

FIRSTENERGY CORP
Form 11-K
June 24, 2005

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

**FORM 11-K
ANNUAL REPORT**

Pursuant to Section 15(d) of the
Securities Exchange Act of 1934

(Mark One)

ANNUAL REPORT PURSUANT TO SECTION 15 (d) OF THE SECURITIES EXCHANGE
ACT OF 1934

For the fiscal year ended December 30, 2004

OR

TRANSITION REPORT PURSUANT TO SECTION 15 (d) OF THE SECURITIES
EXCHANGE ACT OF 1934 (NO FEE REQUIRED) for the transition period
from _____ to 5313 _____.

Commission file number 333-21011

A. Full title of the plan and the address of the plan, if different from that of the
issuer named below:

FIRSTENERGY CORP. SAVINGS PLAN

B. Name of issuer of the securities held pursuant to the plan and the address
of its principal executive office:

FIRSTENERGY CORP.
76 SOUTH MAIN STREET
AKRON, OH 44308

**FirstEnergy Corp. Savings Plan
Report on Audits of Financial Statements
December 30, 2004 and 2003**

FirstEnergy Corp. Savings Plan

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December 30, 2004 and 2003

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All other schedules of additional financial information are omitted as they are not applicable or are not required based on the disclosure requirements of the Employee Retirement Income Security Act of 1974 and applicable regulations issued by the Department of Labor.

Report of Independent Registered Public Accounting Firm

To the Participants and Savings Plan Committee of the
FirstEnergy Corp. Savings Plan
Akron, Ohio

We have audited the accompanying statements of net assets available for plan benefits of FirstEnergy Corp. Savings Plan as of December 30, 2004 and 2003, and the related statements of changes in net assets available for plan benefits for the years then ended. These financial statements are the responsibility of the Plan's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the standards of Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the net assets available for plan benefits of FirstEnergy Corp. Savings Plan as of December 30, 2004 and 2003 and the changes in its net assets available for plan benefits for the years then ended in conformity with accounting principles generally accepted in the United States of America.

BOBER, MARKEY, FEDOROVICH & COMPANY

June 6, 2005

FirstEnergy Corp. Savings Plan

**Statements of Net Assets Available for Plan Benefits
At December 30, 2004 and 2003**

Assets	2004	2003
Investment in FirstEnergy Corp. Savings Plan		
Master Trust	\$ 1,853,724,935	\$ 1,686,661,351
Participant loans	33,342,687	30,412,933
Net assets available for benefits	\$ 1,887,067,622	\$ 1,717,074,284

The accompanying notes are an integral part of these financial statements.

FirstEnergy Corp. Savings Plan**Statements of Changes in Net Assets Available for Plan Benefits
For the Years Ended December 30, 2004 and 2003**

	2004	2003
Additions:		
Contributions:		
Employee	\$ 74,444,070	\$ 76,674,175
Employer	35,508,355	31,398,910
Total contributions	109,952,425	108,073,085
Investment income:		
Interest and dividends	67,559,695	51,151,845
Net appreciation in fair value of investments (Note 5)	129,549,163	202,582,607
Total investment income	197,108,858	253,734,452
Transfer of assets from other plans, net (Note 10)	-	622,421,986
Total additions	307,061,283	984,229,523
Deductions:		
Distributions to Participants	(125,626,144)	(85,489,592)
ESOP interest	(9,655,000)	(12,585,000)
Fees	(1,786,801)	(1,818,910)
Total deductions	(137,067,945)	(99,893,502)
Increase in net assets available for benefits	169,993,338	884,336,021
Net assets available for plan benefits, beginning of year	1,717,074,284	832,738,263
Net assets available for plan benefits, end of year	\$ 1,887,067,622	\$ 1,717,074,284

The accompanying notes are an integral part of these financial statements

FirstEnergy Corp. Savings Plan

Notes to Financial Statements December 30, 2004 and 2003

1. Description of the Plan

The FirstEnergy Corp. Savings Plan (the "Plan") provides eligible employees of FirstEnergy Corp. ("FirstEnergy") and its subsidiaries, collectively referred to as the "Companies", a mechanism through which they can save and invest part of their income on a tax deferred basis at regular intervals. Additionally, the Companies currently match employee contributions with shares of FirstEnergy common stock (see Note 7) held in the Employee Stock Ownership Plan ("ESOP") except for former GPU union participants that are currently matched in cash. However, according to the Plan, the Companies can alternatively make all contributions in cash. Employees may invest their contributions in other investment options (the "Funds") and all contributions made to employees' accounts are fully and immediately vested in the Plan. The purpose of the Plan is to encourage employees to adopt a regular savings program and to provide additional security for retirement. The following is a brief description of the Plan and is provided for general information purposes only. Employees should refer to the Plan documents for more complete information.

The Plan is a qualified profit-sharing plan under Section 401(a) of the Internal Revenue Code of 1986, as amended (the "Code"), and provides for salary reduction contributions under Section 401(k) of the Code. In general, plans established pursuant to Section 401(k) of the Code permit eligible employees to defer current federal and, subject to applicable laws, state and local income taxes on the portion of their current compensation represented by the amount of the salary reduction elected. The amounts, as elected by the employees, are contributed to the Plan by the Companies through payroll deductions.

The Plan is subject to Title I of the Employee Retirement Income Security Act of 1974 ("ERISA"), but not Title IV as it is an "individual account plan." Title I establishes reporting and disclosure requirements, minimum standards for participation, vesting and benefit accrual, prohibitions governing the conduct of fiduciaries and provides that ERISA pre-empts other federal, state and local statutes relating to employee benefits. The protective benefits of Title IV which relate to insuring pension benefits by the Pension Benefit Guaranty Corporation are not applicable to individual account plans.

Every permanent FirstEnergy employee is eligible to become a participant in the Plan, herein referred to as "employee" or "Participant", immediately at commencement of employment.

Employees may participate in one or more of the Funds through deferral of compensation. The choice of investments (except the Companies' matching contributions in the form of FirstEnergy common stock) is the responsibility of the individual employee. Transfers between funds are the responsibility of the employee and may be made on a daily basis.

Securities in the ESOP Account

The ESOP purchased a total of 10,654,114 shares of Ohio Edison ("OE") common stock from November 1990 to December 1991 for the purpose of funding the Companies' matching contribution to the Plan. On November 8, 1997, pursuant to the merger of OE and Centerior Energy Corporation that created FirstEnergy ("Merger"), shares of OE common stock were converted into shares of FirstEnergy common stock on a one-for-one basis.

FirstEnergy Corp. Savings Plan

Notes to Financial Statements December 30, 2004 and 2003

The Plan borrowed \$200 million, referred to herein as the "ESOP Loan", at a rate of 10% from OE to fund the purchase of the stock. The ESOP Loan is collateralized by the unallocated FirstEnergy common stock acquired with the proceeds of the ESOP Loan. The ESOP Loan is expected to be repaid by December 2005. Interest payments on the loan are made annually. Additionally, principal payments may be made sooner if additional shares of FirstEnergy common stock are needed for distributions to Participants. At December 30, 2004 and 2003, the ESOP Loan balance was \$60,850,000 and \$96,550,000, respectively.

ESOP Allocation

As principal and interest payments are made on the ESOP Loan, shares of FirstEnergy common stock are released from the ESOP Unallocated Fund to the ESOP Allocated Fund where they are made available for contribution to Participants' accounts. The Plan made interest payments of \$9,655,000 in 2004 and \$12,585,000 in 2003, which released 228,386 shares in 2004 and 297,695 shares in 2003. In December 2004, a principal payment of \$35,700,000 was made which led to the release of 844,474 shares. In December 2003, a principal payment of \$29,300,000 was made which led to the release of 693,083 shares.

The Companies' matching contribution to each Participant's account is computed the Thursday following the end of each pay period based on the Companies' matching contribution percentages (see Note 7) and on the quoted market price of FirstEnergy common stock when contributed. During 2004 and 2003, there were 913,135 and 968,431 ESOP shares, respectively contributed to Participants' accounts. In 2004 and 2003, respectively, 232,746 and 254,833 ESOP shares were realized related to the reinvestment of dividends on the ESOP shares.

At December 30, 2004 and 2003, there were 2,389,530 and 2,656,189 shares, respectively, held in the ESOP Unallocated Fund at market values of \$94,410,350 and \$93,497,853, respectively, and 7,201,364 and 6,553,214 shares, respectively, held in the ESOP Allocated Fund at market values of \$284,525,899 and \$230,673,148. The market value of the ESOP common stock is measured by the quoted market price.

PAYSOP

A component of the Plan consists of a qualified payroll-based tax credit employee stock ownership plan ("PAYSOP") under Section 401(a) and Section 501(a) of the Code.

Under the Economic Recovery Tax Act of 1981, effective January 1, 1983, tax credits were based upon eligible employee compensation. The regulation permitted the Companies to contribute to the fund a maximum of one-half of one percent of the aggregate compensation of eligible employees and claim a tax credit on its consolidated federal income tax return equal to this amount. The amounts allocated to eligible employees were based upon the proportion of their wages and salaries (to a maximum of \$100,000) to the wages and salaries of total employees for the year. The Tax Reform Act of 1986 eliminated the PAYSOP tax credit with respect to compensation earned in 1987 or later years. As a result, the Companies have not contributed to the PAYSOP since the 1986 contribution other than for the reimbursement of PAYSOP administrative expenses.

On November 8, 1997, pursuant to the Merger, shares of OE common stock held in the PAYSOP were converted into shares of FirstEnergy common stock on a one-for-one basis.

Prior to February 11, 2002, dividends were paid annually to Participants in the PAYSOP. The market value of the common stock in the PAYSOP is measured by the quoted market price. As of February 11, 2002, dividends are payable quarterly to Participants and Participants will also have the option to reinvest dividends back into the

PAYSOP Fund. The market value of the PAYSOP Fund was \$3,735,901 and \$3,347,085 at December 30, 2004 and 2003 respectively.

FirstEnergy Corp. Savings Plan

**Notes to Financial Statements
December 30, 2004 and 2003**

2. Summary of Accounting Policies

The financial statements have been prepared on the accrual basis of accounting.

The amount shown herein as the investment in the FirstEnergy Corp. Savings Plan Master Trust (the "Trust") as of December 30, 2004 and 2003 reflects the fair value of the assets held in such Trust and the Plan's relative interest in the Trust. The Plan's participation is measured at its value at the beginning of the valuation period plus net external cash flow (contributions, distributions, etc.) experienced by the Plan during the valuation period. Investment income, net realized gain (loss) on investments and net unrealized appreciation (depreciation) of investments are allocated to each participating plan based upon its accumulated monthly balance for each investment option.

Investment income from the Trust for the years ended December 30, 2004 and 2003, consists of interest and dividend income. The net appreciation (depreciation) in the fair value of investments consists of realized gains or losses and the unrealized appreciation (depreciation) on those investments in the Trust.

The market value of the Fund is measured at the market value per share determined by the investment manager except for funds A, B, L and N. See note 4 for the methodology used to determine fair value for each of these funds.

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts recorded in the financial statements and accompanying notes. Actual results may differ from these estimates.

Expenses for the administration of the Plan are paid for by the Plan unless otherwise paid for by the Companies.

Certain amounts from the prior year have been reclassified in order to conform to the current presentation.

3. Plan Termination

Although the Companies have not expressed any intent to do so, the Companies reserve the right to discontinue or terminate the Plan at any time. If the Plan should be terminated, in whole or in part, Participants will be entitled to withdraw the full value of their accounts, to the extent allowed by law.

FirstEnergy Corp. Savings Plan

**Notes to Financial Statements
December 30, 2004 and 2003**

4. Descriptions of Funds

The following are brief descriptions of the Funds available to Participants at December 30, 2004:

Fund A - Company Common Stock Fund

This Fund consists entirely of shares of FirstEnergy common stock. The Fund provides an opportunity for employees to increase their common ownership stake in FirstEnergy. The objective for this Fund is the growth of capital through both appreciation and dividend income. The Fund also holds the Companies' pre-ESOP matching contribution in FirstEnergy common stock. The common stock is purchased by the Trustee on the open market. The market value of the common stock is measured by the quoted market price.

Fund B - Capital Preservation Fund

This Fund consists of guaranteed fixed income contracts issued by insurance companies and banks, collateralized mortgage obligations, and short-term money market instruments. These contracts guarantee interest for a fixed period and the principal amount of all investments. The market value of the Capital Preservation Fund is measured at the contract value as determined by the insurers and banks.

Fund C - S&P 500 Index Fund

This Fund is a common/collective trust investing in the S&P 500 stocks. The objective of this Fund is the growth of capital through both appreciation and dividend income.

Fund D - Small Cap Value Fund

This Fund invests primarily in securities of well-financed small cap companies at a substantial discount to what the manager believes are takeover values. The manager is National City Bank and the mutual fund name is Armada Small Cap Value. The objective of the Fund is to match or exceed the returns of the Russell 2000 Value Index over time.

Fund E - Large Cap Value Fund

The Fund seeks long-term capital appreciation and income by focusing on domestic large company equities that are selling at modest prices to earnings multiples. Shares are usually held for the long-term. Only extreme valuations or major changes to a company's fundamentals will trigger a sale. The portfolio manager is Davis Selected Advisors, L.P. and the mutual fund name is Selected American Fund. The performance objective is to match or exceed the S&P/Barra Large Cap Value Index over time.

Fund F - Mid Cap Value Fund

The Fund seeks long-term capital appreciation by investing in mid-sized companies that are less closely monitored by the investment community as evidenced by low institutional ownership and analyst coverage. The goal is to find well-managed companies that have sustainable growth prospects but that are selling at prices below their private market value. The manager believes that these factors may cause shares to be undervalued. The manager may sell a stock when its price no longer compares favorably with the company's private market value. The portfolio manager is Lord Abbett Management and the mutual fund name is Lord Abbett Mid Cap Value Fund.

FirstEnergy Corp. Savings Plan

**Notes to Financial Statements
December 30, 2004 and 2003**

Fund G - Mid Cap Growth Fund

The Fund seeks long-term capital appreciation by investing in mid cap companies that are leaders in attractive growth markets and in securities of higher risk accelerating growth companies. These securities are driven by product cycles, favorable sector conditions or other company specific factors expected to produce rapid sales and earnings growth. The Fund's investments are usually bought and sold relatively frequently. The portfolio manager is Invesco Funds Group, Inc. and the mutual fund name is Invesco Dynamics Fund.

Fund H - Small Cap Growth Fund

The Fund seeks long term capital appreciation by investing in small companies that are positioned for above-average growth in revenues, earnings or assets. Both qualitative and quantitative analysis is used to evaluate companies for distinct and sustainable competitive advantages which are likely to lead to growth in earnings and share price. The portfolio manager is Franklin Advisers, Inc. The mutual fund name is Franklin Small Cap Growth II Fund.

Fund I - Bond Fund

The Fund seeks to maximize total return consistent with the preservation of capital by investing at least 65% of its assets in a diversified portfolio of intermediate term fixed income investments of varying maturities. The Fund invests primarily in investment grade debt but may invest up to 10% of its assets in high yield securities rated B or higher. The Fund may invest up to 20% of assets in securities denominated in foreign currencies. The portfolio manager is PIMCO and the mutual fund name is PIMCO Total Return Fund.

Fund J - Self Managed Fund

Participants may invest in a self-managed brokerage account available through State Street Brokerage Services, Inc. Options include mutual funds along with any security that is listed on the NYSE, ASE and NASDAQ.

Fund K - EuroPacific Fund

This Fund is an actively managed portfolio of foreign common stocks managed by Capital Research & Management Co. The objective of the Fund is the growth of capital through appreciation.

Fund L - Loan Fund

The Plan allows Participants to borrow from their before-tax, after-tax and rollover accounts for certain approved purposes. When loans are made, they are recorded as interfund transfers. The repayments of principal and interest are credited to the Participants' account balances within the respective funds. The employee repays the loan and all related interest through payroll deductions.

Participants may borrow up to 50 percent of their total account balance or 100 percent of their before-tax account, whichever is less. The interest rate charged is based on the prime rate plus 1 percent, and range from 5.0% to 10.79%. Participants may have up to two loans outstanding at one time. The minimum loan amount is \$1,000 and must be repaid within 6 and 60 months. If the loan is for the purchase of a principal residence, the loan repayment period can be extended to 30 years. The maximum loan amount is \$50,000.

FirstEnergy Corp. Savings Plan

**Notes to Financial Statements
December 30, 2004 and 2003**

Fund M - Armada Equity Growth Fund

This is an actively managed Fund specializing in large capitalization growth-oriented stock issues managed by National City Bank. The objective of the Fund is the growth of capital through appreciation.

Fund N - DQE Frozen Stock Fund

This Fund consists entirely of shares of Duquesne Light Holdings, Inc. ("DQE") common stock. These investments were transferred from the former Beaver Valley Power Station 401(k) Plan. The market value of the common stock is measured by the quoted market price. The Fund is frozen to contributions from Participants and allows withdrawals by Participants in accordance with the Plan document.

Fund O - Fidelity Puritan Fund

This Fund seeks capital appreciation by investing in a combination of equities and fixed income vehicles. Approximately 60% of assets are invested in stocks and 40% in bonds and other debt securities. The market value of this Fund is measured by the quoted market price.

Fund P - Conservative Balanced Fund

This Fund seeks capital appreciation by investing in a combination of equities and fixed income vehicles and is appropriate for the participant with a lower risk tolerance. The market value of this Fund is measured by the quoted market price.

Fund Q - Moderate Balanced Fund

This Fund seeks capital appreciation by investing in a combination of equities and fixed income vehicles and is appropriate for the participant with moderate risk tolerance. The market value of this Fund is measured by the quoted market price.

Fund R - Aggressive Balanced Fund

This Fund seeks capital appreciation by investing in a combination of equities and fixed income vehicles and is appropriate for the participant with a high level of risk tolerance. The market value of this Fund is measured by the quoted market price.

5. Investments

The Plan's i