There can be no assurance that actual results will not materially differ from expectations. Important factors could cause actual results to differ materially from those indicated by such forward-looking statements. With respect to the proposed merger, these factors include, but are not limited to: risks and uncertainties relating to the ability to obtain the requisite FirstEnergy and Allegheny Energy shareholder approvals; the risk that FirstEnergy or Allegheny Energy may be unable to obtain governmental and regulatory approvals required for the merger, or required governmental and regulatory approvals may delay the merger or result in the imposition of conditions that could reduce the anticipated benefits from the merger or cause the parties to abandon the merger; the risk that a condition to closing of the merger may not be satisfied; the length of time necessary to consummate the proposed merger; the risk that the businesses will not be integrated successfully; the risk that the cost savings and any other synergies from the transaction may not be fully realized or may take longer to realize than expected; disruption from the transaction making it more difficult to maintain relationships with customers, employees or suppliers; the diversion of management time on merger-related issues; the effect of future regulatory or legislative actions on the companies; and the risk that the credit ratings of the combined company or its subsidiaries may be different from what the companies expect. These risks, as well as other risks associated with the merger, are more fully discussed in the joint proxy statement/prospectus that is included in the Registration

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Statement on Form S-4 (Registration No. 333-165640) that was filed by FirstEnergy with the SEC in connection with the merger. Additional risks and uncertainties are identified and discussed in FirstEnergy s and Allegheny Energy s reports filed with the SEC and available at the SEC s website at www.sec.gov. Forward-looking statements included in this document speak only as of the date of this document. Neither FirstEnergy nor Allegheny Energy undertakes any obligation to update its forward-looking statements to reflect events or circumstances after the date of this document.

ADDITIONAL INFORMATION AND WHERE TO FIND IT

In connection with the proposed merger, FirstEnergy filed a Registration Statement on Form S-4 (Registration No. 333-165640) with the SEC that includes a joint proxy statement of FirstEnergy and Allegheny Energy and that also constitutes a prospectus of FirstEnergy. **FirstEnergy and Allegheny Energy urge investors and shareholders to read the joint proxy statement/prospectus regarding the proposed merger, as well as other documents filed with the SEC, because they contain important information.** You may obtain copies of all documents filed with the SEC regarding this proposed transaction, free of charge, at the SEC s website (www.sec.gov). You may also obtain these documents, free of charge, from FirstEnergy s website (www.firstenergycorp.com) under the tab Investors and then under the heading Financial Information and then under the item SEC Filings. You may also obtain these documents, free of charge, from Allegheny Energy s website (www.alleghenyenergy.com) under the tab Investors and then under the heading SEC Filings.

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D WIDTH=12% ALIGN=RIGHT>$97,487 ($19,097)$78,390
Net Income $89,127 ($19,097)$70,030
Currency Translation Adjustment ($645)$137 ($508)
Total Comprehensive Income $88,482 ($18,960)$69,522
Earnings Per Share $0.52 ($0.11)$0.41

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Statements of Changes in Shareholder s Equity

	Inception to Date July 31, 2006		
	As Previously Reported	Adjustment Amount	As Restated
Net Income	$89,127	($19,097)	$70,030
Adjustment of redeemable capital shares to redemption value	($76,202)	$19,097	($57,105)
Currency Translation Adjustment	($645)	$137	($508)
Adjustment of redeemable capital shares to redemption value	$645	($137)	$508

Statement of Cash Flows

	Inception to Date July 31, 2006		
	As Previously Reported	Adjustment Amount	As Restated

	Inception to Date July 31, 2006		
Cash received for interest income	$13,658	($6,829)	$6,829
Net cash provided by operating activities	$12,925	($6,829)	$6,096
Cash received on issuance of redeemable shares	$26,721,165	$19,095	$26,740,260
Net cash provided by financing activities	$26,708,151	$19,095	$26,727,246
Increase in cash	$26,721,076	$12,266	$26,733,342
Adjustment to period cash flows due to currency movement	($193,621)	($86)	($193,707)
Cash at end of period	$26,527,544	$12,180	$26,539,724
Net Income	$89,127	($19,097)	$70,030
Increase in receivable from accrued interest	($83,222)	$12,180	($71,042)
Currency translation adjustment	($552)	$88	($464)

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4. Redeemable Capital Shares

Shares are classified as redeemable for financial statement purposes, since they are subject to redemption. Shares are issued and redeemed continuously in Baskets of 50,000 Shares in exchange for Canadian Dollars. Individual investors cannot purchase or redeem Shares in direct transactions with the Trust. Only Authorized Participants (as defined below) may place orders to create and redeem Baskets. An Authorized Participant is a Depository Trust Company (DTC) participant that is a registered broker-dealer or other institution eligible to settle securities transactions though the book-entry facilities of DTC and which has entered into a contractual arrangement with the Trust and the Sponsor governing, among other matters, the creation and redemption process. Authorized Participants may redeem their Shares at any time in the prescribed aggregations of 50,000-Share Baskets.

Due to expected continuing creations and redemptions of Baskets and the three-day period for settlement of each creation or redemption, the Trust reflects Shares created as a receivable. Shares redeemed are reflected as a liability on the trade date. Outstanding Shares are reflected at a redemption value, which is the NAV per Share at the period end date. Adjustments to redeemable capital shares at redemption value are recorded against retained earnings, or, in the absence of retained earnings, by charges against the cumulative translation adjustment.

Activity in redeemable capital Shares is as follows:

	Period from June 8, 2006 [Date of Inception] to July 31, 2006 (Restated)	
	Shares	US Dollar Amount
Opening balance	1	$ 89
Shares redeemed	(1)	(89)
Shares issued	300,000	26,740,260
Adjustment to period Shares due to currency movement and other	--	(137,066)
Ending Redemption Balance	300,000	$ 26,603,194

The Trustee calculates the Trust s NAV each business day. To calculate the NAV, the Trustee subtracts the Sponsor s accrued fee through the previous day from the Canadian Dollars held by the Trust (including all unpaid interest accrued through the preceding day) and calculates the value of the Canadian Dollars in USD based upon the Noon Buying Rate. If, on a particular evaluation day, the Noon Buying Rate has not been determined and announced by 2:00 PM (New York time), then the most recent Federal Reserve Bank of New York determination of the Noon

Buying Rate shall be used to determine the NAV of the Trust unless the Trustee, in consultation with the Sponsor, determines that such price is inappropriate to use as the basis for such valuation. In the event that the Trustee and the Sponsor determine that the most recent Federal Reserve Bank of New York determination of the Noon Buying Rate is not an appropriate basis for valuation of the Trust s Canadian Dollars, they shall determine an alternative basis for such evaluation to be employed by the Trustee. The Trustee also determines the NAV per Share, which equals the NAV of the Trust divided by the number of outstanding Shares. Shares deliverable under a purchase order are considered outstanding for purposes of determining NAV per Share; Shares deliverable under a redemption order are not considered outstanding for this purpose.

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5. Sponsor s Fee

The Sponsor s fee accrues daily at an annual nominal rate of 0.40% of the Canadian Dollars in the Trust (including all unpaid interest but excluding unpaid fees, each as accrued through the immediately preceding day) and is paid monthly.

The Sponsor assumes and pays the following administrative and marketing expenses incurred by the Trust: the Trustee s monthly fee, NYSE listing fees, SEC registration fees, typical maintenance and transaction fees of the Depository, printing and mailing costs, audit fees and expenses, up to $100,000 per year in legal fees and expenses, and applicable license fees. The Sponsor also paid the costs of the Trust s organization and the initial sales of the Shares, which were approximately $229,000 when the Trust was formed.

In certain exceptional cases the Trust will pay for some expenses in addition to the Sponsor s fee. These exceptions include expenses not assumed by the Sponsor (i.e., expenses other than those identified in the preceding paragraph), taxes and governmental charges, expenses and costs of any extraordinary services performed by the Trustee or the Sponsor on behalf of the Trust or action taken by the Trustee or the Sponsor to protect the Trust or the interests of Shareholders, indemnification of the Sponsor under the Depositary Trust Agreement, and legal expenses in excess of $100,000 per year.

6. Related Parties

The Sponsor is a related party of the Trust. The Sponsor oversees the performance of the Trustee and the Trust s principal service providers, including the preparation of financial statements, but does not exercise day-to-day oversight over the Trustee or the Trust s service providers. The Sponsor paid the costs of the Trust s organization and the initial sales of the Shares, as described in Note 5.

7. Concentration Risk

All of the Trust s assets are Canadian Dollars, which creates a concentration risk associated with fluctuations in the price of the Canadian Dollar. Accordingly, a decline in the price of the Canadian Dollar to USD exchange rate will have an adverse effect on the value of the Shares of the Trust. Factors that may have the effect of causing a decline in the price of the Canadian Dollar include national debt levels and trade deficits, domestic and foreign inflation rates, domestic and foreign interest rates, investment and trading activities of institutions and global or regional political, economic or financial events and situations. Substantial sales of Canadian Dollars by the official sector (central banks, other governmental agencies and related institutions that buy, sell and hold Canadian Dollars as part of their reserve assets) could adversely affect an investment in the Shares.

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8. Commitments and Contingencies

Under the Trust s organizational documents, the Sponsor is indemnified against any liability or expense it incurs without negligence, bad faith or willful misconduct on its part. The Trust s maximum exposure under these arrangements is unknown, as this would involve future claims that may be made against the Trust that have not yet occurred.

Item 2. MANAGEMENT S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Cautionary Statement Regarding Forward-Looking Information and Risk Factors

This report contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. These statements are predictions and actual events or results may differ materially from those expressed in our forward-looking statements. Risks and uncertainties may cause our actual results to differ materially from those expressed in our forward-looking statements. These uncertainties and other factors include, but are not limited to, the following:

The value of the Shares relates directly to the value of the Canadian Dollar held by the Trust and fluctuations in the price of the Canadian Dollar could materially adversely affect an investment in the Shares. Readers are urged to review the Risk Factors section contained in the Prospectus for a description of other risks and uncertainties that may affect an investment in the Shares.

The discussion and analysis which follows may contain statement that relate to future events or future performance. In some cases, such forward-looking statements can be identified by terminology such as anticipate, expect, intend, plan, believe, seek, outlook and estim as similar words and phrases that signify forward-looking statements. Neither the Sponsor nor any other person assumes responsibility for the accuracy or completeness of forward-looking statements. Further, these forward-looking statements are made as of the date of this report, and will not be revised or updated to reflect actual results or changes in the Sponsor s expectations or predictions.

Trust Overview

CurrencyShares Canadian Dollar Trust (the Trust) is a grantor trust that was formed on June 8, 2006. The Trust issues shares (the Shares) in blocks of 50,000 each (a Basket) in exchange for deposits of Canadian Dollars and distributes Canadian Dollars in connection with the redemption of Baskets.

The Trust is a passive investment vehicle. The Trust does not have any officers, directors, or employees. The investment objective of the Trust is for the Shares to reflect the price of the Canadian Dollar plus accrued interest, less the expenses of the Trust s operations. The Trust does not engage in any activities designed to obtain profit from, or ameliorate losses caused by, changes in the price of the Canadian Dollar.

The Shares of the Trust began trading on The New York Stock Exchange (NYSE) under the ticker symbol FXC on June 26, 2006. Investing in the Shares does not insulate the investor from certain risks, including price volatility.

Definition of Net Asset Value, Valuation of the Canadian Dollar

The net asset value (NAV) of the Trust is the aggregate value, expressed in U.S. Dollars, of the Trust s assets. To calculate the NAV, the Trustee adds to the amount of the Canadian Dollar in the Trust at the end of the preceding business day accrued but unpaid interest, Canadian Dollars receivable under pending purchase orders and the value of other Trust assets, and subtracts the accrued but unpaid Sponsor s fee, Canadian Dollars payable under pending redemption orders and other Trust expenses and liabilities, if any.

The NAV is expressed in US dollars (USD) based on the Noon Buying Rate as determined by the Federal Reserve Bank of New York. If, on a particular evaluation day, the Noon Buying Rate has not been determined and announced by 2:00 PM (New York time), then the most recent Federal Reserve Bank of New York determination of the Noon Buying Rate shall be used to determine the NAV of the Trust unless the Trustee, in consultation with the Sponsor, determines that such price is inappropriate to use as the basis for such valuation. The Trustee also determines the NAV per Share, which equals the NAV of the Trust divided by the number of outstanding Shares.

The Sponsor publishes the NAV and NAV per Share on each day that the NYSE is open for regular trading on the Trust s website, www.currencyshares.com.

The following chart illustrates the movement in the price of the Shares based on NAV per Share and the bid and ask midpoint offered on the NYSE as of the Noon Buying Rate versus the corresponding Canadian Dollar (expressed as a multiple of 100 Canadian Dollar Noon Buying

Rate x 100):

Liquidity

The Sponsor is not aware of any trends, demands, conditions or events that are reasonable likely to result in material changes to the Trust s liquidity needs. The Trust s Depository, JPMorgan Chase, London branch, maintains two deposit accounts for the Trust, a primary deposit account that earns interest and a secondary deposit account that does not earn interest. Interest on the primary deposit account accrues daily and is paid monthly. The interest paid as of July 31, 2006 was an annual nominal rate of 3.71%. The following chart provides the daily rate paid by the Depository since the Trust s Shares began trading on the NYSE:

In exchange for a fee, the Sponsor agreed to assume most of the expense incurred by the Trust. As a result, the only ordinary expense of the Trust during the period covered by this report was the Sponsor s fee. Each month the Depository deposits into the secondary deposit account accrued but unpaid interest and The Bank of New York as the Trustee, withdraws Canadian Dollars from the secondary deposit account to pay the accrued Sponsor s fee for the previous month plus any other Trust expenses. When the interest deposited exceeds the sum of the Sponsor s fee for the prior month plus other Trust expenses, if any, the Trustee converts the excess into USD at a prevailing market rate and distribute the USD as promptly as practicable to Shareholders on a pro rata basis (in accordance with the number of Shares that they own). Historical distributions are as follows:

FXC Distribution History

Date	Value	NAV	Yield	Annualized Yield
7/3/2006	$0.08697	$90.03	0.10	1.09

Critical Accounting Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires the Sponsor s management to make estimates and assumptions that affect the reported amounts of the assets and liabilities and disclosures of contingent liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the period.

In addition to the description below and for further descriptions, please refer to Note 2 to the consolidated financial statements for further discussion of our accounting policies.

The Trustee calculates the Trust s NAV each business day. For NAV calculation purposes, Canadian Dollar Deposits (cash) are translated at the Noon Buying Rate as determined and published by the Federal Reserve Bank of New York as of 12:00 PM (New York time) on each day that the NYSE is open for regular trading.

The functional currency of the Trust is the Canadian Dollar in accordance with Financial Accounting Standard 52, Foreign Currency Translation.

Results of Operations

The Trust was formed on June 8, 2006 when the Sponsor deposited 100 Canadian Dollars with the Depository in exchange for one Share. The Depository received 15,000,000 Canadian Dollar on behalf of the Trust in exchange for 150,000 Shares on July 21, 2006. Trading in the Shares of the Trust on the NYSE commenced on June 26, 2006. Through July 31, 2006 an additional 150,000 Shares had been created in exchange for 15,000,000 Canadian Dollars and the seed capital of 100 Canadian Dollar had been redeemed.

As of July 31, 2006 the amount of Canadian Dollar owned by the Trust was 30,000,000 resulting in a value of $ 26,603,194, based on the NAV on July 31, 2006.

Movements in the Price of the Canadian Dollar

The investment objective of the Trust is for the Shares to reflect the price of the Canadian Dollar. The Shares are intended to provide institutional and retail investors with a simple, cost-effective means of gaining investment benefits similar to those of holding Canadian Dollar. Each outstanding Share represents a proportional interest in the Canadian Dollar held by the Trust. The following chart provides recent trends on the price of the Canadian Dollar. The chart illustrates movements in the price of the Canadian Dollar in USD per Canadian Dollar during the period from August 1, 2005 to July 31, 2006, and is based on the Noon Buying Rate as determined by the Federal Reserve Bank of New York:

Historical values of the Noon Buying can be obtained at http://www.ny.frb.org/markets/fxrates/noon.cfm.

Item 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Not applicable.

Item 4. CONTROLS AND PROCEDURES

The Sponsor maintains disclosure controls and procedures on behalf of the Trust. The term disclosure controls and procedures (as defined in Rules 13a-15(e) and 15a-15(e) under the Securities Exchange Act of 1934) means controls and other procedures that are designed to ensure that information required to be disclosed in the reports that the Trust files or submits to the SEC under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC s rules and forms. The Trust s disclosure controls and procedures are designed by or under the supervision of the Sponsor s chief executive officer and chief financial officer who exercise oversight over the Trust, as the Trust has no officers. The chief executive officer and chief financial officer of the Sponsor have evaluated the effectiveness of the Trust s disclosure controls and procedures as of July 31, 2006. Based on that evaluation, the chief executive officer and chief financial officer of the Sponsor have concluded that the disclosure controls and procedures of the Trust were not effective as a result of the material weakness discussed below as of July 31, 2006.

A material weakness is a control deficiency, or a combination of control deficiencies, that results in more than a remote likelihood that a material misstatement of the annual or interim financials will not be prevented or detected.

As of July 31, 2006, the Trust did not maintain effective control over the accuracy of its interest income. Specifically, the Trust did not maintain effective control to ensure that the foreign currency received by the Trust in Basket creations and paid by the Trust in Basket redemptions was included in the calculation of income of the Trust, rather than in capital in accordance with accounting principles generally accepted in the United States of America and that the calculation was reviewed appropriately by the Sponsor. This control deficiency resulted in the restatement of the Trust s fiscal 2006 condensed financial statements for all interim periods and audit adjustments to the financial statements prepared by the Sponsor for the fiscal year ending October 31, 2006. Additionally, this control deficiency could result in a misstatement of interest income and accrued interest that would, in turn, result in a material misstatement of annual or interim financial statements that would not be prevented or detected. Accordingly, the Sponsor s management has determined that this control deficiency constitutes a material weakness.

Remediation Plan

The Sponsor has worked with and will continue to work with the Trustee, which provides financial statement information for the Trust, to remedy the issue. The Trustee has advised the Sponsor that it has implemented procedures and controls to better assure that these payments will be accounted for properly in the current year and all future financial statements of the Trust. In addition, the Sponsor has enhanced procedures and controls in connection with the review of all financial statement information provided by the Trustee to better assure that this type of error, or others like it, is detected in future financial statements.

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PART II OTHER INFORMATION

Item 1. Legal Proceedings

None.

Item 1A. Risk Factors

There have been no material changes from the risk factors disclosed in the Risk Factors section of the Trust s Annual Report on Form 10-K filed with the Securities and Exchange Commission on January 29, 2007.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

(a) On June 8, 2006, the Sponsor deposited 100 Canadian Dollars in the Trust s primary deposit account in exchange for one Share, solely for purposes of forming the Trust and preparing audited financial statements in the Registration Statement. The Sponsor redeemed the Share for 100 Canadian Dollars immediately after the Registration Statement was declared effective.

(b) Not applicable.

(c) On June 14, 2006, the Trust s Registration Statement was declared effective and the Sponsor redeemed for 100 Canadian Dollars the Share it received when it deposited 100 Canadian Dollars in the primary deposit account to form the Trust. No other Shares have been redeemed through July 31, 2006.

Item 3. Defaults upon Senior Securities

None.

Item 4. Submission of Matters to a Vote of Security Holders

None.

Item 5. Other Information

None.

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Item 6. Exhibits

Number	Description of Exhibit
31.1	Certification of Principal Executive Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
31.2	Certification of Principal Financial Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
32.1	Certification of Principal Executive Officer Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

32.2	Certification of Principal Financial Officer Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

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SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

RYDEX SPECIALIZED PRODUCTS LLC
D/B/A RYDEX INVESTMENTS,
SPONSOR OF CURRENCYSHARES[SM] CANADIAN DOLLAR TRUST

Date: February 28, 2007

By: /s/ NICK BONOS
Nick Bonos
Chief Financial Officer
(principal financial officer)

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