

Mark to Market for The Cleveland Electric Illuminating Company, The Toledo Edison Company and The Ohio Edison Company (“Companies”) Standard Service Offer Supply Agreement

MtM Exposure Amount Calculation Information Update:

Table 1 contains the illustrative marks¹ for each month under the Standard Service Offer (SSO) Supply Agreement. Monthly marks are provided for January 2009 through March 2009. For the months, two-month blocks² or quarterly blocks² where broker quotes are available, broker quotes will be used for those months. For all the remaining months the Companies will be using a proprietary method that reflects forward market conditions.

The mark for each Billing Month is the mark that is calculated on the date that the SSO Request For Proposal (RFP) closes and will not change over the life of the contract. After the close of the SSO RFP, Forward Market Prices will change. In addition, the on-peak and off-peak loads used to calculate the MtM Exposure Amount will be adjusted monthly to reflect the most current changes.

Over the course of the contract, the Forward Market Prices will be compared to the marks set on the day that the SSO RFP closes to determine the Mark to Market exposure. The marks set on the day that the RFP closes as shown on Table 1 will be used in Appendix B to the FirstEnergy Companies Standard Service Offer Supply Agreement.

As indicated in Appendix B, on the day the RFP closes parameters will also be set for:

- The monthly on-peak load per tranche for each rate class (see Table 2)
- The monthly off-peak load per tranche for each rate class (see Table 2)
- The ratio between historical off-peak and on-peak energy prices (see Table 3)

The values posted in Table 1, Table 2 and Table 3 is those that the Companies intend to use for Appendix B when signing the contract.

¹ Illustrative marks represent Cinergy Hub on-peak prices.

² For two-month and quarterly blocks for which the average for the block and a component of the block are both quoted, the component will be equal to its quoted price and the other months in the block will be constructed so that the weighted average (weighted by on-peak hours in each month) of the block equals the quote for the block; e.g., Q4 2009 = \$50 and Oct 2009 = \$40; therefore, Oct 2009 = \$40 and Nov-Dec 2009 = \$55 $(\$50 * (336 + 336 + 368) - \$40 * 336) / (336 + 368) = \54.77 . If only the block is quoted, that price will be used for all relevant months; e.g., Jan/Feb 2009 = \$35, then Jan 2009 = \$35 and Feb 2009 = \$35.

Initial Marks for Standard Service Offer Supply Agreement

TABLE 1	
Initial Marks (\$/MWh)	
Jan 2009	\$50.25
Feb 2009	\$50.25
Mar 2009	\$48.19

Monthly Loads per Tranche

The monthly on-peak and off-peak loads per tranche are used when calculating the MtM. These loads are based on historical numbers and are subject to change by the Companies.

TABLE 2	Residential loads	
Month/Year	On-peak	Off-Peak
Jan 2009	27,754	23,468
Feb 2009	26,779	24,782
Mar 2009	24,267	24,441

Ratio of Off-Peak to On-Peak Prices

The Cinergy hub monthly ratio of off-peak to on-peak prices used in calculating the MtM.

TABLE 3	
Cinergy Hub Ratio of Off-Peak to On-Peak Prices	
January	0.72
February	0.81
March	0.75