

CASE

NUMBER:

99-413

& KENTUCKY UTILITIES COMPANY - LEASE OF TWO 164 MEGAWATT COMBUSTION TURBINES

IN THE MATTER OF THE JOINT APPLICATION OF LOUISVILLE GAS AND
ELECTRIC COMPANY AND KENTUCKY UTILITIES COMPANY FOR APPROVAL
TO EXECUTE A CROSS-BORDER LEASE OF TWO 164 MEGAWATT
COMBUSTION TURBINES

SEQ NBR	ENTRY DATE	REMARKS
0001	10/01/1999	Application.
0002	10/05/1999	Acknowledgement letter.
M0001	10/13/1999	MIKE KURTZ KIUC-PETITION TO INTERVENE
0003	10/14/1999	Order scheduling 10/8 informal conference
0004	10/15/1999	Order granting KIUC intervention
M0002	10/22/1999	KENDRICK RIGGS LG&E & KU-MOTION TO AMEND JOINT APPLICATION & AMEND JOINT APPLICATION
M0003	10/29/1999	MIKE KURTZ KIUC-RESPONSE TO KU & LG&E MOTION AMEND JOINT APPLICATION
0005	11/02/1999	Order granting motion to amend joint application
0006	11/02/1999	FINAL ORDER; LG&E & KU ARE AUTHORIZED TO EXECUTE LEASE
M0004	11/02/1999	KENDRICK RIGGS LG&E * KU-REPLY TO RESPONSE OF KIUC
0007	11/05/1999	Letter granting petition for confidentiality filed 10/1/99 by LG&E and KU.
M0005	11/23/1999	KENDRICK RIGGS LG&E & KU-APPLICATION FOR RECONSIDERATION
M0006	12/01/1999	KIUC MIKE KURTZ-RESPONSE TO APPLICATION FOR RECONSIDERATION
M0007	12/08/1999	KENDRICK RIGGS LG&E & KU-REPLY TO RESPONSE OF KIUC TO APPLICATION FOR RECONSIDERATION
0008	12/10/1999	Order granting reconsideration; info in Appendix A due 1/21 from LG&E & KU.
M0008	12/28/1999	RONALD WILHITE-REVENUE CABINET DETERMINATION CONCERNING KENTUCKY SALES
M0009	01/21/2000	KENDRICK RIGGS LG&E & KU-MOTION FOR EXTENSION OF TIME
M0010	01/25/2000	RONALD WILLHOITE LG&E-MOTION TO FILE LATE, PETITION FOR CONFIDENTIAL CROSS BORDER LEASE TRANS
0009	02/16/2000	Letter granting petition for confidentiality filed 1/25/2000 by LG&E.
0010	02/23/2000	Order granting motion for extension of time; info due 3/6 and 3/27
M0011	03/06/2000	WILLIAM BOSTA LG&E-RESPONSE TO PSC ORDER OF 12-10-99 FILED MARCH 6, 00
0011	06/15/2000	ORDER MODIFYING PARAGRAPH NO. 6 OF 11/2/99 ORDER

DATE	ACTION CODE	TIME	ROOM	TEAM LEADER	ATTORNEY	OFFICER	REPORTER	TRANSCRIPT DATE
10/18/1999 (I) COMMENTS:	H	01:30 P.M.	A	SCOTT I.	RAFF			



Ronald L. (Ron) Willhite
Vice President - Regulatory Affairs

LG&E Energy Corp.
220 West Main Street
P.O. Box 32030
Louisville, Kentucky 40232
502-627-2044
502-627-2585 FAX

January 25, 2000

Mr. Martin J. Huelsmann
Executive Director
Public Service Commission
730 Schenkel Lane
Frankfort, KY 40601

RECEIVED
JAN 25 2000
PUBLIC SERVICE
COMMISSION

RE: Filing of Cross Border Lease Transaction Documents, Petition for Confidential Treatment and Motion to File One Day Late

Case No. 99-413

Dear Mr. Huelsmann:

In compliance with ordering paragraph four of the Commission's Order of November 2, 1999 in Case No. 99-413, we are herewith filing two copies of all transaction documents associated with the sale and leaseback of two 164 MW combustion turbines located at Kentucky Utilities Company's Brown Generating Station.

Accompanying this filing is the original and ten copies of a Petition for Confidential Treatment of the legal opinions in their entirety and the Guaranty and Indemnity Agreement to the Cross Border Lease Transaction. Also enclosed, as required by the Commission's regulations, is a copy of the documents that are the subject of the Petition, placed under seal.

Also accompanying this filing is the original and ten copies of a Motion to File Late as we are tendering these documents one day later than required by the November 2 Order.

Please confirm the receipt of this filing by placing the stamp of your Office with the date received on the additional copy being provided of this filing letter, the Petition and the Motion and return to me in the enclosed envelope.

Sincerely,

Ronald L. Willhite

RLW:dl

Enclosures

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

RECEIVED
JAN 25 2000
PUBLIC SERVICE
COMMISSION

In the Matter of:

THE CROSS BORDER LEASE TRANSACTION)
EXECUTED DECEMBER 23, 1999 BETWEEN ABB) CASE NO. 99-413
CREDIT OY, KENTUCKY UTILITIES COMPANY)
AND LOUISVILLE GAS AND ELECTRIC COMPANY)

**PETITION OF THE LG&E PARTIES FOR
CONFIDENTIAL TREATMENT**

Kentucky Utilities Company and Louisville Gas and Electric Company (collectively, the "LG&E Parties"), petition the Commission pursuant to 807 KAR 5:001, Section 7, to classify and protect as confidential the legal opinions in their entirety and the Guaranty and Indemnity Agreement to the Cross Border Lease Transaction executed on December 23, 1999 for the reasons set out more fully below.

1. Concurrently with the filing of this Petition, the LG&E Parties are filing under seal the legal opinions and the Guaranty and Indemnity Agreement between themselves and ABB Credit Oy, ANZ Grindlays Export Finance Limited and Bank of America that relate to the cross border lease transaction executed on December 23, 1999. The legal opinions and the Guaranty and Indemnity Agreement are the subject of this Petition.

2. The Kentucky Open Records Act exempts from disclosure certain proprietary information. KRS 61.878 (1)(c). To qualify for this exemption and, therefore, maintain the confidentiality of the information, a party must establish that disclosure of the proprietary information would permit an unfair advantage to competitors of that party.

3. The confidentiality agreement executed by the parties with the cross border lease transaction on December 23, 1999 contained a carve-out exception for the Kentucky Public Service Commission; however, the legal opinions filed today are confidential because consents to file the opinions in a public place were not obtained from the parties giving the opinions. Said parties do not wish to be bound by their opinions in transactions other than the one for which the opinions were negotiated and ultimately rendered.

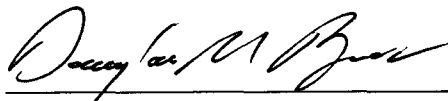
4. The Kentucky Open Records Act also exempts from disclosure certain commercial information. KRS 61.878 (1)(c). To qualify for this exemption and, therefore, maintain the confidentiality of the information, a party must establish that disclosure of the commercial information would permit an unfair advantage to competitors of that party.

5. The Guaranty and Indemnity Agreement filed today contains sensitive commercial information regarding the terms, and conditions upon which the LG&E parties are willing to provide a guaranty of certain obligations of its utility subsidiaries. In general, LG&E Parties only provide guaranties when they have to in order to facilitate a transaction. The terms of such guaranties are, by design, solely for the party benefiting from such guaranty and the subsidiary or affiliate of the LG&E entity precipitating the need for the guaranty. The disclosure of the Guaranty and Indemnity Agreement to the public could put LG&E Energy Corp. in an unfavorable negotiating position when it does transactions similar to the Cross Border lease in the future because a party requesting a guaranty could simply look at the documents on file and demand similar treatment. It is the LG&E entities' position that each guaranty sought and obtained should be negotiated on an individual basis, so that the LG&E entities are not bound to a document negotiated to meet a particular set of circumstances for all comers.

6. The information for which the Applicants are seeking confidential treatment is not known outside of the LG&E parties and the parties to the cross border lease transaction (Heller, Ehrman, White & McAuliffe, Greenebaum Doll & McDonald PLLC, Roschier-Holmberg & Waselius, Bank of America Leasing & Capital Group, ABB Asset Finance, ABB Credit Oy, Simpson Thacher & Bartlett, Hannes Snellman, ANZ Investment Bank, ANZ Grindlays Export Finance Limited and Clifford Chance), pursuant to a confidentiality agreement executed with the lease transaction on December 23, 1999. Further, the information is not disseminated within the LG&E parties except to those employees with a legitimate business need to know and act upon the information.

WHEREFORE, the LG&E Parties respectfully request that the Commission classify and protect as confidential the legal opinions in their entirety and the Guaranty and Indemnity Agreement to the lease transaction executed on December 23, 1999 that are being filed contemporaneously with this Petition.

Respectfully submitted,



Douglas M. Brooks
Senior Counsel Specialist, Regulatory
Louisville Gas and Electric Company
220 West Main Street
P.O. Box 32010
Louisville, Kentucky 40232
(502) 627-3547
Counsel for the LG&E Parties

CERTIFICATE OF SERVICE

This is to certify that a true copy of the foregoing instrument was mailed this the 24th day of January, 2000 to the parties on the attached service list.



Douglas M. Brooks

Parties of record for Case No. 99-413

Michael L. Kurtz, Esq.
Boehm, Kurtz and Lowry
36 East Seventh Street
Cincinnati, OH 45202

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

RECEIVED
JAN 25 2000
PUBLIC SERVICE COMMISSION

In the Matter of:

JOINT APPLICATION OF LOUISVILLE GAS)
AND ELECTRIC COMPANY AND KENTUCKY)
UTILITIES COMPANY FOR APPROVAL TO) CASE NO. 99-413
EXECUTE A CROSS-BORDER LEASE OF TWO)
164 MEGAWATT COMBUSTION TURBINES)

**MOTION OF KENTUCKY UTILITIES COMPANY AND
LOUISVILLE GAS AND ELECTRIC COMPANY FOR
PERMISSION TO FILE TRANSACTION DOCUMENTS ONE DAY LATE**

Kentucky Utilities Company ("KU") and Louisville Gas and Electric Company ("LG&E") request permission of the Public Service Commission to file the transaction documents one day late, and in support thereof states as follows.

1. The Commission's Order dated November 2, 1999 ("Order") in this proceeding required KU and LG&E to, among other things, submit within thirty days of the completion of the sale and leaseback transaction, two copies of all transaction documents with the Commission. The thirty-day deadline for filing the documents fell on January 24, 2000. KU and LG&E are filing contemporaneously with this Motion the relevant documentation required by the Order. Because this filing is being made one day late, the Companies request the permission of the Commission to deviate from the Order.

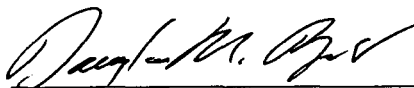
2. KU and LG&E were required to consult with some of the various parties to the transaction prior to filing the documents, as well as various company personnel, and determined that the documents could not be filed without a request for confidential treatment pursuant to 807 KAR 5:001, Section 7 of the Commission's regulations. Because of the need to prepare a

petition seeking confidential protection for the documents and the press of other business involving KU and LG&E counsel who have previously been directly involved in this proceeding, the filing could not be compiled and completed for filing any earlier than January 25, 2000.

3. The filing of the transaction documents one day after the due date will not prejudice the Commission or any of the parties to this proceeding or delay any determinations by the Commission. The final order approving the transaction was issued on November 2, 1999 and the only issue before the Commission on rehearing at this time involves an accounting issue.

WHEREFORE, Kentucky Utilities Company and Louisville Gas and Electric Company respectfully request that the Commission grant permission for the filing of the transaction documents required by the Commission's order of November 2, 1999 one day late.

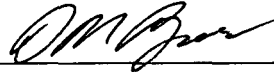
Respectfully submitted,



Douglas M. Brooks
Senior Counsel Specialist, Regulatory
LG&E ENERGY CORP.
220 West Main Street
P.O. Box 32010
Louisville, Kentucky 40232
(502) 627-2557
**Counsel for Kentucky Utilities Company and
Louisville Gas and Electric Company**

CERTIFICATE OF SERVICE

The undersigned certifies that a copy hereof was mailed on the 25th day of January, 2000 to David F. Boehm and Michael L. Kurtz, BOEHM, KURTZ & LOWRY, 2110 CBLD Center, 36 East Seventh Street, Cincinnati, OH. 45202.



Douglas M. Brooks

FINNISH CROSS BORDER LEASE

Executive Summary

On December 23, 1999, Louisville Gas and Electric Company ("LG&E") and Kentucky Utilities Company ("KU") (collectively, the "Companies") executed an 18-year Finnish cross border lease totaling \$122.8 million ("Transaction Value") with ABB Credit OY (the "Lessor") on two 164 megawatt combustion turbines (the "CTs") at KU's E. W. Brown Generating Station located in Mercer County, Kentucky.

By engaging in the transaction, the Companies received a gross payment equal to \$4.9 million, or 4% of the Transaction Value. To date, the expenses incurred to consummate the transaction total \$1.5 million, which represents 1.22% of the Transaction Value. Deducting these transaction expenses and the contingency fee payment to be paid to LG&E Energy Corp. (as described below), the after-tax net income impact of the transaction is \$1.9 million. The after-tax net benefit will be allocated between LG&E and KU in a split of 38% and 62%, respectively.

Basis for the Benefit. The Companies' primary benefit from the transaction is derived from the tax treatment of the transaction under the laws of Finland. The lease is treated as an operating or true lease under Finnish tax laws. The Lessor is treated as the tax owner of the CTs and, therefore, is entitled to depreciation deductions with respect to the CTs. These depreciation deductions effectively offset other taxable income of the Lessor, thereby lowering the Lessor's ultimate tax liability. In consideration of these tax benefits, the present value of the payments required from the Companies under the lease is lower than the Transaction Value. In this transaction, the present value of the payments under the lease (the rental payments and any

amount that the Companies must pay at the end of the lease term to reacquire title) was 4% less than the Transaction Value. The Companies retained this 4% difference as income less any applicable transaction costs and taxes.

Mechanics of the Transaction. The lease transaction involved three steps, which occurred simultaneously. The Companies first transferred legal title to their interests in the CTs to the Lessor. The Lessor borrowed 96% of the Transaction Value from the same bank that was used for the defeasance described below. The remaining 4% was funded as equity by the Lessor. Next, the Companies leased the CTs back for a period of 18 years. Third, the Companies defeased their obligations under the lease in the manner described below.

The lease contains routine indemnifications generally relating to third-party claims made against the Lessor with respect to the operation of the CTs. The Companies are responsible for all costs of operation, maintenance, insurance, taxes and other costs incident to the ownership, use or operation of the CTs.

The terms of the lease assure that title to the CTs is returned to the Companies at the end of the lease term, or in the event of an early termination of the lease, is transferred to the Companies for a fixed price. Title to the CTs reverts to the Companies at the end of the natural lease term. The Companies have an option to reacquire the CTs after 15.5 years upon payment of a predetermined fixed amount (the "Option Price"). Under the terms of our agreement, ANZ Grindlays Export Finance Limited (the "Defeasance Bank") is required to exercise the call option after 15.5 years and to pay the Option Price on the Companies' behalf.

The lease also provides for early termination, and the return of title to the Companies, contingent upon the occurrence of certain predetermined events. In the unlikely event that an early termination occurs or that the CTs are lost or destroyed as the result of a casualty, title to

the CTs reverts to the Companies upon the payment of a pre-determined fixed amount (the "Termination Payment").

The Termination Payment required in the event of an early termination of the lease or in the unlikely event that the CTs are destroyed or otherwise damaged by casualty and not repaired or replaced equals the sum of (1) the outstanding balance of the Lessor's debt at the time of termination of the lease (the "Base Amount Termination Payment") and (2) a fixed amount that returns to the Lessor its transaction costs and an amount equal to its yield on the transaction to the date of termination.

During the lease term, the Lessor is prohibited from subjecting the CTs to a lien without the Companies' consent. The lease also prevents the Lessor from assigning any of its rights, title, and interest in the lease or the CTs without seeking regulatory approval. The Companies have a right of quiet enjoyment to the use and possession of the CTs during the lease term. The Companies are liable for the ordinary operating and maintenance expenses that the Companies would otherwise be obligated to pay if they had not entered into the transaction.

Defeasance. The Companies defeased the obligations under the lease with respect to the basic rent payments, the Option Price (if any) and the Base Amount Termination Payment through payments to the Defeasance Bank. The Companies deposited with the Defeasance Bank 96% of the Transaction Value. This is the same 96% that the Lessor borrowed from the Defeasance Bank. As a result, the Defeasance Bank released the Companies from their payment obligations.

Contingent Obligations. LG&E Energy Corp. ("LG&E Energy") irrevocably and unconditionally assumes and agrees to pay the obligations under the lease with respect to contingent obligations of the Companies. These assumed contingent obligations include

bankruptcy of the Companies or LG&E Energy as guarantor; failure to carry insurance; required termination to comply with a regulatory order; or changes in Finnish tax law. Through arrangements with the Defeasance Bank and Lessor, LG&E Energy has assumed primary responsibility for these obligations. In consideration for this assumption, the Companies are paying a fee to LG&E Energy equal to \$300,000 as calculated in Exhibit A.

Exhibit A
LG&E Energy Corp. Contingency Fee Calculation

Transaction Value \$ 122,800,000

Period	Date	Stip Loss Schedule B	Tax Unwind Schedule C	Lessee Event of Default Schedule D	LEC Contingency Fee ¹
0	12/23/1999	4.000000%	3.500000%	6.000000%	\$15,473
1	6/23/2000	3.899158%	3.399158%	5.999479%	15,184
2	12/23/2000	3.796435%	3.296435%	5.866125%	14,571
3	6/23/2001	3.691819%	3.191819%	5.836546%	14,228
4	12/23/2001	3.585298%	2.009709%	5.829760%	13,948
5	6/23/2002	3.476861%	1.933803%	5.798760%	13,616
6	12/23/2002	3.366499%	1.183250%	5.776500%	13,312
7	6/23/2003	3.254205%	1.127102%	5.765576%	13,040
8	12/23/2003	3.139972%	1.069986%	5.746895%	12,756
9	6/23/2004	3.023796%	0.407139%	5.740253%	12,505
10	12/23/2004	2.905675%	0.371703%	5.737852%	12,268
11	6/23/2005	2.785609%	0.335683%	5.720000%	12,002
12	12/23/2005	2.663599%	0.000000%	5.715353%	11,770
13	6/23/2006	2.539650%	0.000000%	5.705363%	11,531
14	12/23/2006	2.413768%	0.000000%	5.696453%	11,299
15	6/23/2007	2.285962%	0.000000%	5.606350%	10,914
16	12/23/2007	2.156245%	0.000000%	5.536931%	10,579
17	6/23/2008	2.024631%	0.000000%	5.332066%	9,998
18	12/23/2008	1.891138%	0.000000%	5.122984%	9,428
19	6/23/2009	1.755788%	0.000000%	4.909633%	8,867
20	12/23/2009	1.618605%	0.000000%	4.691964%	8,317
21	6/23/2010	1.479619%	0.000000%	4.469927%	7,776
22	12/23/2010	1.338861%	0.000000%	4.243475%	7,245
23	6/23/2011	1.196369%	0.000000%	4.012563%	6,724
24	12/23/2011	1.052184%	0.000000%	3.777147%	6,212
25	6/23/2012	1.000000%	0.000000%	3.537187%	5,709
26	12/23/2012	1.000000%	0.000000%	3.292643%	5,215
27	6/23/2013	1.000000%	0.000000%	3.043480%	4,731
28	12/23/2013	1.000000%	0.000000%	2.789662%	4,256
29	6/23/2014	1.000000%	0.000000%	2.531161%	3,790
30	12/23/2014	1.000000%	0.000000%	2.261917%	3,324
31	6/23/2015	1.000000%	0.000000%	1.770000%	2,553
32	12/23/2015	1.000000%	0.000000%	1.728646%	2,447
33	6/23/2016	1.000000%	0.000000%	1.680199%	2,334
34	12/23/2016	1.000000%	0.000000%	1.624369%	2,215
35	6/23/2017	1.000000%	0.000000%	1.560858%	2,089
36	12/23/2017	0.000000%	0.000000%	0.000000%	0
					\$322,224
					Present Value discounted at 6.31% ²
					\$300,000
					Fee Maximum

¹ Contingency Fee calculated using "Schedule D - Lessee Event of Default" column

² Discount rate was calculated using the weighted average of debt interest rates of 5.52% for LG&E and 6.79% for KU as defined in KPSC Case No. 98-426 and KPSC Case No. 98-474, respectively

EXECUTION COPY

LEASE AGREEMENT
(LG&E/KU)

dated as of December 23, 1999

between

ABB CREDIT OY,
Lessor

and

KENTUCKY UTILITIES COMPANY
and
LOUISVILLE GAS AND ELECTRIC COMPANY,
as Lessee

TWO ABB GT24 GAS POWER TURBINES
AND RELATED EQUIPMENT LOCATED IN BURGIN, KENTUCKY

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Exhibit G	Form of Assignment and Assumption for Disposition
Exhibit H	Form of Opinion for Disposition
Exhibit I	Form of Opinion of Internal Counsel of Lessee
Exhibit J	Form of Opinion of Kentucky Counsel of Lessee

LEASE AGREEMENT (LG&E/KU), made as of the 23rd day of December, 1999,
between

ABB CREDIT OY, a corporation organized and existing under the Laws of the
Republic of Finland, as lessor ("Lessor"); and

LOUISVILLE GAS AND ELECTRIC COMPANY, a corporation organized and
existing under the laws of the Commonwealth of Kentucky and KENTUCKY UTILITIES
COMPANY, a corporation organized and existing under the laws of the Commonwealths of Kentucky
and Virginia, each to the extent of their respective undivided interests as more particularly described
herein (collectively, "Lessee").

W I T N E S S E T H :

WHEREAS, Lessor proposes to purchase 100% of the undivided ownership interests
in two ABB GT24 gas power turbines and associated equipment, as more particularly described
herein, from Lessee (all capitalized terms used herein shall have the meanings ascribed thereto in
Section 1.1 hereof) pursuant to the Purchase Agreement and Bills of Sale; and

WHEREAS, Lessor proposes to enter into the Loan Agreement with the Lender to
finance a portion of such proposed purchases and, pursuant thereto, to enter into the Security
Assignment with the Lender securing Lessor's obligations under the Loan Agreement; and

WHEREAS, upon the terms and conditions and for the purposes set forth herein,
Lessor and Lessee propose to subject the Equipment to this Lease, with KU having a 62% undivided
leasehold interest in the Equipment and LG&E having a 38% undivided leasehold interest in the
equipment;

NOW, THEREFORE, in consideration of the mutual covenants set forth herein, and for
other valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties
hereto covenant and agree as follows:

ARTICLE 1

DEFINITIONS; RULES OF INTERPRETATION

SECTION 1.1. Definitions. For all purposes hereof, the capitalized terms used herein shall have the respective following meanings:

"ABB Credit" means ABB Credit OY, a corporation organized and existing under the Laws of the Republic of Finland.

"Account" has the meaning ascribed to such term in the Loan Agreement, provided that, in relation to any Equity Basic Rent, any Equity Portion or any sums payable hereunder in respect thereof, "Account" shall mean numbered 400432 designated "Equity Account" maintained by the Lender.

"Actual Knowledge" means, as to any Person, the actual awareness of, if such Person is a natural Person, such natural Person or, if such Person is not a natural Person (other than the Lessor or any of its Affiliates), an officer of such Person whose duties include administration or supervision of the one or more Operative Documents to which such Person is a party or, if such Person is the Lessor, the Vice President - Administration of the Lessor, of the fact, event or circumstance at issue; provided, however, that each such natural Person, each officer of a Person whose duties include administration or supervision of the one or more Operative Documents to which such Person is a party that is not a natural Person and the Vice President - Administration of the Lessor shall in any event be deemed to have "Actual Knowledge" of any matter as to which such natural Person or Person that is not a natural Person has been given notice pursuant to and in accordance with the provisions of any Operative Document to which such Person or natural Person is a party.

"Affiliate" means, with respect to a specified Person, an entity that directly, or indirectly through one or more intermediaries, controls or is controlled by, or is under common control with, the Person specified. For purposes of this definition, the term "control" (including the terms "controlled by" and "under common control with") means possession, direct or indirect, of the power to direct or cause the direction of management and policies of an entity, whether through ownership of voting securities, by contract or otherwise.

"After-Tax Basis" means on a basis such that any payment to be received or deemed to have been received by a Person shall be supplemented by a further payment to such Person so that the sum of the two payments, after deduction of all Taxes resulting from the receipt or accrual of such payment, shall be equal to the initial payment to be received or deemed to have been received.

"Approved Country" means Norway, Japan, Switzerland and any member state of the European Union.

"Arbitration Procedure" has the meaning ascribed to such term in Section 26.2.

"Banking Day" means a day, other than a Saturday or Sunday, on which commercial banks are open for business in (i) Helsinki, Finland, (ii) London, England and (iii) Louisville, Kentucky, United States.

"Basic Rent" means, collectively, the Delivery Date Basic Rent, the Debt Basic Rent and the Equity Basic Rent.

"Bills of Sale" means the bills of sale, dated the Delivery Date for the Equipment, from KU and LG&E, respectively, to Lessor, with respect to their respective title to and undivided interests in the Equipment, in substantially the form of Exhibit B hereto.

"Borrower Recourse Obligations" means payments for which Lessor, as borrower, is personally liable pursuant to Section 4.2.2 of the Loan Agreement.

"Call Option Agreement" means the Call Option Agreement in substantially the form of Exhibit C.

"Certificate of Acceptance" means the Certificate of Acceptance in substantially the form attached as Exhibit A.

"Claimant", with respect to any other Person (such other Person, a "Specified Party"), means any Person claiming by, through, under, against or on behalf of such Specified Party (including, without limitation, any liquidator, receiver, administrator, trustee or other similar officer of such Specified Party and any creditor of such Specified Party).

"Debt Basic Rent" has the meaning ascribed to such term in Section 4.1.1.

"Debt Participation" means 96% of Lessor's Cost.

"Debt Portion" means that portion of any Termination Sum payable hereunder described in clause (i) of the definition of "Termination Sum" contained in this Section 1.1.

"Debt Rent Percentage" means for any period, the percentage shown on Schedule A with respect to such period in the column labeled "Debt Basic Rents".

"Default" means any event or circumstance that, with the giving of notice or the passage of time, or both, would constitute an Event of Default.

"Default Termination Date" has the meaning ascribed to such term in subsection 12.2.3.

"Delivery Date" means the date on which the Equipment is delivered to Lessor under the Purchase Agreement and Bills of Sale, as evidenced by the Certificate of Acceptance.

"Delivery Date Basic Rent" has the meaning ascribed to such term in Section 4.1.1.

"Disposition" has the meaning ascribed to such term in subsection 13.1.1.

"Dollar" or "\$" means the lawful currency of the United States.

"Early Lease Termination Date" means the date fifteen years and six months after the Lease Commencement Date or, if such date is not a Banking Day, then the next succeeding Banking Day.

"EMU" means the Economic and Monetary Union as contemplated in the Treaty.

"Equipment" means the two gas turbines and other items of equipment delivered pursuant to the Purchase Agreement and Bills of Sale, as more particularly described on Schedule G hereto, so long as such equipment remains subject to this Lease.

"Equity Basic Rent" has the meaning ascribed such term in Section 4.1.1.

"Equity Portion" means that portion of any Termination Sum payable hereunder described in clause (ii) of the definition of "Termination Sum" contained in this Section 1.1.

"Equity Rent Percentage" means for any period, the percentage shown on Schedule A with respect to such period in the column labeled "Equity Basic Rents".

"Euro" or the symbol "€" means the single currency of Participating Member States introduced in accordance with the provisions of Article 109(1)4 of the Treaty.

"Event" means any of an Event of Loss, a Tax Unwind Termination Event, a Lessee Default Termination Event or a Lessor Default Termination Event.

"Event of Default" has the meaning ascribed to such term in Section 12.1.

"Event of Loss" means any of the following events or circumstances: (i) loss of the Equipment or of the use thereof due to theft, disappearance, destruction, damage beyond repair or rendition of the Equipment permanently unfit for operation for any reason whatsoever; or (ii) a Requisition; or (iii) any damage to, or any other event, whether or not of the type referred to in clause (i) above, with respect to the Equipment that results in an insurance settlement with respect to the Equipment on the basis of an actual, compromised or constructive total loss, or (iv) the occurrence of an Illegality Event, or (v) the occurrence of a Loan Acceleration Event (Neutral) or (vi) a termination of this Lease pursuant to Section 10.2. The date of any such Event of Loss shall be (A) in the case of clause (i) or (ii) above, the date on which such theft, disappearance, destruction, damage, rendition or Requisition occurs; (B) in the case of clause (iii) above, the date such event is admitted by insurers to have caused an actual, compromised or constructive total loss of the Equipment or, if insurers do not so admit, the date a competent court or arbitration tribunal issues a judgment to the effect that an actual, compromised or constructive total loss has occurred; (C) in the case of clause (iv) above, the date of such Illegality Event and (D) in the cause of Clause (v) above, the date of the acceleration of the Loan.

"Event of Loss Termination Percentage" as of any Termination Date, means the percentage set forth on Schedule B opposite such Termination Date or, if such Termination Date is not a Termination Value Determination Date, the sum of (x) the percentage set forth on Schedule B opposite the Termination Value Determination Date that immediately succeeds such Termination Date and (y) the product equal to (i) the difference of (A) the percentage set forth on Schedule B opposite the Termination Value Determination Date that immediately precedes such Termination Date and (B) the percentage referred to in clause (x) multiplied by (ii) the number of calendar days from and including such immediately preceding Termination Date to but excluding such Termination Date divided by 180.

"FERC" means the United States Federal Energy Regulatory Commission.

"Finnish Event" means (i) a reasonable determination by Lessor that a change in or enactment of promulgated Finnish laws or regulations, any published guideline, request or requirement of the *Kirjanpitolautakunta*, or any written interpretation or application thereof, will result in or (ii) a challenge of this Lease or the transactions contemplated hereby by any court or tax authority which, if successful, would result in (a) Lessor being unable to depreciate all of the Equipment (other than certain storage tanks having an aggregate appraised value not exceeding US\$1,250,000 on the date hereof) on a 25% declining balance method, based upon the total Lessor's Cost, (b) the Finnish corporate tax rates being less than 28% with respect to taxable income attributable to the calendar years of 1999 through 2001 or greater than 30% with respect to taxable income attributable to any subsequent calendar year, (c) Lessor being unable to deduct the full amount of stated interest payable on the Loan for the period in which such interest accrues and (d) Lessor being unable to give or claim group contribution in the

Republic of Finland; or the imposition of any increased capital or deposit requirements upon Lessor or its Affiliates by any Finnish governmental authority in such a manner as to increase the cost or reduce the benefit to Lessor of participating in the transactions contemplated by the Operative Documents.

"Finnish Person" means a Person that (i) is organized under the laws of the Republic of Finland and (ii) books the transactions contemplated by this Lease at a place of business located in the Republic of Finland.

"Finnish Tax Treaty" means the Income Tax Convention between the Government of the United States and the Government of the Republic of Finland, as in effect on the date hereof.

"Finnish Taxes" has the meaning ascribed to such term in Section 20.3.

"Guarantee" shall mean the Guarantee and Indemnity by Guarantor, in substantially the form of Exhibit D hereto, with respect to the payment and performance by Lessee of certain of its obligations under this Lease.

"Guarantor" shall mean LG&E Energy Corp., a Kentucky corporation.

"Illegality Event" means the transactions contemplated by one or more of the Operative Documents become, in whole or in material part, illegal in the United States of America, the Commonwealths of Kentucky or Virginia, or any other relevant political subdivision of the United States of America, the Republic of Finland, England and Wales, any political subdivision of any of the foregoing, or any other jurisdiction in which any permitted assignee of Lessor, Lessee or the Lender is resident for the purpose of performing its obligations under any of the Operative Documents. For purposes of the foregoing, a "material part" shall be so much of the transactions contemplated by the Operative Documents as shall deprive any party thereto of any significant benefit to which such party was entitled thereunder. The date of any such Illegality Event shall be the date on which such event shall be deemed to have occurred as specified in a certificate delivered by the affected party to the other party or parties to the applicable Operative Document (but in any case to Lessor and Lessee) with respect to the circumstances of such event (which specified date shall be not later than 10 days after delivery of such certificate and not earlier than the date of such certificate).

"Increased Cost" has the meaning ascribed to such term in Section 21.2.

"Indemnified Person" has the meaning ascribed to such term in Section 19.1.

"KU" means Kentucky Utilities Company, as a lessee hereunder.

"KYUCC" means the Uniform Commercial Code of Kentucky.

"Law" means, without limitation, applicable laws, statutes, decrees, acts, codes, legislation, treaties and similar instruments and, in respect of any of the foregoing, any instrument passed in substitution therefor, determinations or awards of any court, arbitral body, tribunal or other authorizations, approvals, certificates and consents of, registrations and filings and exemptions by any Person.

"Lease" means this Lease Agreement, including the Exhibits and Schedules attached hereto.

"Lease Commencement Date" means December 23, 1999, or if such date is not a Banking Day, then the next succeeding Banking Day.

"Lease Term" means the period commencing on the Delivery Date and ending on the Lease Termination Date (or such earlier date on which this Lease shall be terminated).

"Lease Termination Date" means the earliest of (i) the eighteenth anniversary of the Lease Commencement Date or, if such date is not a Banking Day, then the next succeeding Banking Day, (ii) if the term of this Lease has been terminated early pursuant to Section 2.5, the Early Lease Termination Date and (ii) the date on which this Lease is terminated pursuant to the provisions hereof.

"Lender" means ANZ Grindlays Export Finance Limited, as the Bank under the Loan Agreement.

"Lessee" means, collectively, LG&E, as lessee of a 38% undivided interest in the Equipment hereunder and KU, as lessee of a 62% undivided interest in the Equipment hereunder, and their respective permitted successors or assigns as Lessee hereunder.

"Lessee Default Termination Event" means a termination of this Lease pursuant to Section 12.2.

"Lessee Default Termination Percentage" as of any Termination Date, means the percentage set forth on Schedule D opposite such Termination Date or, if such Termination Date is not a Termination Value Determination Date, the sum of (x) the percentage set forth on Schedule D opposite the Termination Value Determination Date that immediately succeeds such Termination Date and (y) the product equal to (i) the difference of (A) the percentage set forth on Schedule D opposite the Termination Value Determination Date that immediately precedes such Termination Date and (B) the percentage referred to in clause (x) multiplied by

(ii) the number of calendar days from and including such immediately preceding Termination Date to but excluding such Termination Date divided by 180.

"Lessee Documents" means this Lease and all other Operative Documents to which Lessee is a party.

"Lessor" means ABB Credit, as Lessor hereunder, or any successor to which ABB Credit has transferred its rights in accordance with Article 13.

"Lessor Default Termination Event" means a termination of this Lease with respect to all the Equipment pursuant to Section 12.7.

"Lessor Documents" means this Lease and all other Operative Documents to which Lessor is a party.

"Lessor Lien" means any Lien on the Equipment resulting from (i) claims against Lessor not related to the transactions contemplated by any of the Operative Documents, (ii) any act or omission of Lessor that is not related to the transactions contemplated by the Operative Documents or is in violation of any of the terms of the Operative Documents, (iii) Taxes or Losses imposed against Lessor which are not indemnified against by Lessee pursuant to the terms of this Lease and (iv) any dispute between the Manufacturer and Overland Contracting, Inc.

"Lessor's Cost" means €122,591,594.

"Lessor's Expected Tax Consequences" has the meaning ascribed to such term in Section 21.2.

"Lessor's Projected Tax Consequences" has the meaning ascribed to such term in Section 21.2.

"LG&E" means Louisville Gas and Electric Company, as a lessee hereunder.

"Liability Insurance" has the meaning ascribed to such term in Section 8.1(b).

"Lien" means any attachment, mortgage, pledge, lien, charge, encumbrance, lease, exercise of rights, security interest or claims of any nature whatsoever.

"Loan" means the loan made by the Lender to Lessor pursuant to the Loan Agreement.

"Loan Acceleration Event (Lessee)" means the acceleration or other required prepayment of the Loan (i) that occurs pursuant to Section 3.11 of the Loan Agreement except, in the case of Section 3.11.5, as a result of a repudiation of the Security Assignment by Lessor or (ii) is otherwise attributable to the acts or omissions of Lessee.

"Loan Acceleration Event (Lessor)" means an acceleration or other required prepayment of the Loan that occurs pursuant to Section 3.10 of the Loan Agreement or pursuant to Section 3.11.5 as a result of the repudiation of the Security Assignment by Lessor.

"Loan Acceleration Event (Neutral)" means (i) an acceleration or other required prepayment of the Loan that is neither a Loan Acceleration Event (Lessee) nor a Loan Acceleration Event (Lessor) or (ii) the Lender shall have defaulted under, or shall have otherwise breached, the Loan Agreement.

"Loan Agreement" means the Loan Agreement, dated December 23, 1999 between Lessor and the Lender.

"Loan Increased Cost Event" means that Lessor shall be required to pay (i) any amount pursuant to Section 3.9.2 of the Loan Agreement or (ii) any other amount under the Loan Agreement other than principal or interest on the Loan and other than Borrower Recourse Obligations.

"Location" shall mean Lessee's electric power generating facility in Burgin, Kentucky or such port or railhead as Lessor may designate as such in writing to Lessee.

"Losses" has the meaning ascribed to such term in Section 19.1.

"Manufacturer" means ABB Power Generation Inc., a Delaware corporation.

"Moody's" means Moody's Investors Service, Inc.

"Non-Finnish Person" means any Person other than a Finnish Person.

"Officer's Certificate" means, in the case of a certificate to be delivered by Lessee, a certificate signed by a Responsible Officer of Lessee and, in the case of a certificate to be delivered by Lessor, a certificate signed by the Chairman, the President or any Vice President of Lessor or any other person duly authorized and acting in such capacity with respect to the matter addressed in such certificate.

"Operative Documents" means each of this Lease, the Guarantee, the Certificate of Acceptance, the Call Option Agreement, the Sales Agency Agreement, the Purchase

Agreement, the Bills of Sale, the Loan Agreement, the Security Assignment, the Pledge Agreement and all other agreements referred to in, or contemplated by, this Lease, each of which shall be in form and substance satisfactory to Lessor.

"Overdue Rate" means (i) with respect to amounts payable in Euros, an annual rate of interest equal to 200 basis points greater than the rate of interest on the Loan and (ii) with respect to amounts, if any, payable in United States dollars, an annual rate of interest equal to 250 basis points greater than the prime rate of interest promulgated by Deutsche Bank for loans denominated in such currency.

"Participating Member State" means a member state of the European Community that adopts the Euro as its currency in accordance with legislation of the European Union relating to the EMU.

"Payment Date" means each six-month anniversary of the Lease Commencement Date.

"Permissible Lien" has the meaning ascribed to such term in Section 9.1.

"Permitted Lessor Assignee" means a Person that (a) (i) is a member of a consolidated group having a net worth (equity plus untaxed reserves) of at least \$50,000,000 and that has outstanding senior debt securities or senior bank debt having a credit rating of BBB or higher by S&P or Baa2 or higher by Moody's or the equivalent of such rating by any other nationally recognized securities rating agency or (ii) whose obligations with respect to this Lease are guaranteed by a Person described in clause (i), (b) is not a material competitor of Lessee or Guarantor in the United States power generation market and (c) is not involved in a significant litigation with Lessee or Guarantor at the time of a proposed assignment of Lessor's rights hereunder.

"Permitted Lessor Liens" means (i) any business mortgage ("*yrityskiinnitys*") which by its terms or by operation of law is subordinate to the Liens of the Security Assignment and the Pledge Agreement, (ii) any other Lessor Lien imposed on the general assets of Lessor under Finnish law which by its terms or by operation of law is subordinate to the Liens of the Security Assignment and the Pledge Agreement so long as the existence or enforcement thereof does not and would not adversely affect Lessee's interest in the Equipment or impair Lessor's ability to transfer the Equipment in accordance with the Transfer Protocol when required to do so and (iii) Lessor Liens relating to obligations that Lessee is obligated to discharge under any Operative Document.

"Person" means an individual, a corporation, a partnership, an association, a trust or any other entity or organization, including a state, a government or political subdivision or any agency or instrumentality thereof.

"Pledge Agreement" means the Pledge Agreement(LG&E/KU) of even date herewith between Lessor, as Grantor, and Lessee, as Secured Party, in substantially the form of Exhibit E.

"Property Insurance" has the meaning ascribed to such term in Section 8.1(a).

"Purchase Agreement" means the Purchase Agreement dated December 23, 1999 between LG&E and KU, as sellers, and Lessor, as purchaser, with respect to the undivided interests of LG&E and KU in the Equipment.

"Rent" means, collectively, Basic Rent and Supplemental Rent.

"Replacement Equipment" has the meaning ascribed to such term in Section 10.1.1(a).

"Replacement Part" has the meaning ascribed to such term in Section 7.1.

"Requisition" means a requisition of use or title, forfeiture, condemnation, confiscation, seizure or any compulsory acquisition or use whatsoever of the Equipment by any governmental or competent authority.

"Responsible Officer of Lessee" means the officer of Lessee responsible for the administration of this Lease as most recently identified (by name or position) by Lessee in a written notice to Lessor.

"S&P" means Standard and Poor's Ratings Group.

"Sales Agency Agreement" means the Sales Agency Agreement in substantially the form of Exhibit F hereto.

"Security Assignment" has the meaning ascribed to such term in the Loan Agreement, which shall be in form and substance reasonably satisfactory to Lessor.

"Stipulated Loss Value" means, on any date, the sum of (i) the product of (A) Lessor's Cost times (B) the percentage set forth in Schedule B opposite the most recent applicable Termination Value Determination Date (or, if such date is a Termination Value Determination Date, such date) plus (ii) the Debt Portion.

"Supplemental Rent" means any and all amounts, liabilities and obligations (other than Basic Rent) that Lessee assumes or agrees to pay to any Person hereunder or under any other Operative Document, including Termination Sums, indemnity payments and payments pursuant to Article 20.

"Tax" and "Taxes" have the respective meanings ascribed to such terms in Section 20.2.

"Taxing Authority" has the meaning ascribed to such term in Section 20.2.

"Tax Unwind Termination Percentage" as of any Termination Date, means the percentage set forth on Schedule C opposite such Termination Date or, if such Termination Date is not a Termination Value Determination Date, the sum of (x) the percentage set forth on Schedule C opposite the Termination Value Determination Date that immediately succeeds such Termination Date and (y) the product equal to (i) the difference of (A) the percentage set forth on Schedule C opposite the Termination Value Determination Date that immediately precedes such Termination Date and (B) the percentage referred to in clause (x) multiplied by (ii) the number of calendar days from and including such immediately preceding Termination Date to but excluding such Termination Date divided by 180.

"Tax Unwind Termination Event" means a termination of this Lease with respect to all the Equipment pursuant to Section 21.1.

"Termination Date" means a Default Termination Date or a date specified as a "Termination Date" pursuant to subsection 10.1.1, 10.2.1, 10.3.1, 12.7.1 or 21.1, as the case may be.

"Termination Sum" the sum of (i) the amount in Euros equal to the outstanding principal under the Loan Agreement (which amount with respect to each Termination Value Determination Date, assuming all payments are made thereunder when due, is shown on Schedule E), together with accrued interest (computed at the interest rate applicable to the Loan) for the period from the most recent Termination Value Determination Date to (but excluding) the date of payment thereof and all other amounts payable in respect thereof, plus (ii) the product of Lessor's Cost multiplied by the percentage set forth on Schedule F opposite such Termination Date or, if such Termination Date is not a Termination Value Determination Date, the product of Lessor's Cost multiplied by the percentage set forth on Schedule F opposite the Termination Value Determination Date that immediately precedes such Termination Date with accrued interest thereon (calculated on the basis of 12 months of 30 days each) at a rate equal to 6.45% per annum from such immediately preceding Termination Value Determination Date through and including such Termination Date, plus (iii) the amount, if any, payable pursuant to Section 4.6 plus (iv) all other amounts then due and payable to Lessor in respect of the Equipment under the Operative Documents.

"Termination Value Determination Date" means each date specified on a Termination Value Schedule.

"Termination Value Schedules" means, collectively, Schedule B, Schedule C, Schedule D and Schedule E.

"Transfer Protocol" means a transfer of the interest of Lessor in the Equipment on the following terms: (i) Lessor shall deliver appropriate bills of sale (in recordable form if necessary or advisable) with respect to the Equipment (or undivided interests therein together constituting all of Lessor's interest therein) stating that the transfer is on an "as is" and "where is" basis; (ii) Lessor shall make no (and may expressly disclaim any) representation of any kind in respect of the Equipment as to any matter whatsoever, including (A) title (except that Lessor shall warrant that it shall convey whatever title was conveyed by Lessee pursuant to Section 2.4 free and clear of any Liens other than (1) Liens attributable to Lessee or the transferee, (2) Liens that Lessee is obligated to discharge hereunder, or Lessor Liens in respect of obligations which Lessee is obligated to discharge hereunder, and (3) Permissible Liens (other than Lessor Liens), (B) the condition, design, quality or capacity of the Equipment, (C) the absence of obligations based on strict liability in tort, (D) the merchantability of the Equipment, (E) the workmanship of the Equipment, (F) compliance with the requirements of any law, order, rule, regulation, specification or contract pertaining thereto, (G) the existence of any patent infringement in respect of design or manufacture thereof or (H) the existence of any defects (latent and otherwise) in the Equipment; and (iii) Lessor shall assign, transfer and set over to its transferee all rights and remedies that Lessor may have, and is permitted to assign, transfer and set over, in relation to the Equipment in respect of any warranty, express or implied, as to title, materials, workmanship, design, performance or patent infringement and all other rights against the Manufacturer that have been conveyed to Lessor under the Purchase Agreement and Bills of Sale for the Equipment and that the transferor may have.

"Treaty" means the Treaty establishing the European Economic Community, being the Treaty of Rome of March 25, 1957 as amended by the Single European Act 1986 and the Maastricht Treaty (which was signed on February 7, 1992 and came into force on November 1, 1993) and as may, from time to time, be further amended, supplemented or otherwise modified.

"United States" shall mean the United States of America.

SECTION 1.2. Rules of Interpretation. Except as otherwise expressly provided in this Agreement, the following rules shall apply hereto:

1.2.1 the singular includes the plural and the plural includes the singular;

1.2.2 "or" is not exclusive and "include" and "including" are not limiting;

1.2.3 a reference to any agreement or other contract includes permitted supplements, amendments and other modifications;

1.2.4 a reference to a law includes any amendment or modification of such law and any rules or regulations issued thereunder;

1.2.5 a reference to a Person includes its permitted successors and assigns in the applicable capacity;

1.2.6 a reference in this Lease to an Article, Section, subsection, Exhibit or Schedule is to the Article, Section, subsection, Exhibit or Schedule of this Lease unless otherwise expressly provided;

1.2.7 words such as "hereunder", "hereto", "hereof" and "herein" and other words of like import shall, unless the context clearly indicates to the contrary, refer to the whole of this Lease and not to any particular Article, Section, subsection, clause or subclause hereof;

1.2.8 if Lessee hereunder shall be more than one Person, a reference in this Lease to "Lessee" shall mean each such Person, either such Person or both such Persons, as the context may require to effect the several, but not joint, liability of such Persons and to afford Lessor the same rights and remedies hereunder in the case of an act or omission by one such Person as if both such Persons had committed such act or omission.

1.2.9 all obligations under this Lease are continuing obligations throughout the Lease Term;

1.2.10 any right in this Lease may be exercised at any time and from time to time;

1.2.11 the headings of the Articles, Sections and subsections are for convenience and shall not affect the meaning of this Lease; and

1.2.12 time is of the essence in performing all obligations hereunder.

ARTICLE 2

AGREEMENT TO LEASE; TERM; DELIVERY AND ACCEPTANCE

SECTION 2.1. Agreement to Lease; Term. Subject to the terms and conditions of this Lease, including compliance with Sections 2.3 and 2.4 and the satisfaction of the conditions precedent set forth in Article 15, Lessor and Lessee hereby agree to subject the Equipment to the

terms and conditions of this Lease for the Lease Term. This Lease grants a 38% undivided interest in the Equipment to LG&E and a 62% undivided interest in the equipment to KU, for their joint use and enjoyment as Lessee hereunder.

SECTION 2.2. Delivery and Acceptance. Subject to the satisfaction of the conditions precedent set forth in Article 15, upon the execution and delivery by Lessee and Lessor of the Certificate of Acceptance, the Equipment shall be deemed to have been delivered to and accepted by Lessee and Lessor for all purposes of this Lease and thereupon shall be subject to all the terms and conditions of this Lease. Subject to the satisfaction of the conditions precedent set forth in Article 15, Lessee's and Lessor's execution and delivery of the Certificate of Acceptance shall be conclusive proof that (a) the Equipment has been subjected to this Lease on the terms hereof, (b) as between Lessor and Lessee, but without limiting or otherwise affecting Lessor's or Lessee's rights, if any, against the Manufacturer or any other third party, the Equipment is acceptable to, and is irrevocably accepted by, Lessee under this Lease, notwithstanding any defect with respect to design, manufacture, condition or any other respect or the failure of the Equipment to comply to the specifications of any applicable federal, state or local governmental authority in the United States as of the date hereof and (c) as between Lessor and Lessee, the Equipment is in good order and condition.

SECTION 2.3. Delivery Under the Purchase Agreement and Bills of Sale. Notwithstanding Section 2.1, Lessor's obligation to acquire the Equipment and to lease the Equipment to Lessee hereunder is subject to, among others, the condition that delivery of the Equipment shall have occurred under and in accordance with the terms of the Purchase Agreement and Bills of Sale to the satisfaction of Lessee. The execution and delivery by Lessee of the Certificate of Acceptance shall be conclusive evidence (insofar as Lessor only is concerned) that final acceptance thereof shall have occurred at the time of such execution and delivery under and in accordance with the terms of the Purchase Agreement and Bills of Sale to the satisfaction of Lessee.

SECTION 2.4. Acceptance Under the Purchase Agreement and Bills of Sale. Subject to the satisfaction of the conditions precedent set forth in Article 15, Lessor covenants with Lessee to accept delivery of the Equipment under and in accordance with the terms of the Purchase Agreement and Bills of Sale, subject to Lessee simultaneously therewith taking delivery of the Equipment under this Lease as evidenced by the execution and delivery by Lessee and Lessor of the Certificate of Acceptance. The delivery of the Certificate of Acceptance as provided herein shall conclusively evidence acceptance of the Equipment by Lessee on behalf of Lessor.

SECTION 2.5. Call Option Early Termination; End of the Lease Term.

2.5.1 In the event that Lessor shall have received, during the period from the day that is 180 days prior to the Early Lease Termination Date to and including the day that is 45 days prior to the Early Lease Termination Date, written notice of the exercise of any right of Lessee to acquire all (but not less than all) of the Equipment on the Early Lease Termination Date, the Lease Term shall,

without further action by Lessor or Lessee, end on the Early Lease Termination Date. Lessor shall use reasonable efforts to provide a written reminder to Lessee, delivered to Lessee between 180 days prior to the Early Lease Termination Date and 120 days prior to the Early Lease Termination Date; provided, however, that Lessor's agreement to provide such reminder is undertaken as a courtesy only and if Lessor fails to provide such reminder, Lessor shall not as a result of such failure have any liability to Lessee, Guarantor or any other Person and such failure shall not extend the time period during which Lessee may exercise its call option hereunder.

2.5.2 If this Lease is terminated on the Early Lease Termination Date as provided in subsection 2.5.1, Lessee shall, on the Early Lease Termination Date, pay or cause to be paid to Lessor all amounts due hereunder or under any other Operative Document. Upon and simultaneously with such payment and the return of the Equipment in accordance with Article 11, (a) the obligation of Lessee to pay Basic Rent shall be deemed abated, (b) the leasing under this Lease of the Equipment shall be terminated and (c) the obligations of the parties hereto shall terminate (except for obligations that are expressly stated to survive any such termination).

ARTICLE 3

NO WARRANTIES; ASSIGNMENT OF WARRANTIES

SECTION 3.1. No Warranties. LESSOR LEASES, AND LESSEE ACCEPTS TO LEASE, THE EQUIPMENT AS-IS, WHERE-IS, WITH ALL FAULTS, AND IN WHATEVER CONDITION IT MAY BE. EXCEPT AS EXPRESSLY PROVIDED HEREIN, LESSOR DOES NOT MAKE, HAS NOT MADE, AND SHALL NOT BE DEEMED TO MAKE OR HAVE MADE, ANY REPRESENTATION OR WARRANTY, EXPRESS OR IMPLIED, AS TO LESSOR'S TITLE THERETO, THE VALUE, QUALITY, DURABILITY, COMPLIANCE WITH SPECIFICATIONS, CONDITION, DESIGN, OPERATION, MERCHANTABILITY OR FITNESS FOR ANY PARTICULAR USE OR PURPOSE OF THE EQUIPMENT, OR ANY OTHER REPRESENTATION OR WARRANTY, EXPRESS OR IMPLIED, WITH RESPECT THERETO, EITHER UPON DELIVERY THEREOF TO LESSEE OR OTHERWISE (WHICH ITEMS OF EQUIPMENT WERE SELECTED BY LESSEE ON THE BASIS OF ITS OWN JUDGMENT WITHOUT RELIANCE UPON ANY STATEMENTS, REPRESENTATIONS OR WARRANTIES MADE BY LESSOR), IT BEING AGREED THAT ALL SUCH RISKS, AS BETWEEN LESSOR AND LESSEE, ARE TO BE BORNE BY LESSEE. LESSOR SHALL NOT HAVE ANY RESPONSIBILITY OR LIABILITY TO LESSEE OR ANY OTHER PERSON WITH RESPECT TO ANY OF THE FOLLOWING: (A) ANY LIABILITY, LOSS OR DAMAGE CAUSED OR ALLEGED TO BE CAUSED DIRECTLY OR INDIRECTLY BY THE EQUIPMENT OR BY ANY INADEQUACY THEREOF OR DEFICIENCY OR DEFECT THEREIN OR BY ANY OTHER CIRCUMSTANCES IN CONNECTION THEREWITH; (B) THE USE, OPERATION OR PERFORMANCE OF THE EQUIPMENT OR ANY RISKS

RELATING THERETO; (C) ANY INTERRUPTION OF SERVICE, LOSS OF BUSINESS OR ANTICIPATED PROFITS OR CONSEQUENTIAL DAMAGES; OR (D) THE DELIVERY, OPERATION, SERVICING, MAINTENANCE, REPAIR, IMPROVEMENT OR REPLACEMENT OF THE EQUIPMENT. Lessee's delivery of the Certificate of Acceptance shall be conclusive evidence as between Lessee and Lessor that the Equipment is in all respects satisfactory to Lessee, and Lessee will not assert any claim of any nature whatsoever against Lessor based on any of the foregoing matters.

SECTION 3.2. Assignment of Warranties. Lessor hereby assigns to Lessee for the Lease Term any and all warranties and other such rights against the Manufacturer that have been conveyed to Lessor by Lessee under the Bills of Sale and that Lessor has the right to assign and, as applicable, agrees to use reasonable efforts (upon Lessee's written request and at Lessee's expense) to procure any and all necessary consents so to assign, and undertakes forthwith to assign (upon Lessee's written request and at Lessee's expense), any additional such rights or any rights similar thereto or otherwise pertaining to the Equipment or the operation, maintenance or service thereof, that may arise during the Lease Term therefor or otherwise are currently not known or considered or covered by this Lease and that Lessor has the right to assign. Any amounts received by Lessee as payment under any warranty so assigned shall be applied first to restore and repair the Equipment to the condition required by Articles 6 and 7. To the extent that any such rights of Lessor in respect of the Equipment may not be assigned to Lessee or otherwise made available to Lessee, Lessor shall on request of Lessee appoint Lessee as Lessor's true and lawful attorney-in-fact during the Lease Term for the Equipment with full power and authority (in the name of Lessor or otherwise) to exercise any and all such rights solely for the benefit of Lessee and to ask, require, demand, receive, compound and give acquittance for any and all monies and claims for monies due and to become due under such rights, to elect remedies thereunder, to endorse any checks or other instruments or orders in connection therewith and to file any claims or take any action or institute any proceedings in connection therewith which Lessee may deem necessary or advisable; provided that Lessee shall indemnify Lessor on an After-Tax Basis for any costs incurred by or assessed against Lessor resulting from Lessee's taking any such action as Lessor's attorney-in-fact and shall, upon request by Lessor, provide Lessor with timely information concerning any such actions.

SECTION 3.3. Further Assurances. Lessor shall, at Lessee's sole expense, execute all such documents and do all such acts and things as Lessee shall reasonably require in order to establish or perfect any assignment of warranty rights as set forth in Section 3.2.

ARTICLE 4

BASIC RENT AND OTHER PAYMENTSSECTION 4.1. Rent.

4.1.1 Lessee agrees to pay or cause to be paid as Basic Rent for the Equipment, (a) on the Delivery Date, a single payment of €551,662 (the "Delivery Date Basic Rent") and (b) on each Payment Date during the Lease Term therefor, (i) an amount (in arrears) equal to the Debt Rent Percentage of Lessor's Cost (the "Debt Basic Rent") and (ii) an amount (in arrears) equal to the Equity Rent Percentage of Lessor's Cost (the "Equity Basic Rent").

4.1.2 Lessee shall pay or cause to be paid to Lessor or to whomsoever shall be entitled thereto, any and all Supplemental Rent (including, without limitation, any Termination Sum) on each date on which the same shall become due and owing as may be provided herein, and in the event of any failure on the part of Lessee to pay or cause to be paid any Supplemental Rent, Lessor shall have all rights, powers and remedies to the extent provided for herein or by law or equity or otherwise in the case of nonpayment of Basic Rent.

SECTION 4.2. Currencies.

4.2.1 All amounts payable hereunder shall be paid in Euros.

4.2.2 Interest on the foregoing amounts, payable as specified in Section 4.3, shall be paid in the same currency as the currency in which such amount is payable.

4.2.3 This is an international transaction in which the specification of the currency of payments is of the essence. No payments or advances required to be made under this Lease shall be discharged by payments or advances in any currency other than the designated currency of such payments or advances, whether pursuant to a judgment or otherwise, to the extent that the amount so paid or advanced on prompt conversion to the designated currency (as quoted in London) does not yield the amount of the designated currency to be paid or advanced hereunder. If any payment or advance made by a party hereunder, whether pursuant to a judgment or otherwise, does not, when converted, result in the correct amount of the designated currency required to be paid or advanced hereunder, the other party shall have a separate cause of action for the amount of any shortfall.

SECTION 4.3. Interest. Lessee shall pay, as Supplemental Rent, interest on all amounts payable by it under this Lease from and after the due date to and including the date paid at the Overdue Rate. If any amounts payable by Lessor hereunder are not paid when due, such amounts shall bear interest at the Overdue Rate. Accrued interest pursuant to this Section 4.3 shall be payable upon demand therefor.

SECTION 4.4. Payment on Banking Day. Whenever any payment under this Lease shall fall due on a day that is not a Banking Day, the due date of such payment shall be the next succeeding Banking Day, without accrual of interest.

SECTION 4.5. Payment Arrangements. All Basic Rent (other than Delivery Date Basic Rent), the Debt Portion and the Equity Portion of any Termination Sum and any other Supplemental Rent which is expressly payable directly to the Lender under the Operative Documents shall, on the due dates therefor, be paid directly to the relevant Account. All other amounts payable hereunder and under the other Operative Documents shall be paid to such account or accounts as Lessor (or any other applicable payee) shall from time to time designate, which designation shall specify the applicable bank, account number and reference. All payments to Lessee shall be made to such account as Lessee shall from time to time designate, which designation shall specify the applicable bank, account number and reference.

SECTION 4.6. Certain Additional Payments.

4.6.1 If the Debt Portion of any Termination Sum shall become payable under this Lease as a result of or in connection with:

- (a) a Lessee Default Termination Event, Lessee shall pay to Lessor an amount equal to the Lessee Default Termination Percentage as of the applicable Termination Date multiplied by Lessor's Cost;
- (b) an Event of Loss, Lessee shall pay to Lessor an amount equal to the Event of Loss Termination Percentage as of the applicable Termination Date multiplied by Lessor's Cost; or
- (c) a Tax Unwind Termination Event, Lessee shall pay to Lessor an amount equal to the Tax Unwind Termination Percentage as of the applicable Termination Date multiplied by Lessor's Cost.

If a Termination Sum shall become payable hereunder as a result of or in connection with a Lessor Default Termination Event, no additional amount shall be payable under this Subsection 4.6.1. For the avoidance of doubt, the obligation of Lessee under this Section 4.6.1 shall be without prejudice to Lessee's obligation to pay the Debt Portion of any Termination Sum and the Equity Portion of the Termination Sum due on any applicable Termination Date.

4.6.2 If an event or circumstance shall arise that constitutes (or, but for the passage of time, the giving of notice or any other circumstance, would constitute) the occurrence of more than one Event, the parties hereto shall undertake in good faith to agree upon which Event shall apply, taking into account such factors as they deem appropriate. If the parties hereto cannot so agree within 30 days, either party hereto may demand that the matter be resolved by an Arbitration Procedure. If two or

more events or circumstances arise that constitute (or, but for the passage of time, the giving of notice or any other circumstance, would constitute) the occurrence of two or more Events, than the Event earlier to occur shall be the controlling event for purposes of this Section 4.6.

ARTICLE 5

NET LEASE; NONTERMINABILITY

SECTION 5.1. Net Lease; Limitations on Set-offs, Etc.

5.1.1 This Lease is a net lease. Accordingly, as between Lessor and Lessee, Lessee shall pay all costs and expenses of every character, whether foreseen or unforeseen, ordinary or extraordinary, in connection with the Equipment, whether with respect to construction, delivery, ownership, use, possession, control, operation, maintenance, repair, insurance, improvement and return of the Equipment, or otherwise, including, without limitation, the costs and expenses particularly set forth in this Lease. All obligations of Lessee in this Lease shall be done, performed or complied with at Lessee's cost and expense, unless otherwise stated.

5.1.2 In order to secure the indebtedness evidenced by the Loan Agreement, Lessor has provided in the Security Assignment, among other things, for the assignment by Lessor to the Lender of Debt Basic Rent and the Debt Portion of all Termination Sums and has also agreed to cause Equity Basic Rent and the Equity Portion of all Termination Sums to be deposited into the Account. Accordingly, so long as the Security Assignment remains in effect, Lessee agrees, absolutely and unconditionally, to pay or cause to be paid the full amount of Basic Rent (other than Delivery Date Basic Rent) and the Debt Portion and Equity Portion of any Termination Sum due hereunder without any offset, reduction, counterclaim, recoupment, deduction or defense whatsoever (including due to any present or future claims of Lessee against Lessor under this Lease or otherwise, against the Manufacturer or against any other Person for whatever reason) and not to assert any reduction, offset, counterclaim, recoupment, deduction or defense in any proceeding brought under the Loan Agreement or the Security Assignment. Unless otherwise directed by Lender, so long as the Security Assignment is in effect, Lessor authorizes and directs Lessee to pay all Basic Rent (other than Delivery Date Basic Rent) and the Debt Portion and Equity Portion of any Termination Sum to the Account. Lessee acknowledges the existence of, and consents to, such security assignment and acknowledges that it has received a copy of the Security Assignment. With respect to any Rent, Lessee's obligation to make payment of such amounts when due hereunder shall be absolute and unconditional without any offset, reduction, counterclaim, recoupment, deduction or defense whatsoever (including due to any present or future claims of Lessee against Lessor under this Lease or otherwise, against the Manufacturer or against any other Person for whatever reason), except with respect to claims of Lessee against Lessor either acknowledged by Lessor or confirmed pursuant to an arbitration procedure set forth in Section

26.2; provided, that this Section 5.1 shall not affect Lessee's rights to separately claim against Lessor for any claims of Lessee against Lessor under this Lease or otherwise.

SECTION 5.2. Nonterminability.

5.2.1 Except as otherwise expressly provided herein, this Lease shall not terminate, nor shall the obligations of Lessee be otherwise affected, by reason of (a) any defect in or damage to or losses of possession or loss of use or destruction of all or any of the Equipment from whatever cause, (b) any Liens or rights of others, (c) the prohibition of or other restriction against Lessee's use of all or any of the Equipment, (d) the interference with such use by any Person (including confiscation, Requisition or other taking by any governmental authority, any Person acting under governmental authority or otherwise, or action of any public or private Person, whether by eviction by paramount title or for any other reason whatsoever), (e) the invalidity or unenforceability or lack of due authorization of this Lease or any other Operative Document or any other agreement to which Lessee or Lessor is a party, (f) any action or inaction by Lessor, (g) any defect in the title to, compliance with plans or specifications for condition, design or fitness for use of all or any of the Equipment, (h) any insolvency of or any bankruptcy, reorganization or other proceeding affecting Lessee, Lessor or any other Person, or any property of Lessor, Lessee or any such Person or any action that may be taken by any receiver, trustee or liquidator (or other similar official) or by any court or (i) for any other cause, whether similar or dissimilar to the foregoing, any present or future law to the contrary notwithstanding, it being the intention and agreement of the parties hereto, and the basis of the bargain, that (to the extent permitted by applicable law) Basic Rent, all Termination Sums and all other Supplemental Rent, and other amounts payable by Lessee hereunder, shall continue to be payable in all events in full and in the manner and at the times herein provided unless and until the obligation to pay the same shall be terminated pursuant to the express provisions of this Lease. To the fullest extent permitted by applicable law, Lessee hereby waives any and all rights that it may now have or which at any time hereafter may be conferred upon it, by statute or otherwise, to terminate, cancel, quit or surrender this Lease or the Equipment, except in accordance with the express terms hereof.

5.2.2 Nothing in this Section 5.2 or in any other provision of this Lease shall preclude any separate, independent claim (not by way of abatement or reduction of any amount at any time payable by Lessee hereunder) by Lessee for the breach of any representation, covenant, undertaking or agreement made herein and in any other Operative Document for the benefit of Lessee by Lessor.

ARTICLE 6

COMPLIANCE WITH LAWS; MAINTENANCE AND OPERATION

SECTION 6.1. Compliance. Lessee agrees, for the benefit of Lessor, to comply with all applicable laws of the United States and the jurisdictions into which its operations involving the

Equipment may extend, and with the applicable rules of any legislative, executive, administrative or judicial body exercising any power or jurisdiction over the Equipment, to the extent that noncompliance with such laws and rules would adversely affect the rights of the parties under, or the validity or enforceability of this Lease or of any insurance coverage required under Article 8, or materially adversely affect the operation, maintenance, use, value, utility or warranty coverage, of the Equipment and, if such laws or rules require any alteration, replacement or addition of or to any part on the Equipment, Lessee will conform therewith at its own expense; provided that Lessee may at its own expense and after written notice to Lessor with respect thereto, in good faith, contest the validity or application of any such law or rule in any reasonable manner that (a) does not materially adversely affect the property or rights of Lessor under this Lease, (b) would not have a material possibility of resulting in any civil liability or a possibility of resulting in any criminal liability on the part of Lessor or (c) would not involve any material risk of loss or forfeiture of the Equipment. The foregoing shall not be deemed to limit Lessee's ability to operate or shut down the Equipment as determined in its sole business judgment so long as Lessee complies with all applicable law, subject to the proviso of the immediately preceding sentence.

SECTION 6.2. Reports. In addition to its reporting obligations under Article 10, Lessee agrees to prepare and deliver to Lessor, within a reasonable time prior to the required date of filing, any and all reports (other than tax returns) to be filed by Lessor with any United States federal, state, local or other United States regulatory authority to the extent that such reporting requirement arises solely by reason of the interests of Lessor in the Equipment created pursuant to the Operative Documents or the leasing of the Equipment to Lessee pursuant to this Lease. Lessor shall cooperate with Lessee in good faith with respect to the preparation of any filings and reports referred to in the preceding sentence.

SECTION 6.3. Use and Maintenance. Lessee shall use the Equipment only in the manner for which it was designed (as the same may be modified pursuant to Sections 7.2 and 7.3) and intended and so that the Equipment will remain in good operating order and condition (ordinary wear and tear from careful and customary use excepted) and in compliance with Section 6.1. In no event shall the Equipment be maintained with materially less care or on a materially less frequent basis than for similar equipment owned by or operated for or by Lessee.

ARTICLE 7

REPLACEMENT, ALTERATIONS AND MODIFICATIONS

SECTION 7.1. Replacement Parts. Without in any way limiting Lessee's obligations pursuant to Article 6, Lessee, at no cost and expense to Lessor, shall, as promptly as practicable, replace the Equipment or any part thereof that is lost, stolen, destroyed, seized, confiscated, worn out, damaged beyond repair or permanently rendered unfit for use for any reason whatsoever. In addition,

Lessee may, at no cost and expense to Lessor, replace in the ordinary course of maintenance, service, repair, overhaul or testing, any part of the Equipment, whether or not worn out, lost, stolen, destroyed, seized, confiscated, damaged beyond repair or permanently rendered unfit for use (all replacement parts being hereinafter referred to as "Replacement Parts"); provided that Lessee shall, at no cost and expense to Lessor, replace such replaced parts that Lessee is not otherwise permitted to remove under the terms of this Lease as promptly as possible. All Replacement Parts shall be free and clear of all Liens (other than Permissible Liens) and shall be in as good operating condition as, and shall have utility and value at least equal to, the parts replaced assuming such parts were in at least as good operating condition as required to be maintained hereunder. Lessor shall retain title to all replaced parts at any time removed from the Equipment no matter where located, until such time as such replaced parts shall be replaced by parts which have been incorporated or installed in, or attached or added to, the Equipment and that meet the requirements for Replacement Parts specified above in this Section 7.1. Immediately upon any Replacement Part becoming incorporated or installed in or attached to the Equipment, then, without further act, (a) title to the replaced part shall thereupon automatically vest in Lessee free and clear of all rights of Lessor, and shall no longer be subject to this Lease, (b) title to such Replacement Part shall thereupon vest in Lessor and (c) such Replacement Part shall become subject to this Lease and be deemed part of the Equipment for all purposes hereof.

SECTION 7.2. Modifications. Subject to Article 6 and Sections 7.1 and 7.3, Lessee, at no expense to Lessor, may, without the prior consent of Lessor, from time to time make such alterations, modifications or improvements to the Equipment as Lessee may deem desirable in the proper conduct of its business, including, without limitation, removal of parts that Lessee deems obsolete or no longer suitable or appropriate for use in the Equipment, provided that no such alteration, modification or improvement shall diminish the value, utility (except to the extent required to comply with Section 6.1) or remaining useful life of the Equipment or result in the identifying legend described in Section 7.4 being covered, obscured or removed.

SECTION 7.3. Upgrading of Equipment.

7.3.1 Except as provided in subsection 7.3.2, any alteration, modification or improvement of Equipment made by and paid for by Lessee at Lessee's own choice pursuant to Section 7.2 shall remain the property of Lessee provided that, at redelivery to Lessor, the Equipment complies with the provisions of Article 11 in that original equipment or equivalent equipment is properly installed by Lessee prior to redelivery. Lessee shall not permit any alteration, modification or improvement permitted by this Article 7 to affect, individually or collectively, the identity of the Equipment or Lessor's title thereto.

7.3.2 Any and all Replacement Parts installed on and additions made to the Equipment (a) that are replacements of existing parts constituting part of the Equipment owned by Lessor, (b) that are not readily removable without causing material damage to the Equipment, (c) the cost of which is included in Lessor's Cost, (d) in the course of ordinary and proper maintenance of the Equipment or

(e) that are required by applicable law, rules or regulations for the operation or use of the Equipment, shall constitute accessions to the Equipment and shall immediately, and without further act or instrument, be deemed subject to this Lease, and Lessee shall comply with all provisions of this Lease applicable to such accessions, including Article 23.

SECTION 7.4. Identification Marks. Lessee shall cause the Equipment to be kept numbered with the serial numbers listed in the Bills of Sale and shall affix a fireproof metal plate to each of the two gas turbines comprising a portion of the Equipment, marked in capital letters with the words "THIS EQUIPMENT IS SUBJECT TO THE TERMS, CONDITIONS AND RESTRICTIONS OF A LEASE AGREEMENT, DATED AS OF DECEMBER 23, 1999, BETWEEN ABB CREDIT OY, OWNER AND LESSOR, AND LOUISVILLE GAS AND ELECTRIC COMPANY AND KENTUCKY UTILITIES COMPANY, SEVERALLY, AS LESSEE." Lessee will replace promptly any such plates that may be removed, defaced, obliterated or destroyed.

ARTICLE 8

INSURANCE

SECTION 8.1. Property and Liability Insurance. Lessee shall, on or before the Delivery Date for the Equipment and at all times prior to the return to Lessor of all of the Equipment pursuant to the terms hereof and at Lessee's own expense, obtain and maintain the following insurance of its assets and business (including the Equipment) with insurers of recognized responsibility reasonably acceptable to Lessor (and, in the case of the insurance referred to in (b) below only, the Lender):

(a) "all risk" physical damage and general insurance in respect of the Equipment at all times ("Property Insurance"); and

(b) liability insurance with respect to third-party personal injury, death and property damage (including, but not limited to, third party liability for bodily injury and property damage and any contractual liability and including consequential damages) ("Liability Insurance").

Lessee shall carry Property Insurance and Liability Insurance with respect to the Equipment in such amounts, and with respect to such risks, as necessary to comply with the following requirements: (A) the amount of Lessee's Property Insurance with respect to the Equipment shall not at any time be less than the Stipulated Loss Value of the Equipment at such time, and (B) Lessee's Property Insurance and Liability Insurance with respect to the Equipment shall not be less comprehensive in amounts, taking into account self-insurance and deductibles, and shall not be against fewer risks, than insurance coverage applicable to other equipment owned or operated by Lessee similar to the Equipment. With respect to the Property Insurance, (i) so long as Lessee has outstanding senior unsecured long-term debt having a credit rating of A- by S&P and A3 by Moody's, Lessee may self-insure (for purposes of

this Section 8.1, "self-insure" and "self-insurance" shall mean uninsured risk, deductibles and co-insurance) the Equipment to the extent that Lessee customarily self-insures equipment owned or leased by it similar to the Equipment and (ii) if Lessee has outstanding senior unsecured long-term debt having a credit rating of lower than A- but not lower than BBB- by S&P and lower than A3 but not lower than Baa3 by Moody's, Lessee may self-insure the Equipment to the extent that Lessee customarily self-insures equipment owned or leased by it similar to the Equipment provided that the maximum loss self-insured is not more than \$10,000,000. If Lessee does not meet the requirements of the immediately preceding sentence for self-insurance, Lessee shall not have deductibles, or otherwise self-insure, in excess of \$1,000,000 with respect to the Property Insurance required on the Equipment hereunder.

SECTION 8.2. Policy Requirements. The insurance policies, if any, carried in accordance with the terms of this Lease shall, with respect to both Liability Insurance and Property Insurance, (a) name Lessor as an additional insured with respect to Property Insurance policies, (b) name Lessor and the Lender and each of their respective directors, officers, employees, agents and shareholders as additional insureds with respect to Liability Insurance policies (except with respect to Lessee's workers' compensation and employers' liability policies), and (c) provide that in respect of the interests of each additional insured or loss payee, as the case may be, in such policies, the insurance shall not be invalidated by any action or by inaction of Lessee or any additional insured (other than such additional insured, but only as to such additional insured) or by any Person having temporary possession of the Equipment while under contract with Lessee to perform maintenance, repair, alteration or similar work on the Equipment, and shall insure the interests of each additional insured or loss payee, as the case may be, regardless of any breach or violation of any warranty, declaration or condition contained in such policies by Lessee or any additional insured (other than such additional insured, as to such additional insured) or by any Person having temporary possession of the Equipment while under contract with Lessee to perform maintenance, repair, alteration or similar work on the Equipment, (c) provide that, if such insurance is canceled for any reason whatsoever, or a substantial change is made in the coverage that affects the interests of an additional insured or loss payee, as the case may be, or if such insurance is allowed to lapse for nonpayment of premium, such cancellation, change or lapse shall not be effective as to an additional insured or loss payee, as the case may be, for 30 days after receipt by such additional insured or loss payee, as the case may be, of written notice from such insurers of such cancellation change or lapse, (d) provide that each additional insured or loss payee, as the case may be, shall have no obligation or liability for premiums, commissions, assessments, or calls in connection with such insurance, (e) provide that the insurers shall waive any rights of set-off, counterclaim or any other deduction, whether by attachment or otherwise, that they may have against each additional insured or loss payee, as the case may be, (f) be primary without right of contribution from any other insurance that may be carried by an additional insured or loss payee, as the case may be, with respect to its or their interest as such in the Equipment, (g) waive any right of subrogation against any additional insured or loss payee, as the case may be, and (h) expressly provide that all the provisions thereof, except the limits of liability, shall operate in the same manner as if there were a separate policy covering each insured party.

SECTION 8.3. Additional Lessor Right to Insure. If Lessee fails to maintain the insurance required by Section 8.1 and 8.2, Lessor may, at its option, but shall not be required to, provide such insurance, and in such event, Lessee shall, upon demand from time to time, reimburse Lessor for the cost of such insurance, together with interest thereon pursuant to Section 4.3 from the date of Lessor's payment thereof to and including the date of reimbursement. Lessor shall notify Lessee of any insurance so provided by Lessor as soon as reasonably practicable.

SECTION 8.4. Additional Lessor Insurance. Nothing herein shall prohibit Lessor or any Affiliate thereof from obtaining insurance for its own account, and any proceeds payable thereunder shall be as provided in the insurance policy relating thereto; provided that no such insurance may be obtained that would limit or otherwise adversely affect the coverage of any insurance to be obtained or maintained by Lessee pursuant to this Article 8, it being understood that all salvage rights to the Equipment upon the occurrence of an Event of Loss shall remain with Lessee's insurers at all times and that Lessee's insurance shall be considered the primary coverage with respect to the risks covered thereby.

SECTION 8.5. Officer's Certificate; Certificate of Insurance. Prior to the Delivery Date for the Equipment, and thereafter within 30 days after a written request of Lessor or Lender (but not more than once with respect to all of the Equipment in any 12-month period after the Delivery Date), Lessee shall provide Lessor and, in the case of liability insurance only, Lender with (a) an Officer's Certificate of Lessee stating that the insurance carried by Lessee in respect of all of the Equipment complies with the provisions of this Article 8, (b) certificates of insurance, if any, evidencing that the insurance required by this Article 8 is in effect and (c) a report of an independent insurance broker (which broker shall be reasonably satisfactory to Lessor and, in the case of liability insurance only, Lender), to the effect that the insurance evidenced by the certificates described in the preceding clause (c) (i) complies with the requirements of this Article 8 and (ii) is in such amounts and covers such risks as are consistent with prudent practice in the electrical power generation industry.

SECTION 8.6. No Act Impairing Insurance. Lessee shall not:

8.6.1 do, or omit to do, or permit to be done or left undone, anything whereby any required insurance would or might reasonably be expected to be rendered, in whole or in part, invalid or unenforceable and, without prejudice to the foregoing, not use or keep or permit the Equipment to be used or kept for any purpose, in any manner or in any place not covered by the required insurance;

8.6.2 take out or permit to be taken out any other insurance, the existence of which would be detrimental to the interests of Lessor or Lender under any Operative Document; or

8.6.3 cause or permit the Equipment to be employed in any place or in any manner or for any purpose inconsistent with the terms of or outside the coverage provided by any required insurance.

SECTION 8.7. Cost. Lessee shall bear the cost of all insurance, self-insurance and deductibles under any required insurance policy, and shall pay all premiums in respect thereof on or before the time they become due.

SECTION 8.8. Proceeds of Insurance. If no Default or Event of Default shall have occurred and be continuing, and provided that Lessee has complied with Section 10.1, Lessee shall be entitled to receive all proceeds of Property Insurance (including self-insurance) applicable to the Equipment (except under policies described in Section 8.4). If no Default or Event of Default shall have occurred and be continuing, all proceeds of Property Insurance shall be applied to the repair of the damaged Equipment, provided that if the Equipment is the subject of an Event of Loss, such proceeds shall be applied to Lessee's obligations under Section 10.1.1(b) to the extent unpaid unless Lessee elects to replace the Equipment pursuant to Section 10.1.1(a), in which case, Lessee shall apply such proceeds to the replacement of the Equipment to the extent necessary to comply with Lessee's obligations under Section 10.1.1(a). If a Default or an Event of Default shall have occurred and be continuing, Lessor shall be entitled to receive and retain for application against Lessee's obligations hereunder all proceeds of Property Insurance required hereunder up to an amount equal to any unpaid Termination Sum payable pursuant to Section 10.1.1(b) if a Default shall have occurred and be continuing or pursuant to Section 12.2 if an Event of Default shall have occurred and be continuing. In the event that the provisions of the preceding sentence shall apply, upon the termination of such Default or Event of Default or of this Lease in accordance with its terms, and upon receipt by Lessor of all amounts owed by Lessee hereunder, Lessor shall promptly remit to Lessee all proceeds of Property Insurance held pursuant to the preceding sentence and not applied against such obligations of Lessee, together with any interest actually earned on such unapplied proceeds. The proceeds of any Liability Insurance shall be paid to or on behalf of Lessee, Lessor or Lender as their interests may appear. All proceeds of insurance obtained by Lessor or any Affiliate thereof pursuant to Section 8.4 shall be paid over to, or retained by, Lessor or its Affiliate, as the case may be, for its own account.

ARTICLE 9

LIENS

SECTION 9.1. Permissible Liens. Lessee shall not, during the Lease Term, create, incur, assume or suffer to exist any Liens on the Equipment or any part thereof, Lessor's title thereto or any interest of Lessee or Lessor therein (and Lessee shall promptly, at its own expense, take such action as may be necessary duly to discharge any such Lien) with the exception of the following Liens (herein referred to as "Permissible Liens"):

9.1.1 the respective rights of Lessor and Lessee as herein provided;

9.1.2 the rights created by any of the Operative Documents (including the respective Liens created by the Security Assignment and the Pledge Agreement);

9.1.3 Liens for Taxes not yet due and payable or being contested by Lessee in good faith with due diligence and by appropriate proceedings; provided that the pendency of such proceedings shall not involve any material risk of loss of title to the Equipment by Lessor;

9.1.4 inchoate materialmen's, mechanics', workmen's, repairmen's, employees' or other like Liens arising in the ordinary course of business of Lessee securing obligations that are not overdue for a period of more than 30 days or are being contested in good faith by appropriate proceedings so long as, in Lessor's reasonable opinion, during such 30-day period there is not, or such proceedings do not, involve any material risk of loss of title to the Equipment of Lessor;

9.1.5 Lessor Liens;

9.1.6 Liens arising out of any judgment or award against Lessee, unless the judgment secured shall not, within 60 days after the entry thereof, have been discharged, vacated, reversed or execution thereof stayed pending appeal or shall not have been discharged, vacated or reversed within 60 days after the expiration of such stay, so long as, in Lessor's reasonable opinion, during either such 60-day period there is not, or any such judgment or award does not involve, any material risk of loss of title to the Equipment of Lessor; and

9.1.7 any other Lien with respect to which Lessee shall have provided a bond or other security to Lessor in an amount and under terms reasonably satisfactory to Lessor.

SECTION 9.2. Notice. Lessee shall promptly (a) notify Lessor in writing of any Lien of which Lessee has knowledge (other than a Permissible Lien) that arises at any time and (b) at Lessee's expense, cause any of the same not constituting a Permissible Lien to be duly discharged, dismissed or removed.

SECTION 9.3. Right to Discharge Liens. If Lessee shall fail to discharge, dismiss or remove any Lien (other than a Permissible Lien) within 15 days after notice thereof from Lessor, Lessor shall be entitled to discharge the same, in which event Lessee shall indemnify Lessor (on an After-Tax Basis) on demand, for the amount paid by Lessor and all of its losses and expenses, including legal fees and expenses, incurred in connection therewith. If Lessor shall fail to discharge, dismiss or remove any Lessor Lien (other than Permitted Lessor Liens) within 15 days of notice thereof from Lessee, Lessee shall be entitled to discharge the same, in which event Lessor shall indemnify Lessee (on an After-Tax Basis) on demand, for the amount paid by Lessee and all of its losses and expenses, including legal fees and expenses, incurred in connection therewith.

ARTICLE 10

EVENTS OF LOSS; TERMINATIONSECTION 10.1. Events of Loss.

10.1.1 Lessee hereby assumes all risks of loss, destruction and damage to the Equipment, however caused. Upon written request by Lessor, Lessee shall, within 30 days after such request, furnish to Lessor an accurate statement, certified by a Responsible Officer of Lessee as of the preceding December 31, setting forth a list of Equipment with respect to which loss or damage estimated to be in excess of \$1,000,000 (other than running repairs) shall have been incurred during the 12 months ended on such December 31 (or since the date hereof in the case of the first such statement) and such other information regarding the condition or repair of the Equipment as Lessor may reasonably request. Lessee agrees that if any casualty or partial destruction not constituting an Event of Loss occurs, Lessee shall, at no cost and expense to Lessor, repair the Equipment to at least the same state and condition as required pursuant to Articles 6, 7 and 11; provided, however, that Lessee shall be excused from its obligation under this Section 10.1.1 if and to the extent that such repair is uneconomic and Lessor, in Lessor's reasonable opinion, shall have received full compensation for any detriment to its interest arising from such damage or destruction, but provided, further that nothing in the foregoing proviso shall derogate from or excuse Lessee's continuing obligation to pay Basic Rent in respect of such Equipment unless and until a portion (satisfactory to the Lender) of the debt outstanding to the Lender has been prepaid and the Basic Rent hereunder has been adjusted accordingly in a manner satisfactory to the Lender. If an Event of Loss occurs with respect to the Equipment, then Lessee shall, at its option, by written notice (which shall be irrevocable) delivered to Lessor within 90 days after such Event of Loss, either:

(a) on a date specified in such notice (such date in no event to be later than 720 days after such Event of Loss or such earlier date on which Lessor would lose the right to depreciate the Equipment or otherwise lose material benefits under Finnish tax law if the replacement is not completed), replace the Equipment with comparable Equipment acceptable to Lessor in its reasonable discretion (the "Replacement Equipment"); provided that (i) on such date, no Default or Event of Default shall have occurred and be continuing, (ii) such Replacement Equipment is on such date permissible under Finnish tax law, (iii) the lease of the Replacement Equipment hereunder would be subject to substantially the same or better tax treatment under Finnish tax laws as would have been applicable to such Equipment in the absence of such Event of Loss, (iv) if required, Lessee shall have obtained the consent of the Lender to such replacement and (v) all costs incurred as a result of such replacement shall be for Lessee's account; or

(b) on the date occurring 100 days after such Event of Loss (a "Termination Date") pay, or cause to be paid, to Lessor the Termination Sum as of such Termination Date.

10.1.2 Lessor (a) in the event of a replacement pursuant to subsection 10.1.1(a), upon the receipt of satisfactory evidence to Lessor that title to the Replacement Equipment has been vested in Lessor and such Replacement Equipment has become subject to this Lease, or (b) in the event of a payment pursuant to subsection 10.1.1(b) upon receipt in full of the applicable Termination Sum and all other amounts then due and owing to Lessor hereunder or under any other Operative Document, shall be required to convey all of its right, title and interest in and to the relevant Equipment to Lessee or whomsoever Lessee may have directed in writing by executing and delivering the documentation required in accordance with the Transfer Protocol. Lessee shall provide Lessor with such bills of sale and other title documents relating to the Replacement Equipment as Lessor may reasonably request in writing.

10.1.3 If any Requisition shall occur, or if any requisition or similar act that does not constitute a Requisition under this Lease shall occur, Lessor and Lessee shall proceed diligently and cooperate fully with each other (at Lessee's expense) in the recovery of any and all proceeds or compensation applicable thereto. Any and all amounts realized therefrom shall be for the benefit of Lessee and all such amounts received by Lessor shall forthwith be paid to Lessee; provided that (a) if such event constitutes an event to which the provisions of Section 10.1.1 apply, such amounts shall be paid to Lessee only upon Lessee's compliance with subsections 10.1.1 and 10.1.2 and (b) if a Default or an Event of Default shall have occurred and be continuing, Lessor shall be entitled to receive and apply against Lessee's obligations hereunder all such amounts up to an amount determined by multiplying the Lessee Default Termination Percentage as of the immediately preceding Termination Value Determination Date times the Lessor's Cost.

10.1.4 Lessee shall bear the risk of loss and, except as otherwise provided in this Section 10.1, shall not be released from its obligations hereunder in the event of any damage to the Equipment or part thereof. Upon receipt in full of the applicable Termination Sum and all other amounts then due and owing to Lessor hereunder or under any other Operative Document, the obligation to pay Basic Rent in respect of the Equipment accruing after the date when the last installment of Basic Rent prior to (or, if the Termination Date is also a Payment Date, on) the Termination Date became due shall be deemed abated and the leasing under this Lease shall terminate.

SECTION 10.2. Early Termination on Burdensome Events.

10.2.1 Lessee shall be entitled at any time to terminate the leasing of the Equipment hereunder (in whole but not in part) on not less than five nor more than ten days' prior irrevocable written notice to Lessor on a Termination Value Determination Date (such date, a "Termination Date") if:

- (a) Lessee is, or on the making of the next payment will or is reasonably likely to be, required to pay any additional amount pursuant to Section 20.1 with a present value

(calculated using a discount rate equal to the interest rate on the Loan) in excess of 1.0% of Lessor's Cost; or

(b) Lessee is or is reasonably likely to be required to pay any amount pursuant to Section 20.2 with a present value (calculated using a discount rate equal to the interest rate on the Loan) in excess of 1.0% of Lessor's Cost; or

(c) Lessee shall be required to make any payment for or on account of any Tax in the nature of a withholding Tax (levied in a jurisdiction other than Finland or the United States of America) in respect of any amount expressed to be payable by the Lessee under this Lease or any other Operative Document with a present value (calculated using a discount rate equal to the interest rate on the Loan) in excess of 1.0% of Lessor's Cost; or

(d) Lessee shall be required to terminate this Lease in order to comply with any regulatory request, requirement or approval that is in writing but whether or not having the force of law; or

(e) Lessee terminates this Lease pursuant to Section 13.1.3 hereof.

Such notice may be given at any time while the requirement to pay any such amounts or such regulatory request, requirement or approval, as the case may be, continues or remains in effect.

10.2.2 Upon any termination pursuant to subsection 10.2.1, Lessee shall, on the Termination Date, pay or cause to be paid to Lessor the Termination Sum in effect as of the Termination Date with respect to the Equipment and all other amounts due hereunder or any other Operative Document (including all amounts due or accrued under Section 20.1).

10.2.3 Upon receipt of all amounts payable pursuant to subsection 10.2.2, Lessor shall be required to convey to Lessee, or whomsoever Lessee shall have designated in writing, all of Lessor's right, title and interest in and to the Equipment by executing and delivering the documentation required in accordance with the Transfer Protocol, and the obligation of Lessee to pay Basic Rent in respect of the Equipment shall, after the Payment Date immediately prior to the date of payment (or, if such date of payment is a Payment Date, Basic Rent accruing after such date of payment), be deemed abated, the leasing under this Lease of the Equipment and the obligations of the parties hereunder in respect of the Equipment shall terminate except for obligations that expressly survive any such termination.

SECTION 10.3. Illegality.

10.3.1 If an Illegality Event shall occur, then Lessee or Lessor may, by written notice to the other party, elect to terminate this Lease on the date specified in such notice (which date shall not be less than 10 days from the date of such notice as given (a "Termination Date").

10.3.2 Upon any termination pursuant to subsection 10.3.1, Lessee shall, on the Termination Date, pay or cause to be paid to Lessor the applicable Termination Sum in effect as of the Termination Date on account of such Illegality Event with respect to the Equipment and all other amounts due hereunder or any other Operative Document (including all amounts due or accrued under Section 20.1).

10.3.3 Upon receipt of all amounts payable pursuant to subsection 10.3.2, Lessor shall be required to convey to Lessee, or whomsoever Lessee shall have designated in writing, all of Lessor's right, title and interest in and to the Equipment by executing and delivering the documentation required in accordance with the Transfer Protocol, and the obligation of Lessee to pay Basic Rent shall, after the Payment Date immediately prior to the date of payment (or, if such date of payment is a Payment Date, Basic Rent accruing after such date of payment), be deemed abated, the leasing under this Lease of the Equipment and the obligations of the parties hereunder shall terminate except for obligations that expressly survive any such termination.

ARTICLE 11

RETURN OF EQUIPMENT

SECTION 11.1. Return. Unless Lessee shall have acquired the Equipment in accordance herewith or as Lessor shall otherwise consent in writing, upon the expiration or sooner termination of the Lease Term with respect to the Equipment, Lessee shall, at its expense, deliver the Equipment to Lessor, at the Location, in such state of disassembly, and with such crating or other packaging, reasonably satisfactory to Lessor as may be necessary for transport of the Equipment away from the Location. Lessor shall, (a) not later than the date of expiration or termination of such Lease Term, notify Lessee of its selection of the Location and (b) not later than 30 days following the expiration or termination of the Lease Term, take redelivery of the Equipment (provided that Lessee shall have tendered possession), on which day the risk of loss or damage to the Equipment shall pass from Lessee to Lessor.

SECTION 11.2. Condition of Returned Equipment. At the time of its return, the Equipment shall be (a) free and clear of all Liens (other than Lessor Liens) and (b) in the condition as required pursuant to Articles 6 and 7.

SECTION 11.3. Costs. All costs (other than Taxes, the payment of which is covered exclusively by Article 20) in connection with the return of the Equipment shall be paid by Lessee.

ARTICLE 12

EVENTS OF DEFAULT AND REMEDIES

SECTION 12.1. Events of Default. Any of the following events shall constitute an event of default (each, an "Event of Default"), whether any such event shall be voluntary or involuntary or shall come about or be effected by operation of law or pursuant to or in compliance with any judgment, decree or order of any court or any order, rule or regulation of any administrative or governmental body:

12.1.1 Lessor shall not have received when due any payment of Basic Rent or the Debt Portion or Equity Portion of any Termination Sum and such non-receipt shall continue for three Banking Days after notice to the Lessee that such payment has not been received when due;

12.1.2 Lessee or Guarantor shall default in making any other payment when due of any sum payable by Lessee hereunder or by Guarantor under the Guarantee and such default shall continue for 10 Banking Days after receipt by Lessee of written notice of such default;

12.1.3 Lessee shall fail to carry and maintain insurance in accordance with the provisions of Article 8;

12.1.4 Lessee shall fail to perform or observe any covenant (other than covenants relating to matters covered by subsections 12.1.1, 12.1.2 and 12.1.3), condition or agreement to be performed or observed by it hereunder or under any other Lessee Document, and such failure shall continue unremedied for a period of 60 days (or, in the case of Lessee's covenant in Section 8.5, 30 days) after written notice thereof to Lessee by Lessor;

12.1.5 Guarantor shall fail to perform or observe any covenant (other than covenants relating to matters covered by subsections 12.1.1, 12.1.2 and 12.1.3), condition or agreement to be performed or observed by it under the Guarantee and such failure shall continue unremedied for a period of 60 days after written notice thereof to Guarantor by Lessor;

12.1.6 Lessee or Guarantor shall consent to the appointment of a custodian, receiver, trustee or liquidator (or other similar official) of itself, the Equipment or of a substantial part of its property, or shall admit in writing its inability to pay its debts generally as they come due, or a court of competent jurisdiction shall determine that Lessee or Guarantor is generally not paying its debts as they come due, or Lessee or Guarantor shall make a general assignment for the benefit of creditors;

12.1.7 Lessee or Guarantor shall file a voluntary petition in bankruptcy or a voluntary petition or an answer seeking reorganization in a proceeding under any bankruptcy laws (as now or hereafter in effect) or an answer admitting the material allegation of a petition filed against Lessee or

Guarantor, as the case may be, in any such proceeding, or Lessee or Guarantor shall, by voluntary petition, answer or consent, seek relief under the provisions of any now existing or future bankruptcy or other similar law providing for the reorganization or winding-up of debtors, or providing for an agreement, composition, extension or adjustment with its creditors;

12.1.8 an order, judgment or decree shall be entered in any proceeding by any court of competent jurisdiction appointing, without the consent (express or legally implied) of Lessee or Guarantor, a custodian, receiver, trustee or liquidator (or other similar official) of Lessee, Guarantor, the Equipment or any substantial part of Lessee's or Guarantor's property, or sequestering the Equipment or any substantial part of the property of Lessee or Guarantor, and any such order, judgment or decree or appointment or sequestration shall remain in force undismissed, unstayed or unvacated for a period of 60 days after the date of entry thereof;

12.1.9 a petition against Lessee or Guarantor in a proceeding under applicable bankruptcy laws or other insolvency laws, as now or hereafter in effect, shall be filed and shall not be stayed, withdrawn or dismissed within 60 days thereafter, or if, under the provisions of any law providing for reorganization or winding-up of debtors that may apply to Lessee or Guarantor, any court of competent jurisdiction shall assume jurisdiction, custody or control of Lessee, Guarantor, the Equipment or any substantial part of Lessee's or Guarantor's property, and such jurisdiction, custody or control shall remain in force unrelinquished, unstayed or unterminated for a period of 60 days;

12.1.10 any other procedure, similar to those referred to in subsections 12.1.6 through 12.1.9, for the relief of financially distressed debtors under applicable laws is entered into by Lessee or Guarantor voluntarily or involuntarily and, if such procedure shall have been entered into involuntarily, shall be unstayed and remain in effect for a period of 60 consecutive days;

12.1.11 any representation or warranty made by Lessee herein or in any other Lessee Document, made by Guarantor in the Guarantee or made by Lessee or Guarantor in connection herewith or therewith shall prove to have been inaccurate in any material respect when made; provided that an Event of Default shall not be deemed to exist unless the inaccuracy of the representation or warranty remains, in the reasonable opinion of Lessor, materially adverse to Lessor at the time discovered and, if capable of being cured, remains uncured for a period of 30 days after receipt by Lessee or Guarantor of a written notice from Lessor advising Lessee or Guarantor of such inaccuracy;

12.1.12 any consent, authorization, license or approval of, registration with or declaration to any governmental entity required to be acquired by Lessee to authorize the performance by Lessee or Guarantor of its obligations under this Lease or any other Operative Document, or required by Lessee or Guarantor in connection with the execution, delivery, validity, enforceability or admissibility of this Lease or any other Operative Document, is modified in a manner unacceptable to Lessor, in its reasonable judgment, or is not granted, or is revoked, or terminated, or expires, or is not

renewed or extended, or otherwise ceases to be in full force and effect, and in Lessor's reasonable judgment Lessor is materially adversely affected; or

12.1.13 the occurrence of a Loan Acceleration Event (Lessee).

SECTION 12.2. Termination Upon Event of Default.

12.2.1 Lessee agrees that it shall, promptly upon a Responsible Officer of Lessee becoming aware of any event or condition that constitutes a Default or Event of Default, furnish Lessor with a written notice specifying such event or condition, the nature and status thereof and the action taken or proposed to be taken by Lessee in respect thereof.

12.2.2 Upon the occurrence of an Event of Default, Lessor shall have the right to terminate the leasing of the Equipment under this Lease without having to resort to any legal procedure whatsoever and without prejudice to any other remedies available to Lessor by giving Lessee prior written notice of termination on a date specified in such notice (which date shall not be less than 10 days from the date such notice is given); provided that this Lease shall be deemed to have been declared in default and the leasing hereunder of the Equipment shall be terminated pursuant to this Article 12 automatically and without necessity for action by Lessor upon the occurrence of any Event of Default specified in subsections 12.1.6 through 12.1.10.

12.2.3 Upon any termination pursuant to subsection 12.2.2, Lessee shall pay, or cause to be paid, to Lessor as liquidated damages on the earlier to occur of (a) 5 Banking Days after any automatic termination pursuant to the proviso to subsection 12.2.2 or (b) the date specified in any notice given pursuant to subsection 12.2.2 (in either case, the "Default Termination Date") an amount in immediately available funds equal to the Termination Sum in effect for such Default Termination Date with respect to all Equipment then subject to this Lease, together with all other amounts then due hereunder or under any other Operative Document. Upon receipt of all amounts payable pursuant to the preceding sentence, (i) Lessor shall be required to promptly execute and deliver the documentation required in the Transfer Protocol to convey all of its right, title and interest in and to the Equipment to Lessee or whomsoever Lessee shall have designated in writing in accordance with the Transfer Protocol, (ii) the obligation of Lessee to pay Basic Rent accruing after the Payment Date immediately prior to the Default Termination Date (or, if the Default Termination Date is also a Payment Date, Basic Rent accruing after such Default Termination Date) shall be deemed abated, the leasing under this Lease of the Equipment and (iii) the obligations of the parties hereunder shall terminate except for obligations that expressly survive any such termination.

SECTION 12.3. Lessor Right to Perform. If Lessee fails duly and promptly to perform any obligation under this Lease or fails to comply with any covenant or agreement contained herein and continues to fail to do so for 10 Banking Days after receipt of written notice from Lessor, Lessor may itself perform such obligation or comply with such covenant or agreement, for the account

of Lessee without thereby waiving any default, and any amount paid or expense (including, without limitation, attorneys' fees and expenses) reasonably incurred by Lessor in connection with such performance or compliance, together with interest thereon at the Overdue Rate accruing commencing on the date such notice is given by Lessor, shall be indemnified on an After-Tax Basis by Lessee and payable on demand.

SECTION 12.4. Remedies Cumulative.

12.4.1 The remedies provided in this Lease shall not be deemed exclusive, but shall be cumulative and may be exercised concurrently or consecutively, and shall, except as expressly provided herein to the contrary, be in addition to all other remedies existing at law or in equity. Each party hereto hereby waives any mandatory requirements of law, now or hereafter in effect, that might limit or modify the remedies herein provided, to the extent that such waiver is effective under applicable law. Lessee hereby waives any and all existing or future claims to any offset against any payments of Basic Rent or any Termination Sum due hereunder, and agrees to make, or cause to be made, such payments regardless of any offset or claim that may be asserted by Lessee or on its behalf.

12.4.2 Except as otherwise provided in this Lease, Lessee, to the full extent effective under applicable law, hereby waives all statutory or other legal requirements for any notice of any kind, and any other requirements with respect to the enforcement of Lessor's rights under this Lease.

SECTION 12.5. No Waiver. The failure of Lessor to exercise the rights granted it hereunder upon the occurrence of any of the contingencies set forth herein shall not constitute a waiver of any such right upon the continuation or recurrence of any such contingencies, or upon the occurrence of any similar contingencies.

SECTION 12.6. Costs and Expenses. If an Event of Default has occurred and Lessor has exercised remedies with respect thereto, Lessee shall be liable for all costs and expenses incurred by Lessor and any assignee thereof by reason of such exercise of remedies. In the event this Lease is terminated pursuant to Section 12.7 hereof, Lessor shall be liable for all costs and expenses incurred by Lessee by reason thereof.

SECTION 12.7. Default by Lessor.

12.7.1 If any of the following occur:

(a) any representation or warranty made by Lessor herein or in any other Lessor Document shall prove to have been inaccurate in any material respect and, in the reasonable opinion of Lessee, such inaccuracy remains materially adverse to Lessee at the time discovered, and, if such inaccuracy is capable of being cured, remains uncured for a period of 30 days after receipt by Lessor of a written notice from Lessee advising Lessee of such inaccuracy;

(b) Lessor shall fail to perform or observe any covenant under Section 18.2, and such failure shall continue unremedied for a period of 60 days after written notice to Lessor;

(c) (i) Lessor shall consent to the appointment of a custodian, receiver, trustee or liquidator (or other similar official) of itself, the Equipment or a substantial part of Lessor's property, or shall admit in writing its inability to pay its debts generally as they come due, or a court of competent jurisdiction shall determine that Lessor is generally not paying its debts as they come due, or Lessor shall make a general assignment for the benefit of creditors;

(ii) Lessor shall file a voluntary petition in bankruptcy or a voluntary petition or an answer seeking reorganization in a proceeding under any bankruptcy laws (as now or hereafter in effect) or an answer admitting the material allegation of a petition filed against Lessor in any such proceeding, or Lessor shall, by voluntary petition, answer or consent, seek relief under the provisions of any now existing or future bankruptcy or other similar law providing for the reorganization or winding-up of debtors, or providing for an agreement, composition, extension or adjustment with its creditors;

(iii) an order, judgment or decree shall be entered in any proceeding by any court of competent jurisdiction appointing, without the consent (express or legally implied) of Lessor, a custodian, receiver, trustee or liquidator (or other similar official) of Lessor, the Equipment or any substantial part of Lessor's property, or sequestering the Equipment or any substantial part of the property of Lessor, and any such order, judgment or decree or appointment or sequestration shall remain in force undismissed, unstayed or unvacated for a period of 60 days after the date of entry thereof;

(iv) a petition against Lessor in a proceeding under applicable bankruptcy laws or other insolvency laws, as now or hereafter in effect, shall be filed and shall not be stayed, withdrawn or dismissed within 60 days thereafter, or if, under the provisions of any law providing for reorganization or winding-up of debtors that may apply to Lessor, any court of competent jurisdiction shall assume jurisdiction, custody or control of Lessor's property and such jurisdiction, custody or control shall remain in force unrelinquished, unstayed or untermiated for a period of 60 days; or

(v) any other procedure, similar to those referred to in clauses (i) through (iv) above, for the relief of financially distressed debtors under applicable laws is entered into by Lessor voluntarily or involuntarily and, if such procedure shall have been entered into involuntarily, shall be unstayed and remain in effect for a period of 60 consecutive days; or

(d) a Loan Acceleration Event (Lessor);

then Lessee may, by written notice to Lessor, terminate this Lease on a date specified in such notice (which date shall not be less than 10 days from the date such notice is given) (a "Termination Date").

12.7.2 Lessor shall, within five Banking Days of receipt of notice of a Termination Date, provide Lessee with a written statement of amounts other than the Debt Portion and Equity Portion of the Termination Sum and amounts due pursuant to Section 4.6 that are due hereunder or under any other Operative Document (including all amounts due or accrued under Section 20.1). Upon any termination pursuant to subsection 12.7.1, Lessee shall, on the Termination Date, pay or cause to be paid to Lessor the Termination Sum in effect as of the Termination Date with respect to the Equipment, including all amounts listed in the statement described in the immediately preceding sentence that are due hereunder. Delivery of the statement pursuant to the first sentence of this subsection 12.7.2 shall not preclude Lessor from later claiming additional sums due hereunder; provided, payment of such additional sums shall not be a condition to Lessor's obligation to reconvey title to the Equipment on the Termination Date as provided herein.

12.7.3 Upon receipt of all amounts payable on the Termination Date pursuant to subsection 12.7.2, Lessor shall be required to promptly execute and deliver the documentation required in the Transfer Protocol to convey all of its right, title and interest in and to the Equipment to Lessee or whomsoever Lessee shall have designated in writing in accordance with the Transfer Protocol, and the obligation of Lessee to pay Basic Rent in respect of the Equipment shall, after the Payment Date immediately prior to the date of payment (or, if such date of payment is a Payment Date, Basic Rent accruing after such date of payment), be deemed abated, the leasing under this Lease of the Equipment and the obligations of the parties hereunder in respect of the Equipment shall terminate except for obligations that expressly survive any such termination.

ARTICLE 13

ASSIGNMENT; SUBLEASING

SECTION 13.1. Assignment by Lessor.

13.1.1 Except for the assignment contemplated by the Security Assignment, Lessor may not sell, assign or transfer any or all of its rights and interest or any of its obligations in, under and to this Lease, the other Operative Documents and the Equipment (a "Disposition") without the prior written consent of Lessee, provided that Lessee shall grant such consent in the case of a Disposition of all (but not less than all) of Lessor's right, title and interest in, to and under this Lease, the other Operative Documents and the Equipment to any business entity organized under the laws of an Approved Country if (i) at the time of such Disposition, it would not be illegal under the law of the United States, Kentucky or Virginia for Lessee to enter into a contract with such business entity, (ii) no Event of Loss, Default, Event of Default or Finnish Event shall occur as a result of such Disposition, (iii)

Lessee shall not have had a right, prior to or immediately following such Disposition, to terminate this Lease pursuant to Section 12.7, (iv) such business entity is an Affiliate of Lessor or is a Permitted Lessor Assignee, and (v) such Disposition meets the other requirements of Sections 13.1.2 and 13.1.3.

13.1.2 In connection with any Disposition, (a) the transferring Lessor and its transferee shall execute and deliver an assignment and assumption agreement substantially in the form of Exhibit G and (b) such transferee shall provide a legal opinion substantially in the form of Exhibit H, together with an opinion in substantially the form delivered pursuant to clause 15.2.6(f) with respect to the Pledge Agreement, in each case from counsel reasonably acceptable to Lessee, (c) provide the Lessee with executed forms W-8 and/or 1001 (or such substitute forms as may be applicable then be applicable) necessary to permit payments to be made hereunder without withholding, (d) as soon as reasonably practicable but in any event within five Banking Days prior to the effective date of Disposition, such transferee shall provide, at its expense, such financing statements as may reasonably be necessary for filing under the KYUCC in order to preserve the perfection and priority of the security interest created by the Pledge Agreement and (e) in the case of any contemplated Disposition to a transferee intended to qualify as a Permitted Lessor Assignee, such transferee shall, at its expense, provide such information as may be promptly and reasonably requested by Lessee in order to establish such transferee's status as a Permitted Lessor Assignee. Upon any Disposition, such transferee's interest in the Equipment shall be subject and subordinate to Lessee's rights under this Lease and the other Operative Documents, and such Disposition shall not interfere with Lessee's right to quiet and peaceful possession of the Equipment pursuant to Section 18.2.4. Any Disposition made in violation of the requirements of this Section 13.1 shall be voidable by Lessee.

13.1.3 In connection with any proposed Disposition pursuant to this Section 13.1, Lessee shall notify Lessor either that it grants or that it refuses its consent to such proposed Disposition within 15 days for a Disposition to an Affiliate of the Lessor or 45 days for a Disposition to a non-Affiliate of the Lessor after the date upon which Lessor has provided to Lessee drafts of the documents and opinions required by clauses (a), (b) and (c) of Section 13.1.2 and, in the case of a proposed transferee which is a non-Affiliate of the Lessor, the information necessary to establish that the proposed transferee is a Permitted Lessor Assignee (such consent period of Lessee, the "Consent Period"). If Lessee determines that FERC, Kentucky or Virginia regulatory approval of the proposed Disposition is required, the Consent Period shall be extended so long as Lessee is seeking regulatory approval in good faith and by appropriate proceedings (but in no event shall the total Consent Period exceed 90 days), except that if the proposed Disposition is to an Affiliate of Lessor, the Consent Period shall not be subject to extension and shall remain at 15 days if Lessor guarantees the obligations of the transferee or remains primarily liable for such obligations). If Lessee refuses such consent or fails to give the required notification within the applicable Consent Period the proposed Disposition shall be effective and deemed permitted by Lessee on the last day of the Consent Period so long as the provisions of Sections 13.1.1 and 13.1.2 have been satisfied, unless Lessee gives a notice during the Consent Period terminating the Lease on the next Payment Date pursuant to Section 10.2. In the event of a Disposition to an Affiliate of Lessor with respect to which the transferring Lessor remained liable

(primarily or as guarantor), the transferring Lessor shall be deemed released from all obligations assumed by the transferee on the date 75 days after the effective date of the Disposition, provided that if Lessee requires FERC, Kentucky or Virginia regulatory approval for such Disposition and has not obtained such regulatory approval for the Disposition by the date which is 75 days after the effective date of the Disposition, Lessee shall terminate this Lease effective on the next Payment Date pursuant to Section 10.2 or such earlier date as may be required to comply with any regulatory requirements.

SECTION 13.2. Assignment by Lessee. Lessee shall not, directly or indirectly, sell, assign or transfer any of its rights or obligations in, under and to this Lease or the Equipment without the prior written consent of Lessor, except that Lessee may, without such consent, assign all, but not less than all, of its right to and under this Lease, the other Operative Documents and the Equipment to any business entity organized under the laws of the United States or any political subdivision thereof if (i) at the time of such assignment, it would not be illegal under the law of the United States, Kentucky, Virginia or Finland for Lessor to enter into a contract with such business entity, (ii) no Event of Loss, Default, Event of Default or Finnish Event shall occur as a result of such assignment, (iii) Lessor shall not have had a right, prior to or immediately following such assignment, to terminate this Lease pursuant to Section 12.2, (iv) (A) such business entity is an Affiliate of Lessee that is directly or indirectly majority owned and controlled by Guarantor and the Guarantee remains in full force and effect, as evidenced by a written confirmation of the Guarantee by Guarantor, or (B) Lessor consents to such assignment, which consent shall not be unreasonably withheld or delayed, provided Lessee provides Lessor such written instruments of assumption, representation certificates and legal opinions that Lessor may reasonably request in connection with such consent. If Lessor consents to an assignment pursuant to clause (iv) (B) of the immediately preceding sentence, Lessor shall execute and deliver to the Guarantor under the Guarantee as in effect immediately prior to such assignment an instrument of release of such Guarantor from its liabilities under such Guarantee in form reasonably satisfactory to Lessee and such Guarantor.

SECTION 13.3. Subleasing. Lessee shall not sublease any of the Equipment (or any part thereof) without the prior written consent of Lessor, except that Lessee may, without such consent, sublease the Equipment (but not less than all of the Equipment) to any business entity organized under the laws of the United States or any political subdivision thereof if (i) no Event of Loss, Default, Event of Default or Finnish Event shall occur as a result of such sublease, (ii) Lessor shall not have had a right, prior to or immediately following such sublease, to terminate this Lease pursuant to Section 12.2, (iii) the Guarantee remains in full force and effect and is confirmed in writing by the Guarantor, (iv) this Lease and the other Operative Documents remain in full force and effect and Lessee remains primarily liable under this Lease and the other Operative Documents, as confirmed in writing by Lessee, (v) the sublease is for a term no longer than the unexpired term of this Lease, (vi) the sublease contains no provision inconsistent with this Lease, (vii) the sublease is by its terms subject and subordinate to this Lease and expressly provides that the sublease will terminate upon termination of this Lease, (viii) no adverse tax consequences to Lessor can reasonably be expected to occur as a result of such sublease

and (ix) the right, title and interest of Lessor in the Equipment and the lien of Lender thereof is not adversely effected by such sublease.

ARTICLE 14

INSPECTION

At any time during the Lease Term, Lessor, or any agent of Lessor, shall have the right, at its own risk and expense (except as set forth below), upon at least three Banking Days' prior notice, to inspect the Equipment (which inspection shall not, unless an Event of Default shall have occurred and be continuing, involve the disassembly or opening of any Equipment except in accordance with Lessee's regular maintenance schedule) and inspect (and make copies of) Lessee's records with respect thereto at such reasonable times, and without undue interference with Lessee's operations, that Lessor or such agent may request during such Lease Term (and in any event while the Equipment is being collected for return to Lessor), but neither Lessor nor such agent shall have any obligation to do so, and neither shall incur any liability for failure to do so. During the continuance of a Default or an Event of Default, any such inspection shall be at Lessee's expense and the three Banking Days' prior notice referred to above shall not be required. Any individuals inspecting the Equipment shall be subject to Lessee's generally applicable rules and procedures.

ARTICLE 15

CONDITIONS PRECEDENT TO ACCEPTANCE OF THE EQUIPMENT UNDER THIS LEASE

SECTION 15.1. Conditions Precedent to Obligations of Lessor. The obligation of Lessor hereunder and under the Purchase Agreement and Bills of Sale to acquire the Equipment covered thereby and otherwise to consummate the transactions contemplated by the Operative Documents with respect thereto on the Delivery Date therefor shall be subject to the fulfillment to the satisfaction of, or waiver by, Lessor on such Delivery Date of the following conditions precedent, each of which conditions shall be deemed to have been fully satisfied or waived with respect to the Equipment upon the consummation of the transactions described herein:

15.1.1 the Delivery Date for the Equipment shall occur not later than December 30, 1999;

15.1.2 a designated employee of Lessee shall have executed and delivered to Lessor the Certificate of Acceptance for the Equipment;

15.1.3 no change shall have occurred after the date of the execution and delivery of this Lease in applicable law or regulations thereunder or interpretations thereof by appropriate regulatory authorities that, in the opinion of Lessor or its counsel, would make it illegal for Lessor to enter into any transaction contemplated by any Operative Document;

15.1.4 all approvals and consents of any trustees or holders of any indebtedness or obligations of Lessee, which in the reasonable opinion of Lessor are required in connection with any transactions contemplated by this Lease, shall have been duly obtained and be in full force and effect;

15.1.5 Lessor shall have received good title to the Equipment free and clear of all Liens other than Permissible Liens;

15.1.6 no Default or Event of Default shall have occurred and be continuing, and no Event or any circumstance that, with the passage of time or giving of notice, or both, would become an Event shall have occurred, on the Delivery Date;

15.1.7 each of the Operative Documents shall (a) have been duly authorized, executed and delivered by the respective party or parties thereto (other than Lessor), (b) be reasonably satisfactory in form and substance to Lessor and (c) be in full force and effect, and executed counterparts of each thereof shall have been delivered to Lessor or its counsel on or prior to the Delivery Date;

15.1.8 the representations and warranties of Lessee contained in Article 16 and in each other Lessee Document shall be true and correct in all material respects on and as of the Delivery Date as though made on and as of such date;

15.1.9 on or prior to the Delivery Date, there shall have been no Event, no Finnish Event and no proposed or enacted changes in Finnish, United States or Kentucky tax laws or regulations, or in the interpretation or application thereof, that in Lessor's reasonable judgment materially adversely affects the benefits to Lessor of the transactions contemplated hereby (provided that the satisfaction or waiver of this condition shall not in any way limit Lessor's rights pursuant to Article 10 or 21 (or any other provision of this Lease));

15.1.10 Lessor shall have received the following, in each case in form and substance satisfactory to it:

(a) an Officer's Certificate of Lessee with respect to Lessee's charter documents and resolutions of the board of directors of Lessee duly authorizing the lease by Lessee of the Equipment under this Lease and the execution, delivery and performance by Lessee of Lessee Documents for the Equipment and each other document required to be executed and delivered by Lessee on the Delivery Date in accordance with the provisions hereof and thereof;

(b) an Officer's Certificate of Lessee as to (i) the person or persons authorized to execute and deliver this Lease, the Certificate of Acceptance and any other documents to be executed by Lessee in connection with the transactions contemplated hereby and as to the signature of such person or persons and (ii) the matters set forth in subsections 15.1.4, and 15.1.6 through 15.1.8 and (as the same relates to Lessee and to the United States) 15.1.9, 15.1.15 and 15.1.16 as to Lessee; and

(c) such other documents, opinions, certificates and evidence with respect to Lessee that Lessor, or its counsel, may reasonably request in order to establish the authority of Lessee to consummate the transactions contemplated by this Lease and the taking of all corporate proceedings in connection therewith;

15.1.11 Lessor shall have received (a) an opinion of internal counsel to Lessee, in substantially the form of Exhibit I, (b) an opinion with respect to this Lease of Roschier-Holmberg & Waselius, Finnish Counsel to Lessee, in form and substance reasonably satisfactory to Lessor, (c) an opinion of Hannes Snellman, Attorneys at Law Ltd., in form and substance reasonably satisfactory to Lessor, (d) an opinion of Greenebaum Doll & McDonald PLLC, special Kentucky counsel to Lessee, in substantially the form of Exhibit J, and (e) the documents referred to in Section 8.5, which shall demonstrate compliance with the terms of Article 8 relating to insurance;

15.1.12 All taxes (other than Finnish taxes), if any, payable in connection with the execution, delivery, recording and filing of all the documents and instruments referred to herein or in connection with the making by Lessor of its equity investment, shall have been duly paid in full or otherwise provided for, and all sales taxes and duties (other than Finnish taxes and duties) related to the consummation of the transactions contemplated by the Operative Documents shall have been duly paid in full or otherwise provided for;

15.1.13 Lessor shall have received the Purchase Agreement and Bills of Sale upon payment to Lessee of the Lessor's Cost therefor;

15.1.14 Lessor shall have received funds under the Loan Agreement in an amount equal to the Debt Participation;

15.1.15 all actions required to have been taken on or prior to the Delivery Date in connection with the transactions contemplated by this Lease shall have been taken by any governmental or political agency, subdivision or instrumentality of the United States or the Republic of Finland or any other relevant jurisdiction, and all orders, permits, waivers, exemptions, authorizations and approvals of such entities required to be in effect on the Delivery Date in connection with the transactions contemplated by this Lease shall have been issued, and all such orders, permits, waivers, exemptions, authorizations, and approvals shall be in full force and effect, on the Delivery Date;

15.1.16 no action or proceeding shall have been instituted, nor shall governmental action be threatened, before any court or governmental agency, nor shall any order, judgment or decree have been issued by any court or governmental agency at the time of the Delivery Date, to set aside, restrain, enjoin or prevent the completion and consummation of this Lease or the transactions contemplated hereby;

15.1.17 Lessor shall have received an opinion of Hannes Snellman, Attorneys at Law Ltd., Finnish tax counsel to Lessor, which opinion shall be in form and substance satisfactory to Lessor; and

15.1.18 Lessor shall have received such other certificates, instruments and other documentation that Lessor shall reasonably request.

SECTION 15.2. Conditions Precedent to Obligations of Lessee. The obligation of Lessee hereunder to lease the Equipment and otherwise to consummate the transactions contemplated by the Operative Documents with respect thereto on the Delivery Date therefor shall be subject to the fulfillment to the satisfaction of, or waiver by, Lessee on the Delivery Date of the following conditions precedent, each of which conditions shall be deemed to have been fully satisfied or waived upon the consummation of the transactions described herein:

15.2.1 the Delivery Date for the Equipment shall occur not later than December 30, 1999;

15.2.2 no change shall have occurred after the date of the execution and delivery of this Lease in applicable law or regulations thereunder or interpretations thereof by appropriate regulatory authorities that, in the opinion of Lessee or its counsel, would make it illegal for Lessee to enter into any transaction contemplated by any Operative Document;

15.2.3 each of the Operative Documents shall (a) have been duly authorized, executed and delivered by the respective party or parties thereto (other than Lessee), (b) be satisfactory in form and substance to Lessee and (c) be in full force and effect, and executed counterparts of each thereof shall have been delivered to Lessee or its counsel on or prior to the Delivery Date;

15.2.4 the representations and warranties of Lessor contained in each Lessor Document shall be true and correct in all material respects on and as of the Delivery Date as though made on and as of such date, and Lessee shall have received a certificate signed by a duly authorized representative of Lessor, dated the Delivery Date, addressed to Lessee and certifying as to such matters;

15.2.5 Lessee shall have received the following, in each case in form and substance reasonably satisfactory to it:

(a) a certified copy of the Trade Register Extract and Articles of Association of the Lessor;

(b) an Officer's Certificate of Lessor as to the adoption of board resolutions and powers of attorney, the person or persons authorized to execute and deliver this Lease and any other documents to be executed by Lessor in connection with the transactions contemplated hereby and as to the signature of such person or persons; and

(c) such other documents, opinions, certificates and evidence with respect to Lessor that Lessee, or its counsel, may reasonably request in order to establish the authority of Lessor to consummate the transactions contemplated by this Lease and the taking of all corporate proceedings in connection therewith;

15.2.6 Lessee shall have received (a) an opinion of Greenebaum Doll & McDonald PLLC, special Kentucky counsel to Lessee, in substantially the form of Exhibit J, (b) an opinion of Roschier-Holmberg & Waselius, Finnish Counsel to Lessee, in form and substance reasonably satisfactory to Lessee, (c) an opinion of Hannes Snellman, Attorneys at Law Ltd., in form and substance reasonably satisfactory to Lessee, (d) an opinion of counsel to the Lender, in form and substance reasonably satisfactory to Lessee, (e) an opinion of Heller, Ehrman, White & McAuliffe, special U.S. tax counsel to Lessee, in form and substance reasonably satisfactory to Lessee and (f) an opinion of Simpson Thacher & Bartlett, special counsel to Lessor, with respect to the enforceability of the Pledge Agreement under New York law in form and substance satisfactory to Lessee;

15.2.7 all actions required to have been taken on or prior to the Delivery Date in connection with the transactions contemplated by this Lease shall have been taken by any governmental or political agency, subdivision or instrumentality of the United States, the Republic of Finland or any other relevant jurisdiction shall have been taken, and all orders, permits, waivers, exemptions, authorizations and approvals of such entities required to be in effect on the Delivery Date in connection with the transactions contemplated by this Lease shall have been issued, and all such orders, permits, waivers, exemptions, authorizations, and approvals shall be in full force and effect, in each case on the Delivery Date;

15.2.8 no action or proceeding shall have been instituted, nor shall governmental action be threatened, before any court or governmental agency, nor shall any order, judgment or decree have been issued by any court or governmental agency on the Delivery Date, to set aside, restrain, enjoin or prevent the completion and consummation of this Lease or the transactions contemplated hereby;

15.2.9 on or prior to the Delivery Date, there shall have been no Event and no proposed or enacted changes in Finnish, United States or Kentucky tax laws or regulations, or in the interpretation or application thereof, that in the reasonable judgment of Lessee materially adversely affects the benefits to Lessee of the transactions contemplated hereby;

15.2.10 Lessee shall have received the Lessor's Cost for the Equipment;

15.2.11 Lessor shall have tendered possession of the Equipment for purposes of, and in accordance with, Section 3 of the Pledge Agreement, and all other actions necessary in Lessee's reasonable judgment to perfect the security interest therein granted by the Pledge Agreement shall have been taken; and

15.2.12 Lessee shall have received such other certificates, instruments and other documentation that Lessee shall reasonably request.

ARTICLE 16

REPRESENTATIONS AND WARRANTIES OF LESSEE

SECTION 16.1. Representations and Warranties. Lessee agrees, represents and warrants to Lessor that, on the date hereof and on the Delivery Date for the Equipment:

16.1.1 KU is a corporation organized, existing and in good standing under the laws of the Commonwealths of Kentucky and Virginia and LG&E is a corporation organized, existing and in good standing under the laws of the Commonwealth of Kentucky;

16.1.2 Lessee has the full corporate power, authority and legal right to carry on its business as currently conducted and to enter into and perform its obligations under each Lessee Document;

16.1.3 the execution, delivery and performance by Lessee of each Lessee Document has been duly authorized by all necessary governmental action on the part of Lessee, and do not and will not violate its organizational documents; each Lessee Document has been duly and validly executed and delivered by Lessee, and neither the execution, delivery and performance of any Lessee Document, nor the consummation of the transactions contemplated thereby, nor compliance by Lessee with any of the terms and provisions thereof, will (a) require any approval or consent of any trustee or governmental body (including FERC, the Kentucky Public Service Commission and the Virginia State Corporation Commission) or existing holders of any indebtedness, or obligations of Lessee that if not obtained, would invalidate any purported execution, performance, consummation or compliance as aforesaid, (b) violate or contravene the provisions of, or constitute a default under or breach under, any existing law, ordinance, decree, judgment, government rule, regulation or order or any instrument of or applicable to or binding on Lessee or (c) contravene or result in any breach of or constitute any default under, or result in the creation of a Lien (other than Permissible Liens) upon any property of Lessee under, any indenture, mortgage, contract or other agreement or instrument to which Lessee is a party or by which Lessee or its properties are bound or affected where the effect thereof would be to affect the

ability of Lessee to perform its obligations under any Lessee Document, in each case in a manner that is material to the transactions contemplated by any Lessee Document;

16.1.4 no filing, recording or registration of any financing statement or other document or instrument is necessary or advisable on the part of Lessee or Lessor in the United States solely due to its participation in the transactions contemplated hereunder and under the other Operative Documents or the particular nature, location or intended use of the Equipment, except for (a) the filing of financing statements under the KYUCC to perfect the security interest purported to be created by the Pledge Agreement and (b) the filing of financing statements under the KYUCC and the filing of this Lease to perfect Lessor's interest in the Equipment, which filings Lessee has arranged to be made no later than seven days after the Delivery Date;

16.1.5 Lessee has obtained, to the extent required, all necessary governmental and other consents, licenses and permits, and has taken all action that is necessary for the due performance of Lessee's obligations under each Lessee Document;

16.1.6 there are no pending or, to Lessee's knowledge, threatened actions or proceedings before any court or administrative agency in any jurisdiction that, if decided against Lessee, would materially adversely affect the ability of Lessee to perform its obligations under any Lessee Document or that questions Lessee's legal capacity to execute, deliver and perform, or the binding effect of validity of, any Lessee Document;

16.1.7 the Equipment will, on the Delivery Date therefor, be covered by effective insurance policies as required by Article 8, if any, and all premiums due on or prior to the Delivery Date in respect of such insurance policies, if any, shall have been paid in full;

16.1.8 the Lessee Documents have been duly executed and validly delivered by Lessee, and each Lessee Document is in full force and effect and constitutes, assuming the due authorization, execution and delivery thereof by the other parties thereto, a legal, valid and binding obligation of Lessee enforceable against Lessee in accordance with its terms, except as enforceability may be limited by applicable bankruptcy, insolvency, reorganization, moratorium or similar laws affecting the rights of creditors generally and by general principles of equity (regardless of whether enforcement thereof is sought in a proceeding at law or in equity);

16.1.9 Lessee's interest in the Equipment is not subject or subordinate to any prior claim in favor of any creditor of Lessee or any Affiliate of Lessee except, after the Delivery Date, Permissible Liens, if any;

16.1.10 Lessee has not entered into, and will not enter into, any other financing or lease with respect to the Equipment and will not purport to transfer the right to depreciate the Equipment for tax purposes in any jurisdiction;

16.1.11 Lessee is not an "investment company" or a company controlled by an "investment company" required to register as such under the Investment Company Act of 1940, as amended; and

16.1.12 no Default or Event of Default has occurred and is continuing and, no Event of Loss has occurred.

ARTICLE 17

REPRESENTATIONS AND WARRANTIES OF LESSOR

SECTION 17.1. Representations and Warranties. Lessor agrees, represents and warrants to Lessee that, on the date hereof and on each Delivery Date:

17.1.1 Lessor (a) is a corporation duly organized and validly existing under the laws of the Republic of Finland and (b) maintains an office in the Republic of Finland in which it will book the transactions contemplated by this Lease;

17.1.2 Lessor has the full corporate power, authority and legal right to carry on its business as currently conducted and to enter into and perform its obligations under each Lessor Document;

17.1.3 the execution, delivery and performance by Lessor of each Lessor Document has been duly authorized by all necessary corporate action on the part of Lessor and do not and will not violate its organizational documents; each Lessor Document has been duly and validly executed and delivered by Lessor, and neither the execution, delivery and performance of any Lessor Document, nor the consummation of the transactions contemplated thereby, nor compliance by Lessor with any of the terms and provisions thereof, will (a) require any approval or consent of any trustee or governmental body or existing holders of any indebtedness, or obligations of Lessor that, if not obtained, would invalidate any purported execution, performance, consummation or compliance as aforesaid, (b) violate or contravene the provisions of, or constitute a default under or breach under, any existing law, ordinance, decree, judgment, government rule, regulation or order or any instrument of or applicable to or binding on Lessor, or (c) contravene or result in any breach of or constitute any default under, or result in the creation of a Lien upon any property of Lessor under, any indenture, mortgage, contract or other agreement or instrument to which Lessor is a party or by which Lessor or its properties are bound or affected where the effect thereof would be to affect the ability of Lessor to perform its obligations under any Lessor Document, in each case in a manner that is material to the transactions contemplated by any Lessor Document;

17.1.4 no filing, recording or registration of any financing statement or other document or instrument is necessary or advisable on the part of Lessee or Lessor in Finland solely due to its participation in the transactions contemplated hereunder and under the other Operative Documents or the particular nature, location or intended use of the Equipment;

17.1.5 Lessor has obtained, to the extent required by law, all necessary governmental and other consents, licenses and permits, and has taken or will take all action that is necessary for the due performance of Lessor's obligations under each Lessor Document and for the use and operation of the Equipment;

17.1.6 there are no pending or, to Lessor's knowledge, threatened actions or proceedings before any court or administrative agency in any jurisdiction that, if decided against Lessor, would materially adversely affect the ability of Lessor to perform its obligations under any Lessor Document or that questions Lessor's legal capacity to execute, deliver and perform, or the binding effect or validity of, any Lessor Document;

17.1.7 each Lessor Document constitutes, assuming the due authorization, execution and delivery thereof by the other parties thereto, a legal, valid and binding obligation of Lessor, enforceable against Lessor in accordance with its terms, except as enforceability may be limited by applicable bankruptcy, insolvency, reorganization, moratorium or similar laws affecting the rights of creditors generally and by general principles of equity (regardless of whether enforcement thereof is sought in a proceeding at law or in equity);

17.1.8 there are no Lessor Liens, and the execution and delivery of this Lease by Lessor will not create any Lessor Lien, in respect of the Equipment other than Permitted Lessor Liens; and

17.1.9 Lessor is an "enterprise" of Finland, as such term is defined in paragraph 1(e) of Article 3 of the Finnish Tax Treaty, and the transactions contemplated by the Operative Documents are being entered into by Lessor in the ordinary course of its business as such.

ARTICLE 18

COVENANTS

SECTION 18.1. Covenants of Lessee.

18.1.1 Lessee hereby covenants and agrees that upon written request of Lessor (except that a request will not be necessary if Lessee has a duty to disclose the information to Lessor pursuant to the other terms hereof), Lessee shall promptly furnish to Lessor such information within its

knowledge or readily obtainable by it as may be required to enable Lessor timely to file any reports required by law to be filed by Lessor with any governmental authority; provided that Lessee shall have no obligation hereunder to provide information the production of which is illegal or that would constitute a default under any other agreement to which Lessee is party and, to the extent that any information is reasonably determined by Lessee to be proprietary or confidential, Lessee may require Lessor to enter into reasonably satisfactory confidentiality agreements with respect to such information; provided, further, that information provided by Lessee to Lessor on account of reports required under the laws of the Republic of Finland (or after a Disposition, the laws under which the transferee involved in such Disposition is organized) shall be at Lessor's cost and expense.

18.1.2 Lessee (a) shall obtain and maintain all necessary governmental and other consents, licenses and permits and (b) has taken or will take all actions, that, in each case, are necessary for the due performance of Lessee's obligations under any Lessee Document.

SECTION 18.2. Covenants of Lessor. Lessor hereby covenants and agrees that:

18.2.1 if eligible to do so, Lessor shall upon request of Lessee provide to Lessee, from time to time as required to avoid withholding, an Ownership, Exemption or Reduced Rate Certificate on Form 1001 and/or Form W-8 issued by the United States Internal Revenue Service. If the information on such Form 1001 and/or Form W-8 shall change, Lessor shall so inform Lessee in writing within 60 days of such change;

18.2.2 Lessor will not, without the prior written consent of Lessee, modify, amend, supplement, consent with respect to, or give any waiver under, the Loan Agreement, the Security Assignment or any other Operative Document to which Lessee is not a party, provided, that Lessee agrees that Lessor and Lender may substitute the schedules to the Loan Agreement in accordance with Clause 3.15 thereof without Lessee's consent;

18.2.3 Lessor will not create, incur, assume or suffer to exist, and Lessor will take all such action as may be necessary or advisable to discharge, any Lessor Lien other than Permitted Lessor Liens; and

18.2.4 Unless an Event of Default shall have occurred and be continuing, Lessor shall not take any affirmative action or omit to take any action in accordance with the Operative Documents that results in the interference with the quiet and peaceful possession and enjoyment of the Equipment by Lessee.

ARTICLE 19

INDEMNIFICATION

SECTION 19.1. General Indemnity. Lessee agrees to defend, indemnify (on an After-Tax Basis) and hold harmless Lessor and its Affiliates (other than Manufacturer or any Affiliate of Lessor claiming through Manufacturer), officers, directors, employees, servants, owners, agents and representatives (each, an "Indemnified Person") from and against any and all claims, losses, liabilities, suits, judgments, damages, costs, charges, penalties, fines, fees and expenses (including reasonable legal fees and expenses) of whatever kind and nature other than Taxes, which are treated in Article 20 ("Losses") that are incurred during or in respect of the term of this Lease that may result from or grow or arise in any manner out of or be attributable to a Loan Increased Cost Event or by any other Person under any other Operative Document (other than Losses resulting solely from a breach by the Indemnified Person of its representations, warranties or covenants thereunder or Losses in respect of which indemnification by Lessee would result in exceeding a limitation on Lessee's liability therefor included in the relevant Operative Document) or the maintenance, management, control, leasing, financing, delivery, non-delivery, redelivery, condition, ownership, use or operation of the Equipment, whether or not such is due to negligence or strict liability and whether or not is at the time in the possession of Lessee, and whether or not such Losses arise out of or in connection with any defect or alleged defect in (and regardless of when such defect shall have been discovered) or out of the design, manufacture, testing or use thereof or out of any maintenance, service, repair or overhaul or for any other reason whatsoever; except, in each case, (a) to the extent that such Losses shall have been caused by the willful misconduct or gross negligence of, or breach of its representations, warranties or covenants by, the Indemnified Party seeking indemnity under this Article 19, (b) Losses arising out of the Loan Agreement to the extent such Losses arise directly out of Borrower Recourse Obligations and (c) for the avoidance of doubt, normal, recurring expenses of Lessor not arising from any third-party claim, breach by Lessee hereunder or an Event of Default. Lessee represents, warrants and covenants that Lessee's ability to indemnify pursuant to this Section 19.1 is not limited by law in any respect.

SECTION 19.2. Patent Indemnity. Lessee further agrees to defend, indemnify (on an After-Tax Basis) and hold harmless each Indemnified Person from and against all Losses that may be incurred by Lessor during or in respect of the term of this Lease on the grounds that any design, article or material in the Equipment or any part thereof or the operation or use thereof constitutes an infringement of any patent, copyright, design, trademark and other property right or any other right whatsoever, save where such Losses shall have been caused by the willful misconduct or gross negligence of the Indemnified Person seeking indemnity under this Article 19.

SECTION 19.3. Notice of Claims. So long as no Default or Event of Default has occurred hereunder and is continuing, Lessor shall notify Lessee of any claim made against Lessor arising out of the use or operation of the Equipment for which Lessor may seek indemnification hereunder prior to payment of such claim; provided that the failure to give such notice shall not relieve

Lessee of its obligations hereunder. Notwithstanding the foregoing, upon full payment of the amounts for which indemnification is sought, Lessee shall be entitled to pursue its legal rights and remedies against such Indemnified Person for actual damages suffered by Lessee as a result of failure to provide prompt notice.

SECTION 19.4. Claims Procedure. Any amount payable to any Indemnified Person pursuant to this Article 19 shall be paid on or prior to the date which is the later of (x) the date 10 days after receipt of a written demand therefor from such Indemnified Person accompanied by a written statement describing in reasonable detail each Loss which is the subject of, and the basis for, such indemnity and the computation of the amount so payable and (y) the date two Banking Days prior to the date on which such Losses are payable. Lessee may, with respect to any Loss indemnified under this Article 19, and shall (if requested by the Indemnified Person) at the sole cost and expense of Lessee, investigate and defend any Loss for which indemnification is sought under this Article 19 with counsel reasonably acceptable to such Indemnified Person, and such Indemnified Person shall cooperate, at Lessee's expense, with all reasonable requests of Lessee in connection therewith. Where Lessee or the insurers under a policy of insurance maintained by Lessee undertake the defense of an Indemnified Person with respect to a Loss, no legal fees or expenses of such Indemnified Person thereafter accruing in connection with the defense of such Loss shall be indemnified under any Operative Document unless such fees or expenses were incurred at the request of Lessee or such insurers. Notwithstanding the foregoing provisions of this Section 19.4, Lessee shall not be entitled to assume and control the defense of any such Loss if an Event of Default has occurred and is continuing or if such Loss involves (a) a governmental proceeding involving a possible imposition of any criminal liability or penalty or material civil penalty on such Indemnified Person, (b) the granting of material injunctive relief against the Indemnified Person affecting property or activity not related to the transactions contemplated by the Operative Documents, or (c) a material conflict of interest between such Indemnified Person and Lessee and such Indemnified Person informs Lessee that such Indemnified Person desires to be represented by separate counsel, in which case the reasonable fees and expenses of such separate counsel shall be borne by Lessee where the Loss is indemnifiable under this Article 19. An Indemnified Person may participate at its own expense (without indemnification by Lessee under the Operative Documents) in any judicial proceeding controlled by Lessee pursuant to the preceding provisions; and such participation shall not constitute a waiver of the right to receive the indemnification provided in this Article 19. Lessee shall not enter into any compromise or settlement of a Loss if such settlement would have any unindemnified adverse effect on the Equipment or any Indemnified Person or the ability of Lessee or Guarantor to perform its obligations under any of the Operative Documents, without the prior written consent of Lessor and such Indemnified Person and, if the Loan shall not have been repaid in accordance with the terms of the Loan Agreement, the Lender, which consent shall not be unreasonably withheld or delayed. No Indemnified Person shall enter into any settlement or other compromise with respect to any material Loss for which Lessee has acknowledged liability without the prior written consent of Lessee, which consent shall not be unreasonably withheld or delayed. No Indemnified Person shall be entitled to indemnification hereunder with respect to any Loss with respect to which it shall have entered into any settlement or other compromise unless it shall theretofore have

given notice to Lessee of such Loss and the material facts relating thereto, and Lessee shall have had a period ending on the earlier of (x) the 30th day after the date of delivery to Lessee of such notice and (y) the later of the last day on which the relevant offer of settlement or compromise shall have expired and the third Banking Day after the date of delivery to Lessee of such notice in which to acknowledge liability pursuant to the preceding sentence. No such consent shall be required if (i) a Default or Event of Default shall have occurred and be continuing or (ii) such Indemnified Person waives its right to be indemnified under this Article 19 with respect to such Loss. Each party to any Operative Document shall take reasonable actions at the sole expense of Lessee to cooperate in any action taken by Lessee pursuant to this Section 19.4.

ARTICLE 20

TAX INDEMNITY

SECTION 20.1. Withholding Taxes. Lessee agrees that each payment hereunder and each payment of Basic Rent and each other payment to be made by or on behalf of Lessee, as the case may be, to Lessor (which term shall, for purposes of this Article 20, but subject to subsection 13.1.1, include any Affiliate of Lessor and the successors, assigns, agents and servants of Lessor and its Affiliates, in their respective capacities) under any of the Operative Documents shall be free of all withholdings imposed by any jurisdiction of any nature whatsoever (other than Finnish Taxes, as defined in subsection 20.3.1), and if any such withholding is required, Lessee shall pay an additional amount such that, after the deduction of all amounts required to be withheld, the net amount of Basic Rent or such other payment actually received by Lessor will equal (on an After-Tax Basis) the amount of Basic Rent or any such other amount that would be due absent such withholding; provided that if Lessor can claim an exemption from any such withholding and if upon reasonable request by Lessee, Lessor fails to furnish the representations, forms, and other documentation necessary to claim such exemption, then Lessee shall not be required to pay such additional amounts or in the case of withholding on Basic Rent, may claim such additional amounts from Lessor. If, pursuant to the preceding sentence, Lessee or any other Person has withheld any amount from any payment in respect of any withholding tax with respect to a Tax not indemnifiable by Lessee pursuant to this Article 20, Lessee shall notify Lessor of the amount of such withholding and provide to Lessor the original or a certified copy of a receipt or other documentation, reasonably acceptable to Lessor, evidencing payment of the withheld amount. Upon receipt by Lessor of the notice and receipt or other documentary evidence of payment described in the preceding sentence, Lessor shall promptly repay to Lessee on an After-Tax Basis the amount withheld.

SECTION 20.2. General Tax Indemnity. Except as provided in Section 20.3, Lessee shall pay, and hereby indemnifies Lessor against, and agrees to protect, save and keep harmless Lessor (on an After-Tax Basis) from any and all fees (including, without limitation, license, filing, recording, documentation and registration fees), taxes (including, without limitation, tax in respect of added value and any franchise, transfer, sales, use, business, occupation, excise, personal property, real property, income, gross receipts or stamp tax), levies, imposts, duties or governmental charges, assessments or

withholdings of any nature whatsoever, however imposed, withheld, levied or assessed, together with any and all penalties, fines, other additions to tax and interest thereon (collectively, "Taxes", and each, a "Tax") imposed by any country, by any governmental or taxing authority or political subdivision thereof or therein, by any territory or possession thereof, or by any international authority or other taxing authority (hereinafter, a "Taxing Authority") (a) upon or with respect to the Equipment or part thereof or interest therein or the applicability of this Lease to the Equipment or part thereof or interest therein, (b) upon or with respect to the purchase, manufacture, acceptance, rejection, ownership, delivery, nondelivery, removal, redelivery, transport, location, possession, registration, performance, transportation, management, sale, control, use or operation, design, condition, testing, assembly, insuring, financing, presence, repossession, return, abandonment, preparation, installation, storage, leasing, subleasing, maintenance, repair, service, modification, overhaul, replacement, alteration, rebuilding, importation, transfer of title, exportation or other application or disposition of the Equipment or part thereof or interest therein, (c) upon or with respect to the rentals, receipts or earnings arising from the Equipment or part thereof or interest therein, (d) upon or with respect to this Lease or any of the other Operative Documents or any payment made pursuant to any Operative Document or (e) otherwise with respect to or in connection with the transactions contemplated by the Operative Documents.

SECTION 20.3. Exclusions. The following Taxes shall not be indemnifiable by Lessee pursuant to this Article 20:

20.3.1 Taxes imposed by the Republic of Finland or any political subdivision thereof or Taxing Authority of a political subdivision thereof ("Finnish Taxes"), provided, however, that this subsection 20.3.1 shall not apply to (i) Finnish Taxes imposed with respect to any indemnity payment required to be made on an After-Tax Basis or (ii) any generally applicable Finnish Taxes hereafter imposed on the basis of added value, whether denominated as VAT Taxes or otherwise;

20.3.2 Taxes imposed by any Taxing Authority with respect to any period after the Equipment is no longer leased under this Lease other than Taxes imposed in connection with any transaction or event that is contemplated by the Operative Documents;

20.3.3 Taxes that result from, or that would not be imposed in the absence of, the gross negligence or willful misconduct of Lessor (other than gross negligence or willful misconduct imputed to Lessor by reason of its interest in the Equipment);

20.3.4 United States federal income taxes that are imposed as a result of (a) the income or the earnings and profits from the transactions contemplated by the Operative Documents being treated as "effectively connected with the conduct of a trade or business [of Lessor] within the United States", within the meaning of Sections 882 and 884 of the United States Internal Revenue Code, as in effect on the date hereof, or (b) Lessor having a

"permanent establishment" situated in the United States in respect of the transactions contemplated by the Operative Documents, as such term is defined in Article 5 of the Finnish Tax Treaty, provided that in making the determination under this subsection 20.3.4 as to whether Lessor shall be viewed as having engaged in a trade or business within the United States or having a permanent establishment in the United States to which the profits in respect of the Operative Documents were attributable, (i) the execution and delivery of the Operative Documents, (ii) the performance of the transactions contemplated by the Operative Documents in accordance with their respective terms and (iii) any office or other fixed place of business of Lessee or any Affiliate thereof, shall all be disregarded;

20.3.5 Taxes imposed on or with respect to any transfer or other disposition of the Equipment or part or interest therein (other than a transfer that occurs as a result of an Event of Default that has occurred and is continuing, as a result of the substitution, replacement, alteration or modification of the Equipment or any part or interest therein) by Lessor or otherwise pursuant to a provision in any Operative Document;

20.3.6 Taxes that result from, or would not have been imposed but for, a Lessor's Lien;

20.3.7 Taxes included in Lessor's Cost;

20.3.8 United States withholding taxes that would not have been imposed if Lessor (a) had been an "enterprise" of Finland and (b) was not deemed to have a "permanent establishment" situated in the United States to which the profits in respect of the Operative Documents were attributable, as such terms are defined in the Finnish Tax Treaty; provided that in making the determination under this subsection 20.3.8 as to whether Lessor shall be viewed as having a permanent establishment in the United States to which the profits in respect of the Operative Documents were attributable, (i) the execution and delivery of the Operative Documents, (ii) the performance of the transactions contemplated by the Operative Documents in accordance with their respective terms and (iii) any office or other fixed place of business of Lessee or any Affiliate thereof, shall all be disregarded;

20.3.9 Taxes that result from the breach of Lessor's representations set forth in subsection 17.1.8;

20.3.10 Taxes that would not have been imposed upon Lessor but for its failure to comply with any certification, reporting or other similar requirements concerning its nationality, residence, identity or connection with the jurisdiction imposing such taxes; provided, however, that the exclusion set forth in this subsection 20.3.10 shall apply only if at the time of such failure (i) such compliance is required under the laws or regulations of such jurisdiction to obtain or establish relief or exemption from or reduction in such taxes, and (ii) Lessor is then eligible to

comply with such requirement; and provided, further, that the exclusion set forth in this subsection 20.3.10 shall not apply if such failure to comply was due to Lessee's failure (1) timely to notify Lessor of such requirement, (2) to prepare and deliver to Lessor any report, return or statement required to be filed within a reasonable time prior to due date thereof, or (3) to provide reasonable assistance on request in complying with such requirement; or

20.3.11 Taxes imposed with respect to a successor Lessor to the extent such Taxes exceed the Taxes that would have been imposed had ABB Credit remained the Lessor.

SECTION 20.4. Contest.

20.4.1 If a claim shall be made against Lessor for any Taxes for which Lessee is obligated to indemnify Lessor pursuant to this Article 20, Lessor shall promptly notify Lessee in writing of such claim, provided that the failure of Lessor to give such notice shall not relieve Lessee of its obligations hereunder unless such failure shall effectively preclude a contest of such Taxes. If Lessee shall so request in writing within 30 days after receipt of such notice, such claim shall be contested at Lessee's expense. Lessor shall have the option to conduct such contest or, if permissible under local law, to permit Lessee to do so in the name of Lessor or in the name of Lessee; provided, however, that Lessor shall permit Lessee to control the contest with respect to Taxes (other than Taxes on net income) imposed by the United States or any Taxing Authority thereof or therein unless Lessor shall have determined in good faith that permitting Lessee to control such contest will prejudice or adversely effect Lessor's contest of Taxes resulting from unrelated transactions. Whenever Lessor elects to conduct such contest, Lessor shall determine in its sole discretion whether to pursue such contest by (a) resisting payment of such Taxes if practicable, (b) not paying the same except under protest, if protest is necessary and proper, or (c) paying the same and using reasonable efforts to obtain a refund thereof in appropriate administrative and/or judicial proceedings. If Lessor contests such Taxes by making a payment thereof, Lessee shall make an interest-free advance to Lessor, on an After-Tax Basis, in the amount of such Taxes. If Lessor shall have requested that Lessee conduct such contest, Lessor shall cooperate with Lessee and shall, if so requested by Lessee, resist payment of such Taxes if lawful or not paying the same except under protest, if protest is necessary and proper. Notwithstanding anything contained in this Article 20 to the contrary, Lessor will not be required to contest, or to continue to contest, or to assist in the contest of, the validity, applicability or amount of any Taxes (or portion thereof): (i) unless Lessor shall have received an opinion of independent tax counsel selected by Lessee and reasonably acceptable to Lessor, which opinion shall be furnished at Lessee's expense, on an After-Tax Basis, and to the effect that a reasonable basis exists for contesting such Tax, (ii) if Lessor waives its right to indemnity hereunder with respect to such Taxes (or such portion thereof) and to any gross-up with respect thereto, (iii) if Lessor is unable timely and properly to contest such Taxes because of the failure of Lessee to supply Lessor (upon timely written request by Lessor) with information (not otherwise reasonably available to Lessor) necessary to enable Lessor timely and properly to contest such Taxes, (iv) unless Lessee shall have agreed in writing to pay or reimburse

Lessor on an After-Tax Basis for all reasonable out-of-pocket costs and expenses that Lessor may incur in connection with the contesting of such claim (including, without limitation, reasonable legal and accounting fees and disbursements), (v) unless such contest will not result in any risk of criminal penalties or danger of sale, forfeiture or loss of the Equipment or part thereof or interest therein or the creation of any Lien thereon other than Liens for Taxes either not yet due or being contested in good faith by appropriate proceedings so long as such proceedings do not involve any risk of criminal penalties or danger of sale, forfeiture or loss of the Equipment or part thereof an interest therein, or (vi) if an Event of Default has occurred and is continuing. (If at the commencement of a contest pursuant to this subsection 20.4.1, there is a Default that is not an Event Default and such Default ripens into an Event of Default while such contest is still pending, Lessor shall thereafter have the right to discontinue such contest at any time without affecting adversely its rights to indemnification hereunder.)

20.4.2 If Lessor shall obtain a refund or credit of or other offset with respect to all or part of any Tax paid or advanced by Lessee, Lessor shall pay Lessee an amount equal to the amount of such refund or credit or offset plus any interest received by (or credited to the benefit of) Lessor from (or by) the appropriate Taxing Authority or that would have been so received or credited but for offset by other items plus the excess, if any, of the amount of any Taxes saved by Lessor as a result of such payment to Lessee over the Taxes payable by Lessor as a result of the receipt of the refund or credit or offset (including interest).

20.4.3 If Lessee shall be the party contesting a Tax on behalf of Lessor, as provided herein, Lessor shall supply Lessee with such information requested by Lessee as is reasonably available to Lessor and necessary or advisable for Lessee to control or participate in any proceeding to the extent permitted by this Article 20, and Lessee shall keep Lessor reasonably informed of the progress of such contest. If Lessor shall be the party contesting a Tax that is indemnified hereunder by Lessee, Lessee shall supply Lessor with such information requested by Lessor as may be necessary or advisable to enable Lessor to contest such claim.

20.4.4 So long as Lessee is in full compliance with its obligations under this Article 20, Lessor shall not make, accept or enter into a settlement or other compromise with respect to any Taxes indemnified pursuant to this Article 20, or forego or terminate any proceeding with respect to Taxes indemnified pursuant to this Article 20, without the prior written consent of Lessee, which shall not be unreasonably withheld. In the event Lessor effects a settlement or compromise of any contest, or otherwise terminates any such contest in violation of the preceding sentence, Lessor shall re-pay to Lessee any amount theretofore paid by Lessee pursuant to the fourth sentence of this subsection 20.4.1 in respect of such claim.

20.4.5 Lessee shall have the right to be consulted about all decisions relating to claims pursued by Lessor in its own name that are indemnifiable by Lessee including making suggestions with respect to (a) any response to any inquiry or challenge or claim, (b) the preparation and submission of memoranda or briefs (or relevant portions thereof) and (c) making, pursuing or accepting of settlements

or compromise offers or discussions; provided that Lessor shall control such contest. Lessee shall have no right to participate in any proceedings conducted by Lessor in its own name. If Lessee shall request Lessor to discontinue any proceedings or concede claims for which Lessee is required to indemnify hereunder and with respect to which Lessee has (i) complied with all of its material obligations hereunder as conditions to a contest and (ii) tendered to Lessor all amounts called for under this Article 20 fully to indemnify Lessor in respect thereof, Lessor shall do so; provided that Lessor shall not be obligated to discontinue or concede a proceeding or claim if Lessor agrees that the liability of Lessee with respect thereto shall be determined as if such proceeding or claim had been discontinued and conceded at the time Lessee shall have so directed. If, in the course of contesting a claim for Taxes, Lessee believes in good faith that the appropriate Taxing Authority might compromise a proposed adjustment, Lessee shall advise Lessor of the terms of the settlement Lessee is then willing to make, and upon receipt of such notice, Lessor will explore such settlement proposal with the relevant Taxing Authority. If a settlement proposal is acceptable to both Lessee and such Taxing Authority, Lessor shall agree to the settlement proposal; provided that Lessor shall not be obligated formally to propose or agree to a settlement if Lessor agrees that the amount of any Taxes in respect of such proposed claim shall not exceed the amount of such Taxes which would have been required if the settlement proposal had been made and accepted.

20.4.6 In all events and circumstances, Lessor and Lessee shall act in good faith in conducting any contest, or in filing any return or report or claim, and shall not discriminate against any claim that is indemnifiable hereunder in favor of any non-indemnified matter, whether or not related to the transactions contemplated by the Operative Documents.

20.4.7 If Lessee shall make an indemnity payment under this Article 20 and the indemnified Taxes (including withholding taxes) are available as a credit against or otherwise reduce Taxes imposed by any Taxing Authority, or that would have been imposed, that are not Taxes indemnified against under this Article 20, then to the extent such items have not previously been taken into account in computing the amount of any payment pursuant to this sentence of the amount of indemnification payable under Section 20.2, Lessor shall promptly pay to Lessee the amount of such reduction or credit plus the amount of any Taxes saved by Lessor as a result of such payment; provided that to the extent that Lessor is thereafter denied the right to use (or otherwise loses the benefit of) such credit or reduction, Lessee shall promptly repay to Lessor the amount previously paid to Lessee by Lessor. Lessor shall use its best efforts in filing tax returns and dealing with Tax Authorities to claim any such tax benefit. In no event shall the amount Lessor is obligated to pay to Lessee pursuant to this Article 20 exceed the amount of the indemnity payment received by Lessor.

20.4.8 Regardless of anything in Section 20.1 to the contrary, unless a change in United States Federal tax law, the Finnish Tax Treaty or official interpretations of either prevents Lessor from so doing, Lessor shall, as reasonably requested by Lessee, deliver to Lessee duly completed copies of United States Internal Revenue Service Form 1001 and/or W-8 or successor applicable form with respect to all years in which payments are to be made under any of the Operative

Documents with respect to both interest, other than coupon bond interest, and income currently described in Article 20 of the Convention.

20.4.9 Each of Lessee and Lessor agrees that it shall honor all reasonable requests from the other to file, or provide such other party with, such returns, statements, or other documentation as shall enable the other party, in its reasonable opinion, to claim any applicable exemption, reduction or refund of Tax, and shall take such other actions, at the expense of the requesting party, as shall enable the requesting party to minimize the Taxes payable by it; provided, that no party shall be required to provide such returns, statements or other documentation or to take such actions if the effect thereof would be to cause such party to become subject to new or increased Taxes on such party. Without derogation from the above, if a Finnish Tax is hereafter imposed on the Rent payable hereunder, or on any other amounts payable under any Operative Document, on the basis of added value, whether denominated as VAT Taxes or otherwise, Lessor shall, to the extent permitted by law and consistent with Lessor's rights and the limitations on Lessor's obligations under Section 20.4.1, cooperate with Lessee in minimizing the amount of such Tax indemnifiable by Lessee hereunder. Lessor agrees and undertakes that it shall not file without the consent of Lessee, which consent shall not be unreasonably withheld or delayed, any return, statement or other document with any governmental or taxing authority in the United States relating to the taxation of the transaction provided for herein or in any of the Operative Documents unless such filing shall be provided for by the Operative Documents or required by applicable law and Lessee agrees and undertakes not to file without the consent of Lessor, which consent shall not be unreasonably withheld or delayed, any return, statement or other document with any governmental or taxing authority in Finland relating to the taxation of the transactions provided for herein or in any of the Operative Documents unless such filing shall be provided for by the Operative Documents or required by applicable law.

SECTION 20.5. Computations. All computations required to be made under Article 10, Article 19 or this Article 20 shall be made in the first instance by Lessor, acting reasonably and in good faith, and the results of such computation shall be delivered to Lessee in writing. At the request of Lessee, the accuracy of such computations shall be verified by independent accountants of recognized standing (other than the accountants that regularly audit the books of Lessor) selected by Lessor and reasonably acceptable to Lessee. Lessor agrees to cooperate fully with said accounting firm, and shall provide it with any material such firm believes is necessary in order to ensure the accuracy of the computations. Such accounting firm shall be requested to make its determination by the date on which the payment of any such amount must be made hereunder. The computations of the accounting firm, selected as provided above, shall be final, binding and conclusive upon Lessee and Lessor. Lessee shall pay the costs of such verification unless the amount originally indicated by Lessor is more than 5% greater than the amount determined by such accountants, in which case Lessor shall pay such costs. Lessee shall have no right to examine the books and records of Lessor or to examine or otherwise have access to its income tax returns.

SECTION 20.6. Payments. Lessee shall pay any amount for which it is liable pursuant to this Article 20 directly to the appropriate Taxing Authority if legally permissible or, upon demand of Lessor, to Lessor, but in no event later than the later of (a) 10 days after the date of such demand or (b) 2 days before the date the Tax to which such amount payable hereunder relates is due or is to be paid, in immediately available funds. Lessor shall pay any amount for which it is liable within 10 days after the reduction, credit, offset or other event in question. Lessor shall promptly forward to Lessee a copy of any notice, bill or advice received by it concerning any Tax for which it seeks indemnification hereunder. If Lessee shall pay any amount directly to the appropriate Taxing Authority, Lessee shall promptly furnish to Lessor the original or a certified copy of a receipt for Lessee's payment of such Tax or such other evidence of payment of such Tax as is reasonably acceptable to Lessor.

ARTICLE 21

FINNISH EVENTS

SECTION 21.1. Finnish Events. If Lessor provides an opinion from Hannes Snellman, Attorneys at Law Ltd. (or from other independent legal or tax advisors reasonably acceptable to Lessee) to the effect that Lessor and/or its Affiliates are suffering, have suffered or will suffer increased costs or the loss of tax benefits as a result of a Finnish Event, Lessee shall indemnify Lessor and its Affiliates as provided in Section 21.2, provided that if the aggregate indemnity amounts paid or to be paid by Lessee pursuant to Section 21.2, payment of which has not been waived by Lessor, exceeds 0.25% of the total Lessor's Cost, Lessee may, by written notice to Lessor, terminate the leasing of the Equipment under this Lease on a date not less than 10 days from the date such notice is given (a "Termination Date"). On such Termination Date, Lessee shall pay or cause to be paid to Lessor the Termination Sum in effect as of such Termination Date with respect to the Equipment and all other amounts due hereunder or any other Operative Document (including all amounts due or accrued under Section 20.1). Upon receipt of all amounts payable pursuant to the preceding sentence, Lessor shall be required to promptly execute and deliver the documentation required in the Transfer Protocol to convey all of its right, title and interest in and to the Equipment to Lessee or whomsoever Lessee shall have designated in writing in accordance with the Transfer Protocol, and the obligation of Lessee to pay Basic Rent shall, after the Payment Date immediately prior to the date of payment (or, if such date of payment is a Payment Date, Basic Rent accruing after such date of payment), be deemed abated, the leasing under this Lease of the Equipment and the obligations of the parties hereunder shall terminate except for obligations that expressly survive any such termination.

SECTION 21.2. Indemnification. The amount of any indemnity payable pursuant to subsection 21.1 with respect to a Finnish Event shall be the Increased Cost (as hereinafter defined) attributable to such Finnish Event. For purposes of this Article 21, the term "Increased Cost" shall mean the amount that, on an After-Tax Basis, has a present value (calculated at the rate used by Lessor in calculating Lessor's Projected Tax Consequences, and otherwise on a consistent basis) equal to (i)

the increased capital requirements of Lessor and its Affiliates in respect of the transactions contemplated by this Lease resulting from such Finnish Event or (ii) the differences, in respect of each calendar year during the Lease Term, between Lessor's Projected Tax Consequences and Lessor's Expected Tax Consequences, as the case may be. "Lessor's Projected Tax Consequences" means the Finnish tax consequences to Lessor (or any consolidated or combined group of which Lessor is a member) with respect to each calendar year during the Lease Term that Lessor projected when it entered into the transactions contemplated by the Operative Documents. "Lessor's Expected Tax Consequences" means the Finnish tax consequences to Lessor (or any consolidated or combined group of which Lessor is a member) that Lessor reasonably expects to realize with respect to each calendar year during the Lease Term as a result of such Finnish Event. The determination of Lessor's Expected Tax Consequences shall be made in the same manner and on the basis of the same assumptions used in the initial determination of Lessor's Projected Tax Consequences (which include the assumptions set forth in the definition of "Finnish Event"), except to the extent that such assumptions have been modified by such Finnish Event. All computations of the type described in subsection 21.2.1 shall be made by Lessor but shall be subject to the verification procedures set forth in Article 20. Any indemnity under subsection 21.1 (or that portion thereof that is not in dispute) shall be payable on the 30th day from the date on which Lessor gives to Lessee the notice set forth in subsection 21.1.1.

ARTICLE 22

MISCELLANEOUS

SECTION 22.1. Survival. The indemnities of the parties provided for herein shall survive the execution, delivery, performance and termination of this Lease and return of the Equipment hereunder, and shall be and continue in effect notwithstanding the fact that any of the parties hereto may waive compliance with any provision of this Lease or any Operative Document or other instrument contemplated hereby.

SECTION 22.2. Notices. All notices, offers, acceptances, approvals, waivers, requests, demands and other communications hereunder or under any instrument, certificate or other document delivered in connection with the transactions described herein (collectively, a "notice") shall be in writing, shall be addressed as provided below and shall be considered as properly given if (a) delivered in person, (b) sent by overnight delivery service (including, without limitation, Federal Express, UPS, ETA, Emery, Purolator, DHL, Airborne, and other similar overnight delivery services), (c) overnight delivery services are not readily available, if mailed by first-class mail, postage prepaid, registered or certified with return receipt requested or (d) sent by facsimile transmission and confirmed. Notice given in any such manner shall be effective upon receipt by the addressee thereof; provided that if any notice is tendered to an addressee and the delivery thereof is refused by such addressee, such notice shall be effective upon such tender. For the purposes of any notice, the addresses of the parties hereto shall be as set forth below; provided that any party shall have the right to change its address for

notice hereunder to any other location within the continental United States, the Republic of Finland or the country where Lessor maintains its principal office, by giving 30 days' notice to the other party in the manner set forth herein. The initial addresses of the parties hereto are as follows:

To Lessor: If by mail:

ABB Credit OY
P. O. Box 59
FIN-00381 Helsinki
Finland
Attention: Vice President - Administration

If by other means:

ABB Credit OY
Valimopolku 4
FIN-00381 Helsinki
Finland
Attention: Vice President - Administration
Telephone No.: 358-10-22-2000
Facsimile No.: 358-10-22-22217

To Lessee: LOUISVILLE GAS AND ELECTRIC COMPANY and
KENTUCKY UTILITIES COMPANY, as LESSEE
220 West Main Street
Louisville, Kentucky 40202
Attention: Treasurer
Telephone No.: 502-627-2203
Facsimile No.: 502-627-2229

In the case of notices hereunder given or made by facsimile transmission, the notifying party shall, if reasonably requested to do so by any other party hereto, confirm the contents of such facsimile transmission in a letter to be dispatched by first-class mail, postage prepaid, on the same day any such request is so made.

SECTION 22.3. Language of Documents. All documents or notices to be delivered pursuant to or in connection with this Lease shall be in the English language or, if any such document or notice is not in the English language, it shall be accompanied by a certified English translation thereof that shall control.

SECTION 22.4. Amendments. No term or provision of this Lease may be altered, modified, amended, supplemented or terminated except by a written instrument signed by the parties hereto.

SECTION 22.5. Successors and Assigns. This Lease shall be binding upon and inure to the benefit of the parties hereto and their respective successors and permitted assigns.

SECTION 22.6. Counterparts. This Lease may be executed by the parties hereto in separate counterparts, each of which when so executed and delivered shall, subject to the legend contained on the covering page of this Lease, be an original for all purposes, but all such counterparts shall together constitute but one and the same instrument.

SECTION 22.7. Severability. If any term or provision of this Lease or the application thereof to any circumstances shall, in any jurisdiction and to any extent, be prohibited or unenforceable, such term or such provision shall be ineffective as to such jurisdiction to the extent of such prohibition or enforceability, without invalidating or rendering unenforceable the remaining terms and provisions of this Lease or the application of such term or provision to circumstances other than those as to which it is held prohibited or unenforceable in any jurisdiction shall not invalidate or render unenforceable such term or provision in any other jurisdiction.

SECTION 22.8. Waivers; Remedies Cumulative. No failure to exercise or enforce, and no delay in exercising or enforcing, on the part of Lessor and Lessee, any right, remedy, power or privilege hereunder and/or under any Operative Document shall operate as a waiver thereof, nor shall any single or partial exercise or enforcement of any such right, remedy, power or privilege preclude any other or further exercise thereof, or the exercise of any other right, remedy, power or privilege whether hereunder, thereunder or otherwise. The rights, remedies, powers and privileges herein and therein provided are cumulative and not exclusive (except as expressly provided herein or in any other Operative Document) of any rights, remedies, powers and privileges provided by applicable law.

SECTION 22.9. Complete Agreement. This Lease, together with the other Operative Documents, constitutes the entire agreement between the parties hereto with respect to the transactions contemplated hereby and supersedes any prior agreements with respect to the subject matter hereof and thereof.

SECTION 22.10. Costs and Expenses. Each party hereto shall bear its own expenses in connection with the negotiation, execution and delivery of this Lease and the closing of the leasing transaction contemplated hereby, including the fees and expenses of its attorneys. Lessee's expenses shall include the fees, costs and expenses of Lessee's financial advisors and the Lender and of any agent for service appointed pursuant to the Pledge Agreement during the Lease Term. The out-of-pocket costs and expenses of the prevailing party incurred in any action brought to enforce or

preserve such party's rights hereunder, including the fees and disbursements of counsel, shall be borne by the other party.

SECTION 22.11. Rights Cumulative, Etc. The rights of Lessor under this Lease are cumulative, may be exercised as often as it considers appropriate, and are in addition to its rights under general law (except to the extent that recourse to rights under general law is expressly precluded by any Operative Document). The rights of Lessor against Lessee or in relation to the Equipment shall not, as against or in favor of Lessor, be capable of being waived or varied otherwise than by an express waiver or variation in writing; and in particular, any failure to exercise or delay in exercising any such right shall not operate as a waiver or variation of that or any other such right. A defective or partial exercise of any such right shall not preclude any other or further exercise of that or any other such right, and no act or course of conduct or negotiation on its part or on its behalf shall in any way preclude it from exercising any such right or constitute a suspension or any variation of any such right.

SECTION 22.12. No Partnership. Nothing contained in this Lease shall be deemed or construed to create a partnership or joint venture of or between Lessor and Lessee.

ARTICLE 23

FURTHER ASSURANCES

Each party agrees that from time to time it will do and perform in a timely manner any other act and will execute, acknowledge, deliver, file, register, record and deposit (and will refile, re-register, re-record or redeposit whenever required) any and all further instruments required by law or reasonably requested by the other party for the purpose of carrying out the intention of this Lease.

ARTICLE 24

WAIVER OF IMMUNITY BY LESSEE

Lessee agrees that this Lease and the other Operative Documents and transactions contemplated hereby and thereby constitute a commercial activity and that this Lease and the other Operative Documents and the transactions contemplated hereby and thereby are subject to the chosen private and commercial law, and hereby irrevocably waives, to the extent permitted by law, any right of immunity which it or any of its property has or may acquire in respect of its obligations hereunder and under the other Operative Documents.

ARTICLE 25

CONFIDENTIALITY

The terms and conditions of this Agreement and the other Operative Documents are confidential and are subject to the Confidentiality Agreement, dated as of December 23, 1999, among Lessee, Lessor, the Lender and Bank of America.

ARTICLE 26

GOVERNING LAW AND ARBITRATION

SECTION 26.1. Choice of Law. This Lease shall in all respects be governed by and construed in accordance with the law of the Republic of Finland. The United Nations convention for the International Sale of Goods and the UNIDROIT Convention on International Financial Leasing shall not apply.

SECTION 26.2. Arbitration. All disputes arising in connection with this Agreement or the other Operative Documents (other than the Pledge Agreement, to the extent provided therein), or the breach, termination or invalidity hereof or thereof, shall be consolidated, to the maximum extent possible, and exclusively and finally determined by arbitration under the Rules of Arbitration of the International Chamber of Commerce. All such disputes shall be determined by three arbitrators, one of whom is selected by Lessor, one of whom is selected by Lessee and the third of whom is selected by mutual agreement of the first two arbitrators or, in the absence of such mutual agreement, is selected in accordance with such Rules. The place of the arbitration shall be Helsinki, Finland. The language of the arbitration shall be English. Without prejudice to any of the provisions of Article 23 of the said Rules, to the extent permitted by applicable law the arbitral tribunal may take whatever interim or conservatory measures it deems necessary, which interim or conservatory measures may be taken in the form of an interim award and may be conditioned on the posting of security for the costs of such measures. Judgment upon any award rendered by the arbitral tribunal may be entered by any court having jurisdiction thereof.

ARTICLE 27

SEVERANCE

It is the express intention of Lessor and Lessee that the Equipment is severed, and shall be and remain severed, from title to any real property to which it may become affixed and would otherwise constitute a part. Lessor and Lessee intend that the Equipment be and remain personal property to the maximum extent permitted by applicable law.

ARTICLE 28

SEVERAL LIABILITY OF LG&E AND KU; LIMITATIONS ON RECOURSE

It is the express intention of Lessor and Lessee that LG&E and KU shall be severally liable in proportion to their respective undivided interests hereunder, but not jointly liable, for payment of Basic Rent hereunder and the Debt Portion and Equity Portion of any Termination Sum payable hereunder. To the extent of the obligations of Guarantor assumed under the Guarantee for payment of amounts due hereunder other than Basic Rent and the Debt Portion and Equity Portion of any Termination Sum, Lessor agrees that it shall look exclusively to the Guarantee for payment of such sums and shall have no recourse to Lessee therefor.

[THIS SPACE INTENTIONALLY LEFT BLANK]

INTENDING TO BE LEGALLY BOUND, the parties hereto have caused this Lease to be duly executed as of the day and year first written above.

ABB CREDIT OY

By [Signature]
Name: ULF LINCHALL
Title: SVP

By [Signature]
Name: Magnus Paulsson
Title: Vice President

LOUISVILLE GAS AND ELECTRIC COMPANY

By _____
Name:
Title:

KENTUCKY UTILITIES COMPANY

By _____
Name:
Title:

INTENDING TO BE LEGALLY BOUND, the parties hereto have caused this Lease to be duly executed as of the day and year first written above.

ABB CREDIT OY

By _____
Name:
Title:

By _____
Name:
Title:

LOUISVILLE GAS AND ELECTRIC COMPANY

By CA Markel
Name: Charles A. Markel, III
Title: Treasurer

KENTUCKY UTILITIES COMPANY

By CA Markel
Name: Charles A. Markel, III
Title: Treasurer

STATE OF NEW YORK:

SS:

COUNTY OF NEW YORK:

On this 23rd day of December, 1999, before me personally appeared Ulf Lindahl and Magnus Paulsson, to me personally known, who being by me duly sworn, say that they are the authorized signatories for ABB CREDIT OY, that the foregoing instrument was signed on behalf of said corporation by authority of its Board of Directors, and they acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

[Notary's Seal]



AMY M. IRWIN
NOTARY PUBLIC, State of New York
No. 912200007
Qualified in New York County
Commission Expires Dec 15, 2001

Notary Public

My commission expires: December 15, 2001

CORPORATE ACKNOWLEDGEMENT

STATE OF KENTUCKY :

ss:

COUNTY OF JEFFERSON

On this 24 day of December, 1999, before me personally appeared Charles A. Markel, III, to me personally known, who being by me duly sworn, says that he is the Treasurer of LOUISVILLE GAS AND ELECTRIC COMPANY, that the foregoing instrument was signed and sealed on behalf of said corporation by authority of its Board of Directors, and he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

[Notary's Seal]

Notary Public
My commission expires:

Notary Public, State of Kentucky
My commission expires June 13, 2000

STATE OF KENTUCKY:

ss:

COUNTY OF JEFFERSON

On this 23 day of December, 1999, before me personally appeared Charles A. Markel, III, to me personally known, who being by me duly sworn, says that he is the Treasurer of KENTUCKY UTILITIES COMPANY, that the foregoing instrument was signed and sealed on behalf of said corporation by authority of its Board of Directors, and he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

[Notary's Seal]

Notary Public
My commission expires:

Notary Public, State of Kentucky
My commission expires June 13, 2000

Schedule A

<u>Period</u>	<u>Date</u>	<u>Debt Basic Rents</u> <u>Schedule A1</u>	<u>Equity Basic Rents</u> <u>Schedule A2</u>
0	23-Dec-99		
1	23-Jun-00	3.742907	0.155954
2	23-Dec-00	3.742907	0.155954
3	23-Jun-01	3.742907	0.155954
4	23-Dec-01	3.742907	0.155954
5	23-Jun-02	3.742907	0.155954
6	23-Dec-02	3.742907	0.155954
7	23-Jun-03	3.742907	0.155954
8	23-Dec-03	3.742907	0.155954
9	23-Jun-04	3.742907	0.155954
10	23-Dec-04	3.742907	0.155954
11	23-Jun-05	3.742907	0.155954
12	23-Dec-05	3.742907	0.155954
13	23-Jun-06	3.742907	0.155954
14	23-Dec-06	3.742907	0.155954
15	23-Jun-07	3.742907	0.155954
16	23-Dec-07	3.742907	0.155954
17	23-Jun-08	3.742907	0.155954
18	23-Dec-08	3.742907	0.155954
19	23-Jun-09	3.742907	0.155954
20	23-Dec-09	3.742907	0.155954
21	23-Jun-10	3.742907	0.155954
22	23-Dec-10	3.742907	0.155954
23	23-Jun-11	3.742907	0.155954
24	23-Dec-11	3.742907	0.155954
25	23-Jun-12	3.742907	0.155954
26	23-Dec-12	3.742907	0.155954
27	23-Jun-13	3.742907	0.155954
28	23-Dec-13	3.742907	0.155954
29	23-Jun-14	3.742907	0.155954
30	23-Dec-14	3.742907	0.155954
31	23-Jun-15	3.742907	0.155954
32	23-Dec-15	3.742907	0.155954
33	23-Jun-16	3.742907	0.155954
34	23-Dec-16	3.742907	0.155954
35	23-Jun-17	3.742907	0.155954
36	23-Dec-17	3.742907	0.155954

Schedule D

<u>Period</u>	<u>Date</u>	<u>Lessee event of default</u> <u>Schedule D</u>
0	23-Dec-99	6.000000
1	23-Jun-00	5.999479
2	23-Dec-00	5.866125
3	23-Jun-01	5.836546
4	23-Dec-01	5.829760
5	23-Jun-02	5.798760
6	23-Dec-02	5.776500
7	23-Jun-03	5.765576
8	23-Dec-03	5.746895
9	23-Jun-04	5.740253
10	23-Dec-04	5.737852
11	23-Jun-05	5.720000
12	23-Dec-05	5.715353
13	23-Jun-06	5.705363
14	23-Dec-06	5.696453
15	23-Jun-07	5.606350
16	23-Dec-07	5.536931
17	23-Jun-08	5.332066
18	23-Dec-08	5.122984
19	23-Jun-09	4.909633
20	23-Dec-09	4.691964
21	23-Jun-10	4.469927
22	23-Dec-10	4.243475
23	23-Jun-11	4.012563
24	23-Dec-11	3.777147
25	23-Jun-12	3.537187
26	23-Dec-12	3.292643
27	23-Jun-13	3.043480
28	23-Dec-13	2.789662
29	23-Jun-14	2.531161
30	23-Dec-14	2.261917
31	23-Jun-15	1.770000
32	23-Dec-15	1.728646
33	23-Jun-16	1.680199
34	23-Dec-16	1.624369
35	23-Jun-17	1.560858
36	23-Dec-17	0.000000

Schedule E

<u>Period</u>	<u>Date</u>	<u>Loan balance</u> <u>Schedule E</u>	<u>Payment</u>	<u>Interest</u> <u>portion</u>	<u>Principal</u> <u>portion</u>	<u>Balloon</u> <u>Payment</u>
0	23-Dec-99	96.000000				
1	23-Jun-00	95.353093	3.742907	3.096000	0.646907	
2	23-Dec-00	94.685324	3.742907	3.075138	0.667769	
3	23-Jun-01	93.996019	3.742907	3.053602	0.689305	
4	23-Dec-01	93.284484	3.742907	3.031372	0.711535	
5	23-Jun-02	92.550002	3.742907	3.008425	0.734482	
6	23-Dec-02	91.791833	3.742907	2.984738	0.758169	
7	23-Jun-03	91.009213	3.742907	2.960287	0.782620	
8	23-Dec-03	90.201353	3.742907	2.935047	0.807860	
9	23-Jun-04	89.367440	3.742907	2.908994	0.833913	
10	23-Dec-04	88.506633	3.742907	2.882100	0.860807	
11	23-Jun-05	87.618065	3.742907	2.854339	0.888568	
12	23-Dec-05	86.700841	3.742907	2.825683	0.917224	
13	23-Jun-06	85.754037	3.742907	2.796103	0.946804	
14	23-Dec-06	84.776698	3.742907	2.765568	0.977339	
15	23-Jun-07	83.767840	3.742907	2.734049	1.008858	
16	23-Dec-07	82.726446	3.742907	2.701513	1.041394	
17	23-Jun-08	81.651467	3.742907	2.667928	1.074979	
18	23-Dec-08	80.541820	3.742907	2.633260	1.109647	
19	23-Jun-09	79.396387	3.742907	2.597474	1.145433	
20	23-Dec-09	78.214014	3.742907	2.560534	1.182373	
21	23-Jun-10	76.993509	3.742907	2.522402	1.220505	
22	23-Dec-10	75.733643	3.742907	2.483041	1.259866	
23	23-Jun-11	74.433146	3.742907	2.442410	1.300497	
24	23-Dec-11	73.090708	3.742907	2.400469	1.342438	
25	23-Jun-12	71.704977	3.742907	2.357176	1.385731	
26	23-Dec-12	70.274556	3.742907	2.312486	1.430421	
27	23-Jun-13	68.798004	3.742907	2.266355	1.476552	
28	23-Dec-13	67.273832	3.742907	2.218735	1.524172	
29	23-Jun-14	65.700507	3.742907	2.169582	1.573325	
30	23-Dec-14	64.076441	3.742907	2.118841	1.624066	
31	23-Jun-15	62.400000	3.742907	2.066466	1.676441	
32	23-Dec-15	60.669493	3.742907	2.012400	1.730507	
33	23-Jun-16	58.883178	3.742907	1.956592	1.786315	
34	23-Dec-16	57.039253	3.742907	1.898982	1.843925	
35	23-Jun-17	55.135863	3.742907	1.839517	1.903390	
36	23-Dec-17	53.171087	3.742907	1.778131	1.964776	53.171087

Schedule F

<u>Period</u>	<u>Date</u>	<u>Equity balance</u> <u>Schedule F</u>	<u>Payment</u>	<u>Interest</u> <u>portion</u>	<u>Principal</u> <u>portion</u>	<u>Balloon</u> <u>Payment</u>
0	23-Dec-99	4.000000				
1	23-Jun-00	3.973046	0.155954	0.129000	0.026954	
2	23-Dec-00	3.945222	0.155954	0.128130	0.027824	
3	23-Jun-01	3.916501	0.155954	0.127233	0.028721	
4	23-Dec-01	3.886853	0.155954	0.126306	0.029648	
5	23-Jun-02	3.856250	0.155954	0.125351	0.030603	
6	23-Dec-02	3.824660	0.155954	0.124364	0.031590	
7	23-Jun-03	3.792051	0.155954	0.123345	0.032609	
8	23-Dec-03	3.758390	0.155954	0.122293	0.033661	
9	23-Jun-04	3.723643	0.155954	0.121207	0.034747	
10	23-Dec-04	3.687776	0.155954	0.120087	0.035867	
11	23-Jun-05	3.650753	0.155954	0.118931	0.037023	
12	23-Dec-05	3.612535	0.155954	0.117736	0.038218	
13	23-Jun-06	3.573085	0.155954	0.116504	0.039450	
14	23-Dec-06	3.532362	0.155954	0.115231	0.040723	
15	23-Jun-07	3.490327	0.155954	0.113919	0.042035	
16	23-Dec-07	3.446935	0.155954	0.112562	0.043392	
17	23-Jun-08	3.402144	0.155954	0.111163	0.044791	
18	23-Dec-08	3.355909	0.155954	0.109719	0.046235	
19	23-Jun-09	3.308183	0.155954	0.108228	0.047726	
20	23-Dec-09	3.258917	0.155954	0.106688	0.049266	
21	23-Jun-10	3.208063	0.155954	0.105100	0.050854	
22	23-Dec-10	3.155568	0.155954	0.103459	0.052495	
23	23-Jun-11	3.101381	0.155954	0.101767	0.054187	
24	23-Dec-11	3.045446	0.155954	0.100019	0.055935	
25	23-Jun-12	2.987707	0.155954	0.098215	0.057739	
26	23-Dec-12	2.928106	0.155954	0.096353	0.059601	
27	23-Jun-13	2.866583	0.155954	0.094431	0.061523	
28	23-Dec-13	2.803076	0.155954	0.092447	0.063507	
29	23-Jun-14	2.737521	0.155954	0.090399	0.065555	
30	23-Dec-14	2.669852	0.155954	0.088285	0.067669	
31	23-Jun-15	2.600000	0.155954	0.086102	0.069852	
32	23-Dec-15	2.527896	0.155954	0.083850	0.072104	
33	23-Jun-16	2.453466	0.155954	0.081524	0.074430	
34	23-Dec-16	2.376636	0.155954	0.079124	0.076830	
35	23-Jun-17	2.297328	0.155954	0.076646	0.079308	
36	23-Dec-17	2.215462	0.155954	0.074088	0.081866	2.215462

Schedule G
Simple Cycle Combustion Turbine Equipment*

Generation Equipment

2x GT24 CTS 165 MW Turbines

Make: ABB

S/N GT2415 Generator No. HM 301157

S/N GT2414 Generator No. HM 301156

Electrical Equipment

2x 138Kv Circuit Breaker Equipment

Make: Siemens

Model: B20-145-63-6

S/N's: 47482-2 & 47482-3

Voltage Transformers

Surge Arrestor

Relay Equipment

Isolators

138 Kv Bus Extension

2x GSU200MVA

Make: Ferranti-Packard

S/N's: TP361 & TP362

Station Auxiliary Power Transformer 10MVA

Make: General Electric

S/N: M161591B

2x SUS 4kV/480V 1200 amps

Make: MGM

Model: AC374-Y0145

S/N's: 99-02-48656A & 99-02-48656B

4x 4kV Breakers 1200 amps

Make: Powell Industries, Inc.

Model: Powl-Vac

Job Number: 8169-01

480V Motor Control Center

Make: Cutler-Hammer

Model: Freedom Series 2100

S/N's: HUPL47421 & HUPL47422

2x Fuel Oil forwarding pumps 350 gallon per minute/each

Make: Ingersoll-Dresser

Model: 3x2x8 HOC3

S/N's: 0199-7955A & 0199-7955B

3x Demineralized Water forwarding pumps 350 gallon per minute/each

Make: Ingersoll-Dresser

Model: 4x3x13 HOC3

S/N's: 0199-7956A & 0199-7956B & 0199-7956C

Oil/Water Separator

Make: Highland Tank
Model: HTC-J

2x NOx Water Storage Tanks 850,000 gallon each

Make: ITEQ
Model: AWWAOD100-96
S/N's: 825014A & 825014B

85 Ton Bridge Crane

Make: KONE CRANES
S/N: 5324

Gas Heater

Make: Engineering Technology, Inc.
S/N: 99-060

Water Treatment Facility Including:

2x 450 gpm each DI trains with pretreatment

Make: US Filter
S/N: 7950A & 7950B

2x 1000hp Service Water Pump Motors, and resizing of pump impellers
Motors:

Make: TECO-Westinghouse
Model: W8B457
S/N's: FD94305-1 & FD94305-2

Pump Impellers:

Make: Layne-Central (Layne-Western)
S/N's: 59839 & 59840

Balance of plant Distributed Control System and Fire Protection System

Make: Taylor MOD 300

Fire Protection System:

Make: Notifier
Model: System 5000
S/N: SH-1394

* Site Plot of the Equipment is reviewed on the following page.

Simple Cycle Combustion Turbine Equipment

DEMINERALIZER

ACCOUNT NUMBER UNIT OF PROPERT DESCRIPTION

CATEGORY

LIGHTING

3410	5395	LIGHTING SYSTEM - WIRE BUILDING	
3410	5395	LIGHTING SYSTEM - EMERGENCY LIGHTING	
3410	5395	LIGHTING SYSTEM - SWITCHGEAR	

DEMINERALIZER

3430	7242	DECARBONATOR TANK, INCLUDES PUMPS	DEMINERALIZER -- USD40,764
3430	7241	TRIMITE FILTERS, INCLUDES PUMPS	DEMINERALIZER
3430	5102	ANION VESSELS, INCLUDES PUMPS	DEMINERALIZER
3430	5102	CATION VESSELS, INCLUDES PUMPS	DEMINERALIZER
3430	5109	COAGULANT STORAGE TANKS, INCL PUMPS	DEMINERALIZER -- USD4,785
3430	5109	POLYMER STORAGE TANKS, INCL PUMPS	DEMINERALIZER -- USD4,795
3430	5109	SODIUM HYPOCHLORITE TANKS, INCL PUMPS	DEMINERALIZER -- USD5,166
3430	5207	CONTROL SYSTEM	DEMINERALIZER
3430	5207	CONTROL SYSTEM - BUTTERFLY VALVES	DEMINERALIZER
3430	5207	CONTROL SYSTEM - R.H MALONEY PUMPS	DEMINERALIZER
3430	7231	ACID PUMP SKID	DEMINERALIZER
3430	7231	CAUSTIC PUMP SKID	DEMINERALIZER
3430	5208	DEMINERALIZER PIPING	DEMINERALIZER
3430	7243	WASTE WATER PUMP	DEMINERALIZER

SERVICE WATER SYSTEM

3120	5331	HI PRESSURE SERVICE WATER PUMP	HI PRESSURE SERVICE WATER SYS
3120	5467	N0x WATER STORAGE TANKS	SERVICE WATER -- USD1,182,187

Simple Cycle Combustion Turbine Equipment

ABB TURBINE MODEL HM301156 / SERIAL #2414

ACCOUNT NUMBER	UNIT OF PROPERT	DESCRIPTION	CATEGORY
3410	5493	OIL/WATER SEPARATOR	FUEL OIL EQUIPMENT
3410	5775	YARD LIGHTING	YARD FACILITIES
3420	5512	FUEL OIL FORWARDING PUMP	FUEL OIL EQUIPMENT
3430	5088	BURNERS	COMBUSTION
3430	5364	IGNITORS	COMBUSTOR
3430	5486	PIPING & VALVES	COMBUSTOR
3430	5289	FUEL OIL PUMP	DUAL FUEL SYSTEM
3430	5298	GAS SCRUBBER	DUAL FUEL SYSTEM
3430	5689	SUMP, PUMPS AND STRAINERS	DUAL FUEL SYSTEM
3430	7244	NITROGEN PURGE SKID	DUAL FUEL SYSTEM
3430	5213	EXHAUSTER/DIFFUSER	EXHAUSTER
3430	5644	SILENCER	EXHAUSTER
3430	5658	STACK AND LINER	EXHAUSTER
3430	5192	CO2 EQUIPMENT	FIRE PROTECTION SYSTEM
3430	5265	FIRE CONTROL UNIT	FIRE PROTECTION SYSTEM
3430	5143	COMPRESSOR-TURBINE SHAFT	GAS TURBINE BLOCK
3430	5056	BEARINGS AND SEALS	GAS TURBINE BLOCK
3430	5731	TURBINE BLADES	GAS TURBINE BLOCK
3430	5737	TURBINE VANES	GAS TURBINE BLOCK
3430	5148	COMPRESSOR BLADES	GAS TURBINE BLOCK
3430	5152	COMPRESSOR VANES	GAS TURBINE BLOCK
3430	5094	CABLE AND CONDUIT	INLET AIR FILTRATION SYSTEM
3430	5012	AIR INTAKE DUCT	INLET AIR FILTRATION SYSTEM
3430	7245	EVAPORATIVE COOLER	INLET AIR FILTRATION SYSTEM
3430	5378	INTAKE SILENCER ASSEMBLY	INLET AIR FILTRATION SYSTEM

Simple Cycle Combustion Turbine Equipment

ACCOUNT NUMBER	UNIT OF PROPERT	DESCRIPTION	CATEGORY
3430	5415	LUBE/POWER OIL PUMPS/MOTOR	LUBE OIL SYSTEM
3430	5679	STORAGE	LUBE OIL SYSTEM
3430	5368	INLET GUIDE VANES	MISC. EQUIPMENT
3430	5153	COMPRESSOR WASH	MISC. EQUIPMENT
3430	5454	NOX CONTROL SYSTEM	MISC. EQUIPMENT
3430	5375	INSULATION	MISC. EQUIPMENT
3430	7246	QUENCH COOLING SYSTEM	MISC. EQUIPMENT
3430	5000	ACOUSTIC ENCLOSURE	MISC. EQUIPMENT
3430	5189	COOLING FANS AND MOTORS	MISC. EQUIPMENT
3430	5537	RECOOLERS	OIL COOLING
3430	7221	COOLING WATER PUMPS AND MOTORS	OIL COOLING
3430	5212	DIESEL ENGINE	STARTING SYSTEM
3430	5050	BATTERIES AND RACKS	STARTING SYSTEM
3430	5180	CONTROLS	STARTING SYSTEM
3430	5283	FREQUENCY CONVERTER	STARTING SYSTEM
3430	5538	RECTIFIER	STARTING SYSTEM
3430	5719	TRANSFORMER	STARTING SYSTEM
3430	5408	LOCAL CONTROL PANEL	TURBINE CONTROL
3430	5547	REMOTE CONTROL PANEL	TURBINE CONTROL
3440	5244	EXCITATION SYSTEM	MISCELLANEOUS
3440	5019	AIR TO WATER COOLERS	MISCELLANEOUS
3440	5305	GENERATOR BREAKER	MISCELLANEOUS
3440	5499	POTENTIAL OR CURRENT XFRMERS	SURGE PROTECTION
3440	5692	SURGE ARRESTORS	SURGE PROTECTION
3440	5694	SURGE CAPACITORS	SURGE PROTECTION
3440	5094	CABLE AND CONDUIT	TEWAC GENERATOR
3440	5307	GENERATOR INSTRUMENT PANEL	TEWAC GENERATOR

Simple Cycle Combustion Turbine Equipment

ACCOUNT NUMBER	UNIT OF PROPERTY	DESCRIPTION	CATEGORY
3440	5569	ROTOR	TEWAC GENERATOR
3440	5668	STATOR	TEWAC GENERATOR
3450	5105	CHARGER	DC SYSTEM
3450	5383	ISOLATED PHASE BUS	ISOLATED PHASE BUSWORK
3450	5453	NEUTRAL GROUNDING TRANSFORMER	ISOLATED PHASE BUSWORK
3450	5273	FIRE PROTECTION SYSTEM	MISCELLANEOUS
3450	5663	START UP TRANSFORMER	POWER TRANSFORMER
3450	5039	AUXILIARY TRANSFORMER	POWER TRANSFORMER
3450	5436	MEDIUM VOLTAGE SWITCHGEAR (4160V)	SWITCHGEAR
3450	5406	LOAD CENTER OR UNITS (480V)	SWITCHGEAR
3450	5449	MOTOR CONTROL CENTER	SWITCHGEAR
3460	5145	COMPRESSED AIR PIPING	STATION SUPPORT SYSTEM
3531	7098	POWER TRANSFORMER (GSU)	POWER TRANSFORMER

ABB TURBINE MODEL HM301157 / SERIAL #2415

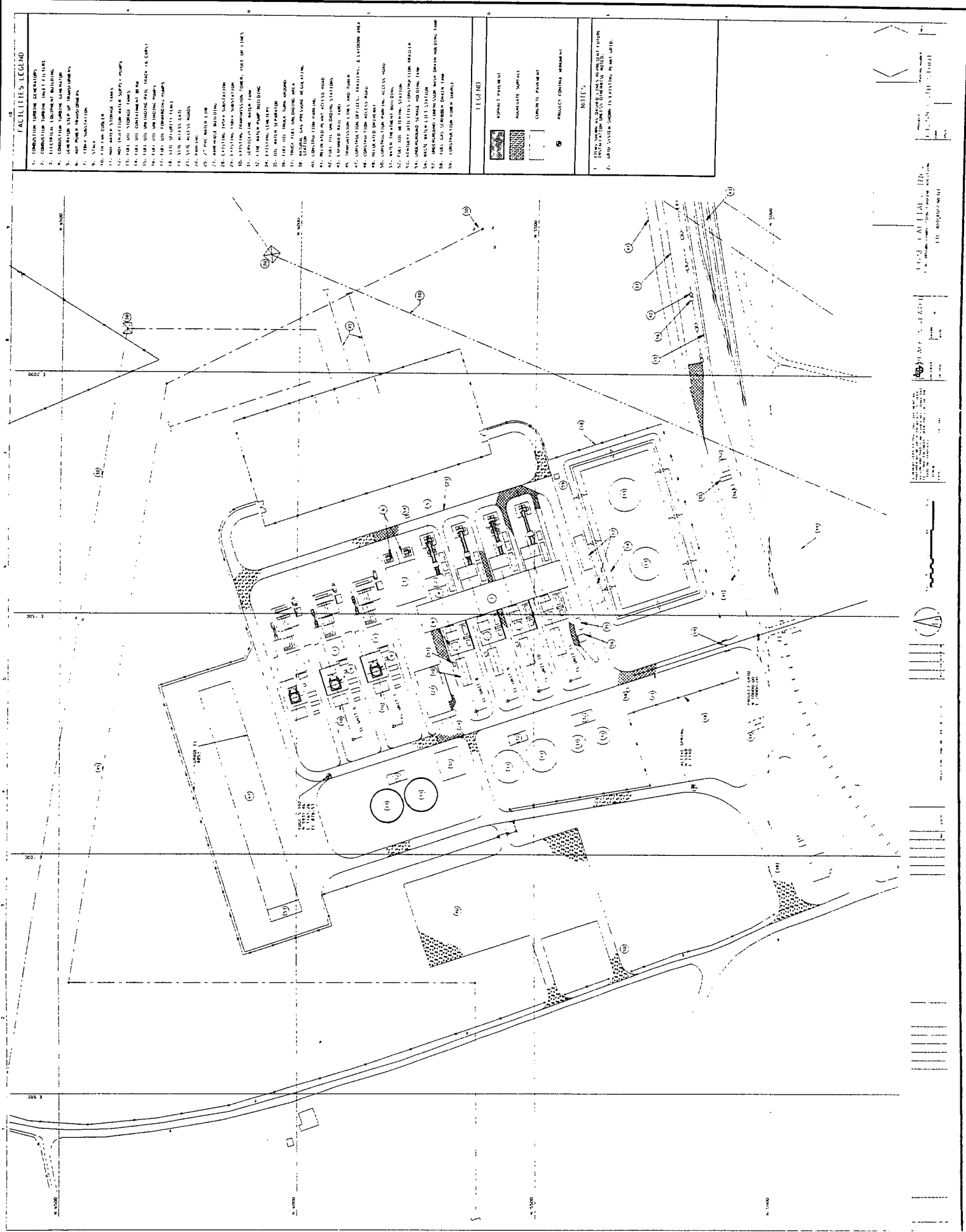
ACCOUNT NUMBER	UNIT OF PROPERTY	DESCRIPTION	CATEGORY
3410	5493	OIL/WATER SEPARATOR	FUEL OIL EQUIPMENT
3410	5775	YARD LIGHTING	YARD FACILITIES
3420	5512	FUEL OIL FORWARDING PUMP	FUEL OIL EQUIPMENT
3420	5429	FUEL GAS MAIN PIPELINE	PIPELINE EQUIPMENT
3430	5088	BURNERS	COMBUSTOR
3430	5364	IGNITORS	COMBUSTOR
3430	5486	PIPING & VALVES	COMBUSTOR
3430	5289	FUEL OIL PUMP	DUAL FUEL SYSTEM
3430	5298	GAS SCRUBBER	DUAL FUEL SYSTEM
3430	5689	SUMP, PUMPS AND STRAINERS	DUAL FUEL SYSTEM

Simple Cycle Combustion Turbine Equipment

3430	7244	NITROGEN PURGÉ SKID	DUAL FUEL SYSTEM
3430	5213	EXHAUSTER/DIFFUSER	EXHAUSTER
3430	5644	SILENCER	EXHAUSTER
3430	5658	STACK AND LINER	EXHAUSTER
3430	5192	CO2 EQUIPMENT	FIRE PROTECTION SYSTEM
3430	5265	FIRE CONTROL UNIT	FIRE PROTECTION SYSTEM
3430	5143	COMPRESSOR-TURBINE SHAFT	GAS TURBINE BLOCK
3430	5056	BEARINGS AND SEALS	GAS TURBINE BLOCK
3430	5731	TURBINE BLADES	GAS TURBINE BLOCK
3430	5737	TURBINE VANES	GAS TURBINE BLOCK
3430	5148	COMPRESSOR BLADES	GAS TURBINE BLOCK
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3430	7245	EVAPORATIVE COOLER	INLET AIR FILTRATION SYSTEM
3430	5378	INTAKE SILENCER ASSEMBLY	INLET AIR FILTRATION SYSTEM
3430	5415	LUBE/POWER OIL PUMPS/MOTOR	INLET AIR FILTRATION SYSTEM
3430	5679	STORAGE	LUBE OIL SYSTEM
3430	5368	INLET GUIDE VANES	LUBE OIL SYSTEM
3430	5153	COMPRESSOR WASH	MISC. EQUIPMENT
3430	5454	NOX CONTROL SYSTEM	MISC. EQUIPMENT
3430	5375	INSULATION	MISC. EQUIPMENT
3430	7246	QUENCH COOLING SYSTEM	MISC. EQUIPMENT
3430	5000	ACOUSTIC ENCLOSURE	MISC. EQUIPMENT
3430	5189	COOLING FANS AND MOTORS	MISC. EQUIPMENT
3430	5537	RECOOLERS	OIL COOLING
3430	7221	COOLING WATER PUMPS AND MOTORS	OIL COOLING
3430	5212	DIESEL ENGINE	STARTING SYSTEM

Simple Cycle Combustion Turbine Equipment

ACCOUNT NUMBER	UNIT OF PROPERTY	DESCRIPTION	CATEGORY
3430	5050	BATTERIES AND RACKS	STARTING SYSTEM
3430	5180	CONTROLS	STARTING SYSTEM
3430	5283	FREQUENCY CONVERTER	STARTING SYSTEM
3430	5538	RECTIFIER	STARTING SYSTEM
3430	5719	TRANSFORMER	STARTING SYSTEM
3430	5408	LOCAL CONTROL PANEL	TURBINE CONTROL
3430	5547	REMOTE CONTROL PANEL	TURBINE CONTROL
3440	5244	EXCITATION SYSTEM	MISCELLANEOUS
3440	5019	AIR TO WATER COOLERS	MISCELLANEOUS
3440	5305	GENERATOR BREAKER	MISCELLANEOUS
3440	5499	POTENTIAL OR CURRENT XFORMERS	MISCELLANEOUS
3440	5692	SURGE ARRESTORS	SURGE PROTECTION
3440	5694	SURGE CAPACITORS	SURGE PROTECTION
3440	5094	CABLE AND CONDUIT	SURGE PROTECTION
3440	5307	GENERATOR INSTRUMENT PANEL	TEWAC GENERATOR
3440	5569	ROTOR	TEWAC GENERATOR
3440	5668	STATOR	TEWAC GENERATOR
3450	5105	CHARGER	TEWAC GENERATOR
3450	5383	ISOLATED PHASE BUS	DC SYSTEM
3450	5453	NEUTRAL GROUNDING TRANSFORMER	ISOLATED PHASE BUSWORK
3450	5273	FIRE PROTECTION SYSTEM	ISOLATED PHASE BUSWORK
3450	5663	START UP TRANSFORMER	MISCELLANEOUS
3450	5039	AUXILIARY TRANSFORMER	POWER TRANSFORMER
3450	5436	MEDIUM VOLTAGE SWITCHGEAR (4160V)	POWER TRANSFORMER
3450	5406	LOAD CENTER OR UNITS (480V)	SWITCHGEAR
3450	5449	MOTOR CONTROL CENTER	SWITCHGEAR
3460	5145	COMPRESSED AIR PIPING	STATION SUPPORT SYSTEM
3531	7098	POWER TRANSFORMER (GSU)	POWER TRANSFORMER

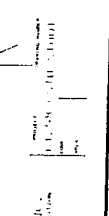


FACILITIES LEGEND

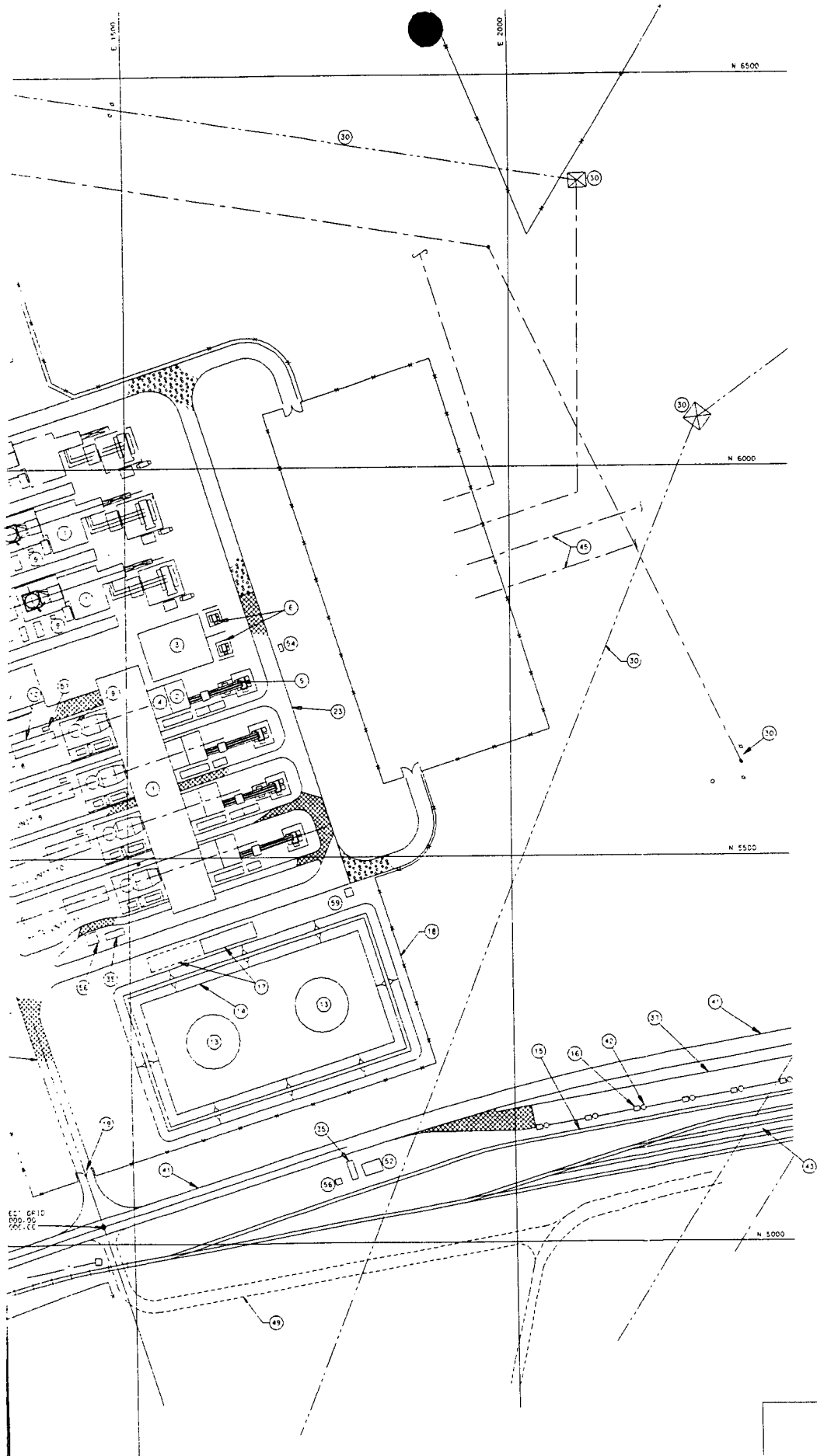
1. CONSTRUCTION STAGING
2. CONSTRUCTION STAGING AREA
3. ELECTRICAL EQUIPMENT BUILDING
4. CONSTRUCTION LUMBER STORAGE
5. CONSTRUCTION STEP UP TRANSFORMERS
6. AIR PURGE TRANSFORMERS
7. WATER SUBSTATION
8. FUEL OIL TANK
9. FUEL OIL TANK
10. FUEL OIL TANK
11. HOT WATER STORAGE TANK
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- LEGEND**
- ASPHALT PAVEMENT
 - GRAVEL DRIVEWAYS
 - CONCRETE DRIVEWAYS
 - PROJECT CONTING AREA

- NOTES**
1. REFER TO DRAWING SHEETS FOR DETAILED CONSTRUCTION INFORMATION.
 2. REFER TO DRAWING SHEETS FOR DETAILED CONSTRUCTION INFORMATION.



PROJECT NO. 100-1000
 SHEET NO. 100-1000-1
 DATE: 10/1/80
 DRAWN BY: J. J. JONES
 CHECKED BY: M. M. M. M.
 APPROVED BY: P. P. P. P.
 TITLE: FACILITY LAYOUT



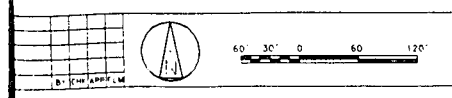
- 1. COMBUSTION TURBINE GENERATORS
- 2. COMBUSTION TURBINE INLET FILTERS
- 3. ELECTRICAL EQUIPMENT BUILDING
- 4. COMBUSTION TURBINE GENERATOR
- 5. GENERATOR STEP-UP TRANSFORMERS
- 6. AUX POWER TRANSFORMERS
- 7. 138KV SUBSTATION
- 8. STACK
- 9. FIN FAN COOLER
- 10. NOX WATER STORAGE TANKS
- 11. NOX INJECTION WATER SUPPLY PUMPS
- 12. FUEL OIL STORAGE TANKS
- 13. FUEL OIL CONTAINMENT BERM
- 14. FUEL OIL UNLOADING RAIL TRUCK 16 CARS
- 15. FUEL OIL UNLOADING PUMPS
- 16. FUEL OIL FORWARDING PUMPS
- 17. SITE SECURITY FENCE
- 18. SITE ACCESS GATE
- 19. SITE ACCESS ROADS
- 20. PARKING
- 21. 2" PVC WATER LINE
- 22. WAREHOUSE BUILDING
- 23. EXISTING 345KV SUBSTATION
- 24. EXISTING 138KV SUBSTATION
- 25. EXISTING TRANSMISSION TOWER, POLE OF LINES
- 26. SERVICE/FIRE WATER TANK
- 27. FIRE WATER PUMP BUILDING
- 28. EXISTING CEMETERY
- 29. OIL-WATER SEPARATOR
- 30. FUEL OIL TRUCK TURN AROUND
- 31. TRUCK FUEL UNLOADING AREA
- 32. NATURAL GAS PRESSURE REGULATING STATION
- 33. CONSTRUCTION PARKING
- 34. RELOCATED PLANT ACCESS ROAD
- 35. FUEL OIL UNLOADING STATIONS
- 36. EXPANDED RAIL YARD
- 37. TRANSMISSION LINES AND TOWER
- 38. CONSTRUCTION OFFICES, TRAILERS, & LAYDOWN AREA
- 39. CONSTRUCTION ACCESS ROAD
- 40. RELOCATED DRIVEWAY
- 41. CONSTRUCTION PARKING ACCESS ROAD
- 42. WATER TREATMENT BUILDING
- 43. FUEL OIL METERING STATION
- 44. KENTUCKY UTILITIES CONSTRUCTION TRAILER
- 45. UNDERGROUND SEWAGE HOLDING TANK
- 46. WASTE WATER LIFT STATION
- 47. UNDERGROUND COMPRESSOR WASH DRAIN HOLDING TANK
- 48. FUEL GAS SCRUBBER DRAIN TANK
- 49. CONSTRUCTION POWER SOURCE

LEGEND

	ASPHALT PAVEMENT
	AGGREGATE SURFACE
	CONCRETE PAVEMENT
	PROJECT CONTROL MONUMENT

NOTES

- ITEMS SHOWN AS DASHED LINES REPRESENT FUTURE INSTALLATION UNLESS OTHERWISE NOTED.
- GRID SYSTEM SHOWN IS EXISTING PLANT GRID.



I HEREBY CERTIFY THAT THIS DOCUMENT WAS PREPARED BY ME OR UNDER MY DIRECT SUPERVISION AND THAT I AM A DULY LICENSED PROFESSIONAL ENGINEER UNDER THE LAWS OF THE STATE OF KENTUCKY.

DATE: _____ REG. NO.: _____

ENGINEER: _____ DRAWN: MSL
CHECKED: _____ DATE: _____

BLACK & VEATCH

LG&E CAPITAL, INC.
E.W. BROWN COMBUSTION TURBINE ADDITION

PROJECT: 61258-CSTU-S1001

DRAWING NUMBER: 61258-CSTU-S1001

SITE ARRANGEMENT



Schedule B

<u>Period</u>	<u>Date</u>	<u>Stip loss</u> <u>Schedule B</u>
0	23-Dec-99	4.000000
1	23-Jun-00	3.899158
2	23-Dec-00	3.796435
3	23-Jun-01	3.691819
4	23-Dec-01	3.585298
5	23-Jun-02	3.476861
6	23-Dec-02	3.366499
7	23-Jun-03	3.254205
8	23-Dec-03	3.139972
9	23-Jun-04	3.023796
10	23-Dec-04	2.905675
11	23-Jun-05	2.785609
12	23-Dec-05	2.663599
13	23-Jun-06	2.539650
14	23-Dec-06	2.413768
15	23-Jun-07	2.285962
16	23-Dec-07	2.155245
17	23-Jun-08	2.024631
18	23-Dec-08	1.891138
19	23-Jun-09	1.755788
20	23-Dec-09	1.618605
21	23-Jun-10	1.479619
22	23-Dec-10	1.338861
23	23-Jun-11	1.196369
24	23-Dec-11	1.052184
25	23-Jun-12	1.000000
26	23-Dec-12	1.000000
27	23-Jun-13	1.000000
28	23-Dec-13	1.000000
29	23-Jun-14	1.000000
30	23-Dec-14	1.000000
31	23-Jun-15	1.000000
32	23-Dec-15	1.000000
33	23-Jun-16	1.000000
34	23-Dec-16	1.000000
35	23-Jun-17	1.000000
36	23-Dec-17	0.000000

Schedule C

<u>Period</u>	<u>Date</u>	<u>Tax unwind</u> <u>Schedule C</u>
0	23-Dec-99	3.500000
1	23-Jun-00	3.399158
2	23-Dec-00	3.296435
3	23-Jun-01	3.191819
4	23-Dec-01	2.009709
5	23-Jun-02	1.933803
6	23-Dec-02	1.183250
7	23-Jun-03	1.127102
8	23-Dec-03	1.069986
9	23-Jun-04	0.407139
10	23-Dec-04	0.371703
11	23-Jun-05	0.335683
12	23-Dec-05	0.000000
13	23-Jun-06	0.000000
14	23-Dec-06	0.000000
15	23-Jun-07	0.000000
16	23-Dec-07	0.000000
17	23-Jun-08	0.000000
18	23-Dec-08	0.000000
19	23-Jun-09	0.000000
20	23-Dec-09	0.000000
21	23-Jun-10	0.000000
22	23-Dec-10	0.000000
23	23-Jun-11	0.000000
24	23-Dec-11	0.000000
25	23-Jun-12	0.000000
26	23-Dec-12	0.000000
27	23-Jun-13	0.000000
28	23-Dec-13	0.000000
29	23-Jun-14	0.000000
30	23-Dec-14	0.000000
31	23-Jun-15	0.000000
32	23-Dec-15	0.000000
33	23-Jun-16	0.000000
34	23-Dec-16	0.000000
35	23-Jun-17	0.000000
36	23-Dec-17	0.000000

BILL OF SALE

This Bill of Sale is executed and delivered as of the 23rd day of December, 1999 by and between Louisville Gas and Electric Company, a corporation organized under the laws of Kentucky (the "Seller") and **ABB Credit OY**, a corporation organized and existing under the laws of Finland (the "Purchaser").

RECITALS

- A. Seller is the owner of a 38 percent (38%) undivided ownership interest in certain turbine generating equipment more particularly described on Schedule I attached hereto (the "Equipment") which is located at Seller's generating plant on Beaver Dam Road, Burgin, Kentucky.
- B. Purchaser is acquiring Seller's undivided interest in the Equipment and title thereto from Seller pursuant to the Purchase Agreement dated December 23, 1999 among Seller, Kentucky Utilities Company and Purchaser (the "Purchase Agreement") as evidenced by this Bill of Sale.
- C. In order to confirm the closing of the sale pursuant to the Purchase Agreement, to give public notice of the sale of Purchaser's interest in the Equipment to Seller and to affirm that the Equipment is personalty without regard to the degree to which any portion of the Equipment may be bolted, attached or affixed to real property, Purchaser and Seller are entering into this Bill of Sale in recordable form.
- D. Terms used as defined terms herein and not defined in this Bill of Sale shall have the meaning provided for in that certain Lease Agreement of even date herewith between Purchaser and Seller and Kentucky Utilities Company.

Operative Provisions

For good and valuable consideration, the receipt of which is hereby acknowledged, the Seller does hereby sell, deliver and confirm sale and delivery of its 38 percent (38%) undivided interest in (the "Undivided Interest") the Equipment and title thereto.

1. The Seller warrants to the Purchaser that the Seller delivered the Undivided Interest to the Purchaser free of all security interests, liens and encumbrances other than as permitted pursuant to the Operative Documents. The Seller hereby agrees to defend such title unto the Purchaser against any claim contrary to the foregoing warranty. The Seller shall have no liability to the Purchaser with respect to this Bill of Sale, except for the express warranties made in this paragraph. This Bill of Sale relates only to the title to the Undivided Interest and the

Equipment and confirmation that the Seller has no claims against the Purchaser with respect to the Undivided Interest and the Equipment; provided that nothing herein shall be deemed to affect any rights, remedies or claims of the Seller against parties other than the Purchaser.

2. The Seller and the Purchaser acknowledge, agree and confirm that the Equipment is and shall remain personalty without regard to the degree to which any portion of the Equipment is or shall be attached or affixed to real property or to any improvements to real property and further agree that the Equipment is and shall be capable of removal from the real property on which it is presently located.

LOUISVILLE GAS AND ELECTRIC COMPANY

By: CA Markel
Title: Charles A. Markel, III - Treasurer
("Seller")

Accepted:

ABB Credit OY

By: _____
Title: _____

By: _____
Title: _____
"Purchaser"

LOUISVILLE GAS AND ELECTRIC
COMPANY

By: _____
Title: _____
("Seller")

Accepted:

ABB Credit OY

By: W. J. Widdall
Title: Senior Vice-President

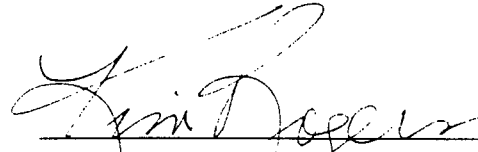
By: Wesley Pemberton
Title: Vice-President
"Purchaser"

STATE OF KENTUCKY

COUNTY OF JEFFERSON

The foregoing instrument was acknowledged before me this 23rd day of Dec., 1999,
by Charles A. Markel, III, Treasurer of Louisville Gas and Electric
Company, a Kentucky corporation, on behalf of such corporation.

My commission expires: 4/4/2000



NOTARY PUBLIC

STATE OF NEW YORK

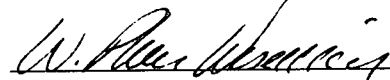
COUNTY OF NEW YORK

The foregoing instrument was acknowledged before me this ____ day of _____, 1999,
b y _____ and
_____ of ABB Credit OY, a corporation
organized under the laws of Finland, on behalf of such corporation.

My commission expires: _____

NOTARY PUBLIC

This instrument was prepared by:



W. Plumer Wiseman, Esq.
GREENEBAUM DOLL & McDONALD PLLC
3300 National City Tower
101 S. Fifth Street
Louisville, Kentucky 40202
(502) 589-4200

STATE OF NEW YORK:

SS:

COUNTY OF NEW YORK:

On this 23rd day of December, 1999, before me personally appeared Ulf Lindahl and Magnus Paulsson, to me personally known, who being by me duly sworn, say that they are the authorized signatories for ABB CREDIT OY, that the foregoing instrument was signed on behalf of said corporation by authority of its Board of Directors, and they acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

[Notary's Seal]



BARBARA M. IRWIN
NOTARY PUBLIC, State of New York
No. 04000000274
Gold Beach, Nassau County
Commission Expires Dec. 15, 1999 2001

Notary Public

My commission expires: December 15, 2001

EXECUTION COPY

PURCHASE AGREEMENT

dated December 23, 1999

between

**KENTUCKY UTILITIES COMPANY, and
LOUISVILLE GAS AND ELECTRIC COMPANY**
as Seller

and

ABB CREDIT OY
as Purchaser

Two ABB GT24 Gas Power Turbines
and related equipment located in Burgin, Kentucky

THIS PURCHASE AGREEMENT, is made on December 23, 1999

AMONG

- (1) LOUISVILLE GAS AND ELECTRIC COMPANY, a corporation organized and existing under the laws of the Commonwealth of Kentucky ("LG&E"),
- (2) KENTUCKY UTILITIES COMPANY, a corporation organized and existing under the laws of the Commonwealths of Kentucky and Virginia ("KU") (LG&E and KU, collectively, the "Seller"); and
- (3) ABB CREDIT OY, a corporation organized and existing under the laws of the Republic of Finland (the "Purchaser").

W I T N E S S E T H:

WHEREAS, Purchaser wishes to purchase the Equipment (all capitalized terms used herein having the meanings ascribed thereto, by reference or otherwise, in Article 1) described on Exhibit A;

WHEREAS, LG&E owns a 38% undivided interest in the Equipment and KU owns a 62% undivided interest in the Equipment; and

WHEREAS, LG&E and KU desire to sell their respective interests to Purchaser:

NOW, THEREFORE, in consideration of the mutual covenants set forth herein, and for other valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto covenant and agree as follows:

ARTICLE 1. DEFINITIONS; RULES OF INTERPRETATION.

Defined Terms. Capitalized terms used herein (including in the above recitals) and not otherwise defined shall have the following respective meanings or, if not defined in this Agreement, the respective meanings ascribed to them in the Lease Agreement, dated of even date herewith, between Purchaser, as Lessor, and Seller, as Lessee (the "Lease Agreement").

"**Bills of Sale**" means, collectively, a bill of sale from LG&E in substantially the form of Exhibit B and a bill of sale from KU in substantially the form of Exhibit C.

"**Purchase Price**" means € 122,591,594.

“Equipment” means the Equipment described on Exhibit A.

“Purchaser” has the meaning ascribed to such term above.

“Seller” has the meaning ascribed to such term above.

ARTICLE 2. PURCHASE AND SALE

2.1 Agreement to Purchase and Sell. Each Seller hereby agrees to sell all of its undivided interest in the Equipment and title thereto to Purchaser and Purchaser hereby agrees to purchase from each Seller its undivided interest in the Equipment and title thereto.

2.2 Purchase Price. The Purchase Price shall be payable 38.0% to LG&E and 62.0% to KU.

2.3 Transfer of Title. Upon fulfillment of the conditions precedent in Section 2.4 below, all of Seller’s right, title and interest in the Equipment shall be assigned, transferred, sold and conveyed to Purchaser.

2.4 Conditions Precedent. The sale contemplated herein shall take place on the date on which all of the conditions precedent (other than consummation of the transfers contemplated herein) to effectiveness of the Lease Agreement (LG&E/KU) between Purchaser, as Lessor, and Seller, as Lessee, have been fulfilled. On such date, the Bills of Sale shall be executed and delivered by the respective parties and the Purchase Price shall be paid in immediately available funds pursuant to wiring instructions to be provided to Purchaser by the Seller.

ARTICLE 3. FURTHER ASSURANCES.

The Seller agrees that any time and from time to time, upon the written request of the Purchaser, the Seller shall promptly and duly execute and deliver any and all such assurances, deeds, acts, matters and things and take such further action as may reasonably be requested by the Purchaser in order to obtain the full benefit of this Agreement in respect of the Equipment specified in Exhibit A.

ARTICLE 4. MISCELLANEOUS.

4.1 Waivers; Remedies Cumulative. No failure to exercise or enforce, and no delay in exercising or enforcing, on the part of Seller and Purchaser or either of them, any right, remedy, power or privilege hereunder and/or under any Operative Document shall operate as a waiver thereof, nor shall any single or partial exercise or enforcement of any such right, remedy, power or privilege

preclude any other or further exercise thereof, or the exercise of any other right, remedy, power or privilege whether hereunder, thereunder or otherwise. Except as provided in Article 3, the rights, remedies, powers and privileges herein and therein provided are cumulative and not exclusive of any rights, remedies, powers and privileges provided by applicable law.

4.2 Assignability. This Agreement shall be binding upon and inure to the benefit of Seller and Purchaser. Purchaser may not assign its respective rights and transfer its respective obligations hereunder except in accordance with Section 13.1 of the Lease Agreement. Seller may not, without the prior written consent of Purchaser, assign or transfer any of its rights or obligations hereunder, except in accordance with Section 13.2 of the Lease Agreement.

4.3 Severability. Any term, condition, stipulation, provision, covenant or undertaking in this Agreement that is illegal, void, prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such illegality, voidness, prohibition or unenforceability without invalidating the remaining provisions hereof, and any such illegality, voidness, prohibition or unenforceability in any jurisdiction shall not invalidate or render illegal, void, prohibited or unenforceable any such term, condition, stipulation, provision, covenant or undertaking in any other jurisdiction.

4.4 Notices. All notes, offers, acceptances, approvals, waivers, requests, demands and other communications hereunder or under any instrument, certificate or other document delivered in connection with the transactions described herein (collectively, a “notice”) shall be in writing, shall be addressed as provided below and shall be considered as properly given (a) if delivered in person, (b) if sent by overnight delivery service, (c) if overnight delivery services are not readily available, if mailed by first-class mail, postage prepaid, registered or certified with return receipt requested or (d) if sent by facsimile transmission and confirmed. Notice given in any such manner shall be effective upon receipt by the addressee; provided that if any notice is tendered to the addressee thereof and the delivery thereof is refused by such addressee, such notice shall be effective upon such tender. For the purposes of any notice, the addresses of the parties shall be as set forth below; provided that any party hereto shall have the right to change its address for notice hereunder to any other location within the continental United States, the Republic of Finland or the country where the Principal maintains its principal office, by giving 30 days’ notice thereof to the other party hereto in the manner set forth herein. The initial addresses of the parties hereto are as follows:

To Purchaser: If by mail:

ABB Credit OY
P. O. Box 59
FIN-00381 Helsinki
Finland
Attention: Vice President - Administration

If by other means:

ABB Credit OY
Valimopolku 4
FIN-00381 Helsinki
Finland
Attention: Vice President - Administration
Telephone No.: 358-10-22-2000
Facsimile No.: 358-10-22-22217

To Seller: LOUISVILLE GAS AND ELECTRIC COMPANY and
KENTUCKY UTILITIES COMPANY
220 West Main Street
Louisville, Kentucky 40202
Attention: Treasurer
Telephone No.: 502-627-2203
Facsimile No.: 502-627-2229

In the case of notices hereunder given or made by facsimile transmission, the notifying party shall, if reasonably requested to do so by any other party hereto, confirm the contents of such facsimile transmission in a letter to be dispatched by first-class mail, postage prepaid, on the same day any such request is so made.

4.5 Governing Law. This Agreement shall in all respects be governed by and construed in accordance with the laws of Finland but without giving effect to any provision thereof that may require application of the law of another jurisdiction.

4.6 Arbitration. All disputes arising in connection with this Agreement or the other Operative Documents (other than the Pledge Agreement, to the extent provided therein), or the breach, termination or invalidity hereof or thereof, shall be consolidated, to the maximum extent possible, and exclusively and finally determined by arbitration under the Rules of Arbitration of the International Chamber of Commerce. All such disputes shall be determined by three arbitrators, one of whom is selected by Purchaser, one of whom is selected by Seller and the third of whom is selected by mutual agreement of the first two arbitrators or, in the absence of such mutual agreement, is selected in accordance with such Rules. The place of the arbitration shall be Helsinki, Finland. The language of the arbitration shall be English. Without prejudice to any of the provisions of Article 23 of the said Rules, to the extent permitted by applicable law the arbitral tribunal may take whatever interim or conservatory measures it deems necessary, which interim or conservatory measures may be taken in the form of an interim award and may be conditioned on the posting of security for the costs of such

measures. Judgment upon any award rendered by the arbitral tribunal may be entered by any court having jurisdiction thereof.

4.7 Operative Document. This Agreement shall constitute an Operative Document in accordance with the Lease.

IN WITNESS WHEREOF, the parties hereto have caused this Purchase Agreement to be duly executed as of the day and year first written above.

KENTUCKY UTILITIES COMPANY

By: CA Markel
Name: Charles A. Markel, III
Title: Treasurer

LOUISVILLE GAS AND ELECTRIC COMPANY

By: CA Markel
Name: Charles A. Markel, III
Title: Treasurer

ABB CREDIT OY

By: _____
Name:
Title:

By: _____
Name:
Title:

IN WITNESS WHEREOF, the parties hereto have caused this Purchase Agreement to be duly executed as of the day and year first written above.

KENTUCKY UTILITIES COMPANY

By: _____
Name:
Title:

LOUISVILLE GAS AND ELECTRIC COMPANY

By: _____
Name:
Title:

ABB CREDIT OY

By: *W. Lindahl*
Name: *WLF LINDAHL*
Title: *C. U. P.*

By: *Magnum Peterson*
Name: *Magnum Peterson*
Title: *vice President*

CORPORATE ACKNOWLEDGEMENT

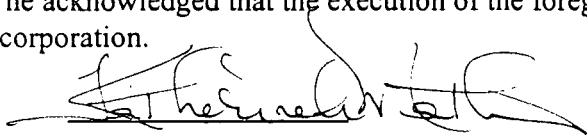
STATE OF KENTUCKY :

ss:

COUNTY OF JEFFERSON:

On this 23rd day of December, 1999, before me personally appeared Charles A. Markel, III, to me personally known, who being by me duly sworn, says that he is the Treasurer of LOUISVILLE GAS AND ELECTRIC COMPANY, that the foregoing instrument was signed and sealed on behalf of said corporation by authority of its Board of Directors, and he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

[Notary's Seal]



Notary Public
My commission expires:

Notary Public, State at Large, Ky
My Commission expires Sept 17, 2001

STATE OF KENTUCKY:

ss:

COUNTY OF JEFFERSON:

On this 23rd day of December, 1999, before me personally appeared Charles A. Markel, III, to me personally known, who being by me duly sworn, says that he is the Treasurer of KENTUCKY UTILITIES COMPANY, that the foregoing instrument was signed and sealed on behalf of said corporation by authority of its Board of Directors, and he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

[Notary's Seal]



Notary Public
My commission expires:

Notary Public, State at Large, Ky
My Commission expires Sept 17, 2001

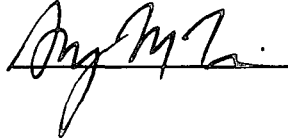
STATE OF NEW YORK:

ss:

COUNTY OF NEW YORK:

On this 23rd day of December, 1999, before me personally appeared Ulf Lindahl and Magnus Paulsson, to me personally known, who being by me duly sworn, say that they are the authorized signatories for ABB CREDIT OY, that the foregoing instrument was signed on behalf of said corporation by authority of its Board of Directors, and they acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

[Notary's Seal]



AMY M. IRWIN
NOTARY PUBLIC, State of New York
No. 01ER5000274
Qualified in New York County
Commission Expires 12/15/2001

Notary Public

My commission expires: December 15, 2001

EXECUTION COPY

ABB CREDIT OY

as the Borrower

and

**ABB CAPITAL B.V.,
acting through its Zurich Branch**

as ABB Capital

LOAN AGREEMENT (EQUITY PORTION)

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THIS LOAN AGREEMENT (EQUITY PORTION) is made on the 23rd day of December 1999.

BETWEEN:

ABB CREDIT OY, a corporation organised and existing under the laws of the Republic of Finland having its principal office at Valimopolku 4, FIN-00381 Helsinki, Finland (the "**Borrower**"); and

ABB CAPITAL B.V., a company duly established under the laws of The Netherlands, acting through its Zurich Branch at Thurgauerstrasse 54, CH8050 Zurich, Switzerland ("**ABB Capital**").

WHEREAS:

Pursuant to the Purchase Agreement and the Bills of Sale, the Lessor has agreed to purchase the Equipment upon and subject to the terms and conditions set forth therein; and

ABB Capital has agreed to make available to the Borrower the Facility upon and subject to the terms and conditions set forth herein to enable the Borrower to assist the Lessor in financing the Original Cost of the Equipment.

1. DEFINITIONS AND INTERPRETATION

- 1.1 In this Agreement (including the Recitals) the following expressions have, except where the context otherwise requires, the following respective meanings:

"**Acceleration Notice**" means a notice served by ABB Capital on the Borrower pursuant to Clause 3.8 (*Other Prepayments*);

"**Account**" means account numbered 400432 designated "Equity Account" maintained by ANZ Grindlays Export Finance Limited;

"**Advance**" means the amount in Euros made available to the Borrower by way of loan under Clause 3.1 or (as the context requires) the principal amount thereof for the time being outstanding;

"**Affiliate**" of any person, means any person directly or indirectly controlling, controlled by, or under common control with such person;

"**Agreement**" means this Loan Agreement including the Recitals and the Schedules;

"Availability Period" means the period commencing on the date hereof and ending on 31 December 1999 (or such other later date that may be agreed to between the Borrower and ABB Capital);

"Bills of Sale" has the meaning ascribed thereto in the Lease Agreement;

"Business Day" means a day, other than a Saturday or Sunday, on which commercial banking institutions are open for normal banking business in (i) Helsinki, Finland, (ii) London, England and (iii) Louisville, Kentucky;

"Call Option Agreement" means the call option agreement dated on or about even date herewith between the Lessor and the Lessee;

"Call Option Price" has the meaning ascribed to the term Option Price in the Call Option Agreement;

"Drawdown Date" means a Business Day on which the Advance is or, as the context may require, is proposed to be, made hereunder;

"Dutch Taxes" means any Taxes imposed by The Netherlands or any political subdivision thereof or Taxing Authority (as defined in the Lease Agreement) or a political subdivision thereof;

"EMU" means the Economic Monetary Union as contemplated in the Treaty;

"Equipment" shall have the meaning ascribed thereto in the Lease Agreement;

"Equity Portion" has the meaning ascribed thereto in the Lease Agreement;

"Equity Rent Security Assignment" means the security assignment entered into or, as the case may be, to be entered into, between the Borrower and ABB Capital providing, *inter alia*, for the assignment by the Borrower to ABB Capital of certain of the Borrower's rights under the Lease Agreement;

"Euro" means the single currency of Participating Member States introduced in accordance with the provisions of Article 109(1)4 of the Treaty;

"Event of Loss" has the meaning ascribed thereto in the Lease Agreement;

"Event of Termination" means any of the events specified in subclauses 3.10.1 to 3.10.9 inclusive and 3.11.1 to 3.11.5 inclusive;

"Facility" means the loan facility described in Clause 3.1 (*Availability of the Facility*);

"Lease Agreement" means the lease agreement dated on or about the date hereof between the Lessor and the Lessee relating to the Equipment the subject of the Purchase Agreement and the Bills of Sale;

"Lease Event" means;

- (a) any Event of Default (as defined in the Lease Agreement); or
- (b) the occurrence of any Lessor Default Termination Event (as defined in the Lease Agreement);

"Lease Termination Value" means any Termination Sum payable pursuant to the Lease Agreement other than on account of an occurrence of an Event of Loss;

"Lessee" means, jointly but not severally, Louisville Gas and Electric Company, a corporation organised and existing under the laws of the Commonwealth of Kentucky and Kentucky Utilities Company, a corporation organised and existing under the laws of the Commonwealths of Kentucky and Virginia each to the extent of their respective undivided interest as described in the Lease Agreement;

"Lessor" means Borrower, in its capacity as lessor under the Lease agreement;

"Lien" has the meaning given to it in the Lease Agreement;

"Loan" means the amount of the Advance outstanding from time to time hereunder;

"Loan Payment Date" means, subject to Clause 3.15 (*Substitute Schedules*), each of the dates set forth in column (1) of Schedule 3;

"Loan Payment Instalment" mean, in relation to the Loan and any Loan Payment Date, the total amount in Euros due and payable by the Borrower to ABB Capital on such Loan Payment Date, being the aggregate of the amounts in Euros set

forth in columns (2) and (3) of Schedule 3 opposite such Loan Payment Date set forth in column (1) of Schedule 3;

"Notice of Drawing" means a notice in the form set forth in Schedule 1;

"Notice of Termination" means a notice served by ABB Capital on the Borrower pursuant to Clause 3.10 (*Events of Termination*) or 3.11 (*Other Early Termination Events*);

"Operative Documents" means each of this Agreement, the Lease Agreement, the Equity Rent Security Assignment, the Call Option Agreement, the Sales Agency Agreement and any other agreement entered into by or between any of ABB Capital, the Borrower, the Lessor (whether in its capacity as borrower or lessor), the Lessee, any Affiliate of any of the foregoing and/or any other person relating to the financing of the purchase of the Equipment by the Borrower or any payments to be made in connection with, or any liabilities under, this Agreement, the Lease Agreement, the Equity Rent Security Assignment, the Call Option Agreement, the Sales Agency Agreement or any such other agreement and each document, agreement, memorandum or instrument required hereunder or thereunder or which is entered into in connection herewith or therewith or which is supplemental hereto or thereto;

"Original Cost" has the meaning given to "Lessor's Cost" in the Lease Agreement;

"Participating Member State" means each state so described in any EMU legislation;

"Permitted Borrower Liens" means;

- (a) any business mortgage ("yrittyskiinnitys") which by its terms or by operation of law is subordinate to the Liens created by the Equity Rent Security Assignment;
- (b) other Lessor Lien (as defined in the Lease Agreement) imposed on the general assets of the Lessor under Finnish law which by its terms or by operation of law is subordinate to the Liens created by the Equity Rent Security Assignment, so long as the existence or an enforcement of any Lessor Lien as referred to in (a) or (b) does not and would not adversely affect the Lessee's interest in the Equipment or impair the Lessor's ability to transfer the Equipment in accordance with the

Transfer Protocol (as defined in the Lease Agreement) when required to do so;

- (c) Lessor Liens (as defined in the Lease Agreement) relating to the obligations that Lessee is obligated to discharge to the Lessor under any Operative Document (as defined in the Lease Agreement);
- (d) any Permissible Liens (as defined in the Lease Agreement) granted by the Lessor; and
- (e) the Equity Rent Security Assignment,

Provided Always that any Lien referred to in paragraphs (a) and (d) above shall only constitute "**Permitted Borrower Liens**" if and for as long as the existence and/or enforcement thereof shall not and/or will not, as the case may be, adversely affect ABB Capital's interests in the property assigned pursuant to the Equity Rent Security Assignment or impair ABB Capital's ability to enforce its rights in accordance with the terms and conditions of the Equity Rent Security Assignment;

"Relevant Portion of Original Cost" means four per cent (4.00%);

"Sales Agency Agreement" means the sales agency agreement dated on or about the date hereof between the Lessor and the Lessee;

"Security Interest" means any encumbrance or security interest whatsoever, howsoever created or arising including (without prejudice to the generality of the foregoing) any right of ownership, security, mortgage, pledge, charge, lease, lien, statutory right in rem, hypothecation, title retention, attachment, levy, claim, right of possession or detention, or right of setoff (but excluding any right of setoff arising in favour of a banker and by way of operation of law);

"Taxes" means all present and future taxes (including, without limitation, tax in respect of added value and any franchise, transfer, sales, use, business, occupation, excise, personal property, real property, income, gross receipts or stamp tax) levies, imposts, duties or governmental charges, assessments or withholdings of any nature whatsoever, together with any and all penalties, fines, other additions to tax and interest thereon; and "**Tax**" and "**Taxation**" shall be construed accordingly;

"Termination Date" has the meaning ascribed thereto in the Lease Agreement;

"Termination Sum" has the meaning ascribed thereto in the Lease Agreement;

and **"Treaty"** means the Treaty establishing the European Economic Community, being the Treaty of Rome of 25 March 1957 as amended by the Single European Act 1986 and the Maastricht Treaty (which was signed on 7 February 1992 and came into force on 1 November 1993).

1.2 Interpretation

In this Agreement and in the Schedules, unless the context otherwise requires:

- 1.2.1 any reference to a **"Clause"**, **"subclause"** or **"Schedule"** is a reference to a clause or subclause or, or schedule to, this Agreement;
- 1.2.2 a reference to a **"consent"** also includes an approval, authorisation, exemption, filing, licence, order, permission or registration;
- 1.2.3 **"hereof"**, **"herein"** and **"hereunder"** and other words of similar import mean this Agreement as a whole and not any particular part hereof;
- 1.2.4 a **"payment"** shall be construed to include any payment between any offices or branches of ABB Capital;
- 1.2.5 a **"person"** includes any individual, firm, company, corporation, unincorporated body of persons, trust, state or agency thereof;
- 1.2.6 any reference to a document or agreement is a reference to such document or agreement as originally implemented or executed, or as modified, amended, varied, restated, novated, replaced or supplemented from time to time;
- 1.2.7 words importing the singular number include the plural and vice versa;
- 1.2.8 any reference to Schedule 3 is a reference to such schedule as incorporated in this Agreement at the date hereof and any schedule that may be substituted therefor in accordance with the provisions of this Agreement; and
- 1.2.9 any reference to ABB Capital, the Borrower, the Lessor, the Lessee or any other person shall include a reference to their respective successors, permitted assigns and permitted transferees in accordance with their respective interests.

1.3 Clause Headings

Clause headings and the Table of Contents are inserted for convenience of reference only and shall be ignored in the interpretation of this Agreement.

2. Representations and Warranties

2.1 Borrower's Representations and Warranties

The Borrower represents and warrants to ABB Capital on the date hereof and on the Drawdown Date as follows:

- 2.1.1 it is a corporation duly organised and validly existing under the laws of Finland;
- 2.1.2 it has full power, authority and legal right to execute, deliver, perform and comply with all the terms of each of the Operative Documents to which it is or will be a party, and the execution and delivery by it of, and performance by it of its obligations under, each of the Operative Documents to which it is or will be a party have been duly authorised by all necessary action on the part of the Borrower and such execution, delivery and performance do not and will not violate (a) any provision of its constitutive documents, or (b) any provision of any contract or other agreement to which it is a party or by which it or any of its properties is bound, or (c) any order or judgment applicable to it or any law, government rule or regulation of Finland applicable to its business generally;
- 2.1.3 this Agreement has been duly executed and validly delivered by the Borrower and the Borrower's obligations hereunder and under each of the other Operative Documents to which it is or will be party constitute or, when executed and delivered, will constitute, its legal, valid and binding obligations enforceable against it in accordance with their respective terms, except as enforceability may be limited by applicable bankruptcy, insolvency, reorganisation, moratorium or similar laws affecting the rights of creditors generally and by general principles of equity (regardless of whether enforcement hereof is sought in a proceeding at law or in equity);
- 2.1.4 there are no current, pending or, to the best of its knowledge, threatened actions or proceedings against it before any court or administrative agency which would have a material adverse effect on its ability to perform its

obligations under this Agreement and the other Operative Documents to which it is or will be a party;

- 2.1.5 all consents of any governmental authority or agency in Finland required for the execution and delivery by it of, or the performance by it of its obligations under, each of the Operative Documents to which it is or will be a party have been obtained or made and are in full force and effect;
- 2.1.6 it is the sole, lawful and beneficial owner of the property to be assigned to ABB Capital pursuant to the Equity Rent Security Assignment and there is no Security Interest in or over such property other than any Permitted Borrower Liens;
- 2.1.7 to the best of its knowledge, it is not in breach of or in default under any agreement which is binding upon it and which is likely to have a material adverse effect on the Borrower's ability to perform and observe the terms and conditions or the Agreement and each of the other Operative Documents to which it is or will be a party; and
- 2.1.8 no person other than ABB Capital (pursuant to its rights under Clause 2.3(f) of the Equity Rent Security Assignment) shall have any right or interest in, or right to direct control over the application of, any of the property assigned pursuant to the Equity Rent Security Assignment.

2.2 ABB Capital's Representations and Warranties

ABB Capital represents and warrants to the Borrower that as at the date hereof it is a company duly established and validly existing under the laws of The Netherlands, has all requisite power and authority and holds all consents of any governmental authority or agency of The Netherlands necessary for it to enter into this Agreement and to make the Advances, has duly authorised the execution and delivery of this Agreement and has validly executed and delivered this Agreement which (except as may be limited by bankruptcy, insolvency or other laws of general application relating to or affecting the enforcement of creditors' rights generally and by general principles of equity) constitutes its legal, valid and binding obligations enforceable in accordance with their respective terms.

2.3 Survival of Representations and Warranties

The representations and warranties of each of the Borrower and ABB Capital under this Agreement shall survive the execution, delivery and performance of this Agreement and the other Operative Documents.

3. The Facility

3.1 Availability of the Facility

ABB Capital agrees, subject to the terms and conditions of this Agreement, to make a Euro loan facility available to the Borrower in an aggregate principal amount equal to the Relevant Portion of Original Cost of the Equipment to be purchased by the Borrower pursuant to the Bills of Sale, but subject to a maximum amount of Euros 4,903,664. The Facility shall only be available for drawing in one single Advance on the Delivery Date (as defined in the Lease Agreement).

3.2 Purpose

The Facility is made available by ABB Capital to the Borrower for the sole purpose of assisting the Lessor to finance the Original Cost of the Equipment to be purchased by the Lessor pursuant to the Purchase Agreement and the Purchase Agreement and the Bills of Sale and the proceeds of the Advance shall be applied by the Borrower solely for such purpose in the manner provided for pursuant to written payment instructions from the Borrower to ABB Capital.

3.3 Drawdown

In order to drawdown the Facility the Borrower may, on any Business Day during the Availability Period, request ABB Capital to make the Advance by delivering to ABB Capital, not later than (unless otherwise agreed by ABB Capital) 11.00 a.m. (London time) two Business Days prior to the proposed Drawdown Date (which is also the date on which pursuant to the Purchase Agreement and the Bills of Sale the Lessor acquires title to the Items of Equipment specified in the Schedule to the Notice of Drawing) or such later date as agreed between ABB Capital and the Borrower, a duly completed Notice of Drawing specifying the proposed Drawdown Date and the amount of the proposed Advance which shall be an amount equal to the Relevant Portion of Original Cost for the Equipment specified in the Schedule to the Notice of Drawing. Subject to the terms and conditions of this Agreement, ABB Capital shall make the amount of the proposed Advance available to the Borrower on the Drawdown Date in immediately available funds in accordance with the written payment instructions referred to in Clause 3.2 (*Purpose*). Any part of the Facility remaining undrawn (i) immediately following

the making of the single permitted Advance hereunder or (ii) immediately following the end of the Availability Period shall thereupon be automatically cancelled.

3.4 Conditions Precedent

ABB Capital shall not be required to make the Advance unless all of the conditions precedent to ABB Capital's obligation set forth in Schedule 2 (*Conditions Precedent to the Advances*) are fulfilled to ABB Capital's reasonable satisfaction or waived by ABB Capital prior to the Drawdown Date.

3.5 Principal Payments

Subject to Clauses 3.7 (*Prepayment*), 3.8 (*Other Prepayments*), 3.10 (*Events of Termination*), 3.11 (*Other Early Termination Events*) and 3.15 (*Substitute Schedule*), the Loan shall be repaid to ABB Capital in Euros in instalments on the relevant Loan Payment Dates for credit to the Account, each such instalment to be in the amount of Euros set forth in column (2) of Schedule 3 (*Debt Amortisation Schedule in respect of the Loan*) opposite the relevant Loan Payment Date. For the avoidance of doubt, the final scheduled Loan Payment Date will, subject to Clause 3.16 (*NonBusiness Days*), occur on the eighteenth (18th) anniversary of the Lease Commencement Date (as defined in the Lease Agreement).

3.6 Interest Payments

Interest shall accrue on the unpaid principal amount of the Loan at the rate of six and forty-five one-hundredths per cent (6.45%) per annum calculated on the basis of a year of 360 days comprising twelve thirty-day months. Accrued interest shall be payable to ABB Capital in Euros in consecutive semiannual instalments on the relevant Loan Payment Dates for credit to the Account, each such instalment of interest to be in the amount in Euros set forth in column (3) of Schedule 3 (*Debt Amortisation Schedule in respect of the Loan*) opposite the relevant Loan Payment Date.

3.7 Prepayment

3.7.1 If, in any circumstances and for any reason, any Lease Termination Value becomes due and payable under any provision of the Lease Agreement or the Call Option Price becomes due and payable under the Call Option Agreement, then the whole of the Loan and accrued interest thereon as calculated in accordance with provisions of Schedule 3 (*Debt Amortisation Schedule in respect of the Loan*) together with all other sums then expressed to be owed

hereunder shall automatically and without need for any notice or action to or by any party to this Agreement or any other Operative Document become due and payable to ABB Capital on the date on which such Lease Termination Value, or the Call Option Price (as the case may be) becomes due and payable pursuant to the Lease Agreement or the Call Option Agreement (as the case may be).

- 3.7.2 If, pursuant to Clause 10.1.1(b) (*Event of Loss*) of the Lease Agreement there shall fall due from the Lessee to the Lessor a Termination Sum in respect of a portion of the Equipment then, on the date on which such amount falls due, a portion of the Loan equal in amount to the Equity Portion of such Termination Sum shall automatically and without need for any notice or action to or by any party to this Agreement or any other Operative Document become due and payable to ABB Capital. Any amount of the Loan so repaid shall be applied against the Loan with the intent that the Loan and all subsequent repayments of principal and payments of interest on the Loan shall be reduced in accordance with the schedules prepared by ABB Capital pursuant to Clause 3.15 (*Substitute Schedule*). The Borrower's obligation to make payment of any portion of the Loan pursuant to this subclause 3.7.2 is, if such portion of the Loan falls due pursuant to this subclause 3.7.2 on a Loan Payment Date, without prejudice to or derogation from the Borrower's obligation to pay any Loan Payment Instalment due to ABB Capital on such Loan Payment Date.
- 3.7.3 The Borrower undertakes to give notice in writing to ABB Capital promptly upon its becoming aware that there has occurred or will occur any of the events specified in subclause 3.7.1 or subclause 3.7.2. Any such notice shall be conclusive for all purposes of this Agreement and ABB Capital shall not be obliged to enquire as to whether such event has occurred or will occur and unless and until so notified, ABB Capital shall be entitled to assume that no such event has occurred.

3.8 Other Prepayments

- 3.8.1 If at any time ABB Capital reasonably determines that:
- (a) any applicable law, order, regulation, official directive or guideline (each in writing and of general applicability, but whether or not having the force of law) which is in force at the date hereof in a jurisdiction (other than the United Kingdom or, for the purposes of sub-clause (i)(3) below only, Australia) or compliance with any applicable requirement, directive, guideline or request

(each in writing and of general applicability, but whether or not having the force of law) from any central bank, tax, fiscal, monetary or governmental authority which is in force at the date hereof in a jurisdiction (other than the United Kingdom or, for the purposes of sub-clause (i)(3) below only, Australia); or

- (b) the actual or prospective introduction, imposition, assessment, application or amendment after the date hereof by any central bank, tax, fiscal, monetary, accounting or governmental authority of any applicable law, order, regulation, official directive or guideline (each in writing and of general applicability, but whether or not having the force of law) or any actual or prospective change after the date hereof in, or any new or further or different interpretation or application of any applicable law, order, regulation, official directive or guideline (each in writing and of general applicability, but whether or not having force of law) issued after the date hereof or any compliance with, any actual or prospective request, requirement, directive or guideline (each in writing and of general applicability, but whether or not having the force of law) issued after the date hereof by any central bank, tax, fiscal, monetary, accounting or governmental authority, or the actual or prospective adoption, introduction or variation of, or change in, any ruling or decision, statement of policy or official proposal or any other assessment or determination in writing (whether or not having the force of law) by any central bank, tax, fiscal, monetary, accounting or governmental authority after the date hereof,

does, will or, in the reasonable opinion of ABB Capital is likely to (whether with prospective, immediate or retrospective effect):

- (i) (1) subject ABB Capital actually or contingently, to any Taxes (other than Taxes on its overall net income, profits or gains) or any liability in respect thereof, or change the basis on which the actual or contingent liability of ABB Capital to any Taxes is or has been calculated (including allowances and deductions against taxable income, profits or gains), with respect to any of the transactions contemplated in, or any payment received or made or to be received or made by any branch or office of ABB Capital pursuant to any of the Operative Documents; or
- (2) require any branch or office of ABB Capital to deduct or withhold or to pay to any person any Taxes, or any amount in respect thereof, from, on account of or in respect of any payment made or to be made or received or to be received by any branch or office of ABB Capital pursuant to any of the Operative Documents, or require the Borrower

or any other person to deduct or withhold or to pay to any person any Taxes, or any amount in respect thereof, from, on account of or in respect of any payment made or to be made or received by it pursuant to any of the Operative Documents; or

- (3) impose, modify or deem applicable any reserve, capital adequacy, special deposit or similar requirement or any Tax, assessment or other governmental, monetary or other charge which is in the nature of such reserve, capital adequacy, special deposit or similar requirement against assets of, deposits with or for the account of, or credit extended by, ABB Capital or any branch or office of ABB Capital as a result of any of the transactions contemplated by any of the Operative Documents,

and ABB Capital considers that the result of the foregoing is or will be or is likely (aa) to impose on ABB Capital (or any branch or office of ABB Capital) or cause ABB Capital (or any branch or office of ABB Capital) to suffer or incur any cost, loss, expense or liability which would not have been imposed on it or which it would not have suffered or incurred but for the relevant event or circumstance referred to above, or (bb) to cause ABB Capital (or any branch or office of ABB Capital) not to receive any amount which it would have received but for the relevant event or circumstance referred to above, or (cc) to require ABB Capital (or any branch or office of ABB Capital) to pay any amount which it would not have been required to pay but for the relevant event or circumstance referred to above, or (dd) to require ABB Capital (or any branch or office of ABB Capital) to maintain capital resources having regard to its obligations and amounts owing to it in connection with the transactions contemplated by the Operative Documents which it would not have been required to maintain but for the relevant event or circumstance referred to above or to reduce the net return (having regard to all Taxes, reserve or capital requirements or other impositions of any kind relevant to the transactions contemplated by the Operative Documents) to ABB Capital (or any branch or office of ABB Capital) in respect of such transactions, below what it would have been but for the relevant event or circumstance referred to above, or

- (ii) render it unlawful or prohibited or contrary to any applicable law, regulation, request, requirement, directive or guidance (each in writing and of general applicability, but whether or not having the force of law) for ABB Capital or any branch or office of ABB Capital or the Borrower or any other party to any of the Operative Documents to be a party to, or participate in the transactions

contemplated by, the Operative Documents or any of them (including, without limitation, for ABB Capital to fund, advance, maintain or allow to remain outstanding all or any part of the Loan, or for ABB Capital or the Borrower or any such other party to make any payment or perform any obligation to be made or performed pursuant to any of the Operative Documents),

then ABB Capital may, in the case of circumstances giving rise to a determination or determinations by ABB Capital pursuant to paragraph (i) or (ii) of this subclause_3.8.1, after having provided the Borrower with details of such circumstances promptly upon ABB Capital becoming aware of the same and, subject to subclause_3.8.2, having consulted with the Borrower in good faith with a view to avoiding in a manner satisfactory both to ABB Capital and to the Borrower such circumstances (including, without limitation, by assigning and transferring the rights and obligations of ABB Capital to another office or branch of ABB Capital (**provided however**, for the avoidance of doubt, ABB Capital shall be under no obligation to assign or transfer its rights or obligations to any Affiliate of ABB Capital unless it is indemnified by the Borrower on terms and conditions satisfactory to ABB Capital for the consequences of any such assignment or transfer)), upon written notice (an "**Acceleration Notice**") to the Borrower declare the Facility to be cancelled and accelerate repayment of the Loan whereupon the Facility shall forthwith be cancelled and the principal amount of the Loan then outstanding and accrued interest thereon as calculated in accordance with the provisions of Schedule 3 (*Debt Amortisation Schedule in respect of the Loan*) together with all other sums expressed to be owed hereunder shall thereupon become due and payable on the date specified in the Acceleration Notice, being a date falling no more than two (2) Business Days prior to the date on which ABB Capital would first suffer the consequence of the event giving rise to the determination or determinations pursuant to this subclause 3.8.1. For purposes of this Section 3.8, references to "ABB Capital" shall be deemed to be the party providing funding to ABB Capital in respect to its Advance hereunder.

3.8.2 Notwithstanding the foregoing provisions of subclause 3.8.1, ABB Capital shall have no obligation to consult with the Borrower for a period extending beyond the first to occur of:

- (a) the date which is thirty (30) days after ABB Capital first notifies the Borrower of the event in question; and
- (b) the date which is five (5) days prior to the date on which ABB Capital would first suffer the consequence of such event,

it being understood that ABB Capital shall be entitled in all circumstances to serve an Acceleration Notice under subclause 3.8.1 accelerating the Loan prior to the first date on which ABB Capital would suffer an adverse consequence as a result of the event giving rise to such consultation.

3.9 Withdrawal of Acceleration Notice

- 3.9.1 If any of the circumstances or events referred to in paragraph (i) of subclause 3.8.1 shall arise and ABB Capital shall give an Acceleration Notice under subclause 3.8.1 declaring the Facility to be cancelled and accelerating the repayment of the Loan, then, notwithstanding that such Acceleration Notice shall have been given, the Borrower shall be entitled by written notice prior to the date upon which the Loan would become due and payable to request ABB Capital to withdraw the Acceleration Notice subject to the Borrower indemnifying ABB Capital against and agreeing to hold ABB Capital harmless from any consequence of such circumstances or events which ABB Capital is or will or is likely to suffer. ABB Capital shall withdraw such Acceleration Notice if (i) such indemnification is on terms and conditions satisfactory to ABB Capital (including as to security for the performance of any such indemnification) and (ii) ABB Capital (acting in good faith and reasonably) is satisfied that the consequences of withdrawing such Acceleration Notice subject to such indemnification as aforesaid would not materially adversely affect in any respect (either immediately or at any time in the future) any of the business or commercial interests of ABB Capital.
- 3.9.2 The Borrower shall on demand indemnify ABB Capital against, or pay to ABB Capital such an amount as ABB Capital certifies to be necessary to indemnify ABB Capital against each such cost, loss, expense or liability specified in subclause 3.8.1(i)(aa), each amount not received specified in subclause 3.8.1(i)(bb), each amount required to be paid specified in subclause 3.8.1(i)(cc), or any maintenance or reduction specified in subclause 3.8.1(i)(dd) which is imposed upon, suffered or incurred by ABB Capital as a result of the occurrence of any of the circumstances or events referred to in subclause 3.8.1 during the period commencing on the first date upon which ABB Capital shall have notified the Borrower that the same have been imposed, suffered or incurred and ending on the earliest date upon which, with reasonable diligence and expedition, ABB Capital (after it becomes aware of the occurrence of the relevant event or circumstance) could render the Loan due and payable in accordance with subclause 3.8.1.

3.10 Events of Termination

If any of the following events shall have occurred which does not arise out of a Lease Event of the type referred to in paragraph (a) of the definition of that term:

- 3.10.1 the Borrower or any Affiliate of the Borrower party to any Operative Document shall fail to make payment within ten (10) Business Days from the due date of any sum due under this Agreement or any Operative Document to which it is a party; or
- 3.10.2 the Borrower or any Affiliate of the Borrower party to any Operative Document shall fail to observe or perform its obligations under any Operative Document to which it is a party,
- and either:
- (a) as a result thereof (i) the Equity Rent Security Assignment shall have ceased to constitute a duly perfected and enforceable first ranking Security Interest over any of the property assigned thereby and/or (ii) any of the property assigned thereby becomes subject to a Security Interest which is not a Permitted Borrower Lien; or
 - (b) a period of thirty (30) days shall have elapsed since notice of such failure to observe or perform the relevant obligations shall have been given to the Borrower and such failure shall not have been remedied or if no such notice is given a period of forty-five (45) days shall have elapsed since the failure to observe or perform the relevant obligation shall have first occurred and such failure shall not have been remedied; or
- 3.10.3 any representation or warranty made to ABB Capital by the Borrower any Operative Document to which it is a party in writing herein or in any other Operative Document to which the Borrower or such Affiliate is a party shall prove to have been false or incorrect in any material respect on any date as of which made *provided that* an Event of Termination shall not be deemed to exist unless the false or inaccurate representation or warranty remains, in the reasonable opinion of ABB Capital, material to ABB Capital at the time discovered and is not remedied within thirty (30) days after the Borrower receives notice of such falsehood or inaccuracy from ABB Capital; or

- 3.10.4 the Borrower shall (a) generally be unable to pay its debts as such debts become due or admit in writing its inability to pay its debts generally as they become due, (b) file a voluntary petition in bankruptcy or a voluntary petition or an answer seeking reorganisation in a proceeding under any bankruptcy laws (as now or hereafter in effect) or an answer admitting the material allegations of a petition filed against it in any such proceeding, or shall by voluntary petition, answer or consent, seek relief under the provisions of any other now existing or future bankruptcy or other similar law providing for an agreement, composition, extension or adjustment with its creditors, (c) make a general assignment for the benefit of creditors, (d) consent to or authorise the appointment of a receiver, trustee, liquidator, administrator or similar officer of itself or of a substantial part of its property, or (e) acquiesce in any proceeding seeking to adjudicate it bankrupt or insolvent, or seeking liquidation, winding up, administration, reorganisation, arrangement, adjustment, protection, relief, or composition of it or its assets or debts under any law relating to bankruptcy, insolvency, or reorganisation or relief of debtors, or seeking the entry of an order for relief or the appointment of a receiver, trustee, or other similar official for it or for any part of its property; or
- 3.10.5 an order, judgment or decree shall be entered by any court of competent jurisdiction appointing a receiver, trustee, liquidator or similar officer of the Borrower or of any substantial part of its property, or sequestering any substantial part of the property of the Borrower; or
- 3.10.6 in the reasonable opinion of ABB Capital it becomes apparent that the Borrower or the Lessor or any creditor of the Borrower or the Lessor (other than ABB Capital) or any person or entity claiming by, through or under the Borrower or the Lessor (including, without limitation, any liquidator, receiver, administrator, trustee or similar officer of the Borrower or the Lessor, as the case may be) is, will or is reasonably likely to recover, reclaim, set aside or avoid all or part of any amount payable hereunder and ABB Capital considers that the effect thereof is or will be materially to prejudice the rights, interest or position of ABB Capital under any Operative Document; or
- 3.10.7 a Lease Event of the type referred to in paragraph (b) of the definition of that term occurs; or
- 3.10.8 any Security Interest in favor of ABB Capital created pursuant to any Operative Document is disaffirmed, repudiated or declared void or invalid by or on behalf the Borrower or any Affiliate of the Borrower; or

3.10.9 any other event occurs that results in an early termination of any loan agreement or funding agreement pursuant to which ABB Capital obtained funds to make or maintain the Loan,

then and at any time thereafter, if such Event of Termination shall be continuing, ABB Capital may:

- (a) by notice in writing to the Borrower (a "**Notice of Termination**") (which notice shall identify the event or events the occurrence of which has precipitated the giving of such notice), declare the Facility to be cancelled whereupon the same shall be cancelled; and/or
- (b) by notice in writing to the Borrower (also a "**Notice of Termination**") (which notice shall identify the event or events the occurrence of which has precipitated the giving of such notice) declare that the Loan and accrued interest thereon as calculated in accordance with the provisions of Schedule 3 (*Debt Amortisation Schedule in respect of the Loan*) has become due and payable whereupon the same shall become due and payable together with all other sums then expressed to be owed hereunder and remaining unpaid on the applicable Termination Date under the Lease Agreement.

3.11 Other Early Termination Events

If any of the following events shall have occurred:

- 3.11.1 any obligation owed to ABB Capital under any of the Operative Documents by any party to the Operative Documents (other than the Borrower or the Lessor) is not duly performed and such default shall continue for more than thirty (30) days after written notice of such default is given by ABB Capital to the relevant party and to the Borrower requiring such default to be rectified; or
- 3.11.2 any representation or warranty made to ABB Capital in writing by any party to any Operative Document (other than the Borrower or the Lessor) shall prove to have been false or incorrect in any material respect on any date as of which made **provided that** if the relevant representation or warranty was by reference to the facts and circumstances then existing and was made in good faith, an Event of Termination shall not be deemed to exist unless the false or inaccurate

representation or warranty remains, in the reasonable opinion of ABB Capital, material to ABB Capital at the time discovered and is not remedied within thirty (30) days after the Borrower receives notice of such falsehood or inaccuracy from ABB Capital; or

- 3.11.3 any party to any of the Operative Documents (other than ABB Capital or the Borrower or the Lessor) or any person or entity claiming by, through or under any such party to any of the Operative Documents (including, without limitation, any liquidator, receiver, administrator, trustee or similar officer of such party) shall assert any claim to, or any right or interest in, or any right to direct or control the application of, any of the property assigned pursuant to the Equity Rent Security Assignment; or
- 3.11.4 a Lease Event of the type referred to in paragraph (a) of the definition of that term occurs; or
- 3.11.5 the Equity Rent Security Assignment has ceased to constitute a duly perfected and enforceable first ranking Security Interest over any of the property expressed to be assigned thereby, or is disaffirmed, repudiated or declared void or invalid by or on behalf of the Lessee or any other party to any Operative Document; or
- 3.11.6 any party to any of the Operative Documents (other than ABB Capital or the Borrower) or any liquidator, receiver, administrator, trustee, similar officer, creditor or other person claiming through, on behalf of or against such party is or will be entitled to recover, reclaim, set aside or avoid all or part of any amount payable pursuant to any Operative Document and ABB Capital reasonably considers that the effect thereof is or will be materially to prejudice the rights, interest or position of ABB Capital under any Operative Document; or
- 3.11.7 any of the Operative Documents has ceased or will or is reasonably likely to cease to be in full force and effect or any of the rights of ABB Capital under any Operative Document do, will or is reasonably likely to become unenforceable and ABB Capital reasonably considers that the effect thereof is, will or is reasonably likely to be materially to prejudice the rights, interest or position of ABB Capital under any Operative Document,

then and at any time thereafter, if such Event of Termination shall be continuing, ABB Capital may:

- (i) by notice in writing to the Borrower (also a "Notice of Termination") (which notice shall identify the event or events the occurrence of which has precipitated the giving of such notice), declare the Facility to be cancelled whereupon the same shall be cancelled; and/or
- (ii) by notice in writing to the Borrower (also a "Notice of Termination") (which notice shall identify the event or events the occurrence of which has precipitated the giving of such notice) declare that the Loan and accrued interest thereon as calculated in accordance with the provisions of Schedule 3 (*Debt Amortisation Schedule in respect of the Loan*) has become due and payable whereupon the same shall become due and payable together with all other sums then expressed to be owed hereunder and remaining unpaid on the applicable Termination Date under the Lease Agreement.

3.12 No Voluntary Prepayment

The Borrower may not voluntarily prepay or repay the whole or any part of the Loan other than in strict accordance with the terms of this Agreement which are of the essence. Any amount repaid or prepaid to ABB Capital pursuant to any provision of this Agreement may not be reborrowed. Any repayment or prepayment of the Loan required or permitted by and in accordance with Clauses 3.5 (*Principal Payments*), 3.7 (*Prepayment*), 3.8 (*Other Prepayments*), 3.10 (*Events of Termination*) or 3.11 (*Other Early Termination Events*) shall be made without premium or penalty.

3.13 Application of Payment or Other Moneys

ABB Capital shall apply (and even if it shall fail to do so, for the purposes of this Agreement and the other Operative Documents shall be deemed to have applied) all moneys at any time or from time to time received by it pursuant to any of the Operative Documents first to the repayment of principal of and payment of interest on the Loan and secondly to any other payment obligations of the Borrower hereunder **provided that** any sums received under Clause 6 (*Indemnities*) hereof or the corresponding provisions of any other Operative Document shall be applied against the liability in respect of which they are paid.

3.14 Notice of Acceleration or Prepayment Events

The Borrower will notify ABB Capital as soon as reasonably practicable after becoming aware actually of the occurrence of any event which would permit or require a prepayment or an acceleration of the Loan pursuant to Clause 3.8 (*Other Prepayments*), 3.10 (*Events of Termination*) or 3.11 (*Other Early Termination Events*) and of which ABB Capital does not have prior notice.

3.15 Substitute Schedule

3.15.1 Schedule 3 (*Debt Amortisation Schedule in respect of the Loan*) has been prepared using percentage figures and on the assumption that the full amount of the Facility will be drawn. As soon as practicable after the Drawdown Date ABB Capital shall prepare a substitute schedule showing the actual amounts of the Loan and deliver the same to the Borrower in substitution for, and which for all purposes shall become, Schedule 3 (*Debt Amortisation Schedule in respect of the Loan*) in the absence of manifest error. Such substitute schedule shall be annexed hereto and be binding upon the parties with effect from the date on which it is delivered and all payments in respect of principal and interest on the Loan shall be made in accordance with such substitute schedule.

3.15.2 Upon each occasion that subclause 3.7.2 hereof becomes operative, then, as soon as reasonably practicable after such subclause becomes operative ABB Capital shall:

3.15.3 prepare a substitute schedule showing the amounts by which the Loan and all subsequent repayments of principal and payments of interest on the Loan are to be reduced by virtue of the repayment under subclause 3.7.2 (each such subsequent repayment and payment to be reduced by a proportion equal to the proportion which the principal amount repaid under subclause 3.7.2 bears to the amount of the Loan immediately prior to the relevant operation of subclause 3.7.2); and

3.15.4 deliver the same to the Borrower in substitution for all purposes for Schedule 3 (*Debt Amortisation Schedule in respect of the Loan*). In the absence of manifest or proven error, such substitute schedule shall be binding on the parties with effect from the date on which the same is delivered to the Borrower and all repayments of principal and payments of interest on the Loan shall henceforth be made in accordance with such substitute schedule.

3.16 NonBusiness Days

Whenever any payment under this Agreement would otherwise fall due on a day which is not a Business Day the due date for payment shall be the immediately succeeding Business Day but the amount of the relevant payment shall not be adjusted.

4. Security for the Loan

As security for the Loan the Borrower will, on or before the Drawdown Date, execute and deliver the Equity Rent Security Assignment to ABB Capital.

5. Covenants

- 5.1 The Borrower covenants and agrees that, from the date of this Agreement until all its liabilities expressed to be assumed under this Agreement have been discharged:
- 5.1.1 except with prior written consent of ABB Capital (which consent will not be unreasonably withheld or delayed), it will not amend or vary or consent to any amendment or to variation of any of the Operative Documents executed or to be executed by it and it will not give any consent to any person pursuant to or in accordance with any of the Operative Documents executed or to be executed by it **provided that** the foregoing covenant and agreement of the Borrower shall not apply to any amendment, variation or consent which does not affect the amounts payable or the dates for payment of any amounts hereunder or thereunder or otherwise could not reasonably be considered material to the rights or interests of ABB Capital under or pursuant to any Operative Document;
 - 5.1.2 it will not do anything or take any action which has or is reasonably likely to have the effect of prejudicing the first ranking Security Interest, being good against a liquidator, receiver, administrator or similar officer or official, over the property assigned pursuant to the Equity Rent Security Assignment and will not omit to do anything reasonably requested to be done by ABB Capital to maintain such first ranking Security Interest and will not assert any claim to, or any right or interest in, or any right to direct or control the application of, any of the property assigned pursuant to the Equity Rent Security Assignment;
 - 5.1.3 except with the prior written consent of ABB Capital, it will not assign, transfer, mortgage, charge or otherwise encumber or dispose of its rights or interests in or to any of the property assigned pursuant to the Equity Rent Security

Assignment (other than to ABB Capital) or purport so to do (other than to ABB Capital);

- 5.1.4 it shall not otherwise than as contemplated in the Operative Documents on the date hereof (without ABB Capital's prior written consent) consent to any assignment or transfer by the Lessee of its duties and obligations under the Lease Agreement;
 - 5.1.5 it will not (without the prior written consent of ABB Capital) agree to any payment made or to be made constituting any of the property assigned pursuant to the Equity Rent Security Assignment being made otherwise than to the Account;
 - 5.1.6 it will inform ABB Capital on receipt of notice of the occurrence of any Lease Event; and
 - 5.1.7 if it receives (a) any proceeds of any insurance claims (including with respect to an Event of Loss (as defined in the Lease Agreement)) with respect to or affecting the Equipment or (b) any proceeds of any warranty claim with respect to the Equipment, then it shall not, without the prior consent of ABB Capital, apply or setoff all or any part of such amount so received or so to be credited against any sum owing hereunder.
- 5.2 If ABB Capital suffers or incurs any Taxes (whether as its own liability or, indirectly, as a result of any indemnity it has given to any party to any of the Operative Documents) (a "Relevant Cost") and in respect of which:
- 5.2.1 ABB Capital has not been indemnified by any party to the Operative Documents; and/or
 - 5.2.2 ABB Capital does not have a right to terminate the transactions pursuant to the Operative Documents in consequence thereof,

the Borrower will, upon the first written request of ABB Capital and for a period of up to sixty days thereafter, at no cost to itself, discuss with ABB Capital (and, if the Lessee so agrees, the Lessee) to investigate ways in which the transaction might be restructured to avoid or reduce such Relevant Cost, including, without limitation, the replacement of ABB Capital with another lender acceptable to the Lessee and the Borrower **provided that** the Borrower is not obliged to do anything as a result of this Clause if it and the Lessee do not agree to do so.

6. Indemnities

6.1 Taxes

- 6.1.1 Notwithstanding Clause 3.8 (*Other Prepayments*), if any Dutch Taxes are deducted or withheld from any payment to or by ABB Capital hereunder or under any other Operative Document or are imposed on, or suffered by ABB Capital in relation to any payment received, or made by, ABB Capital hereunder or under any other Operative Document, the Borrower shall pay to ABB Capital on written demand by ABB Capital such amounts as shall result in ABB Capital being in the same after tax position as it would have been if no such Dutch Taxes had been deducted, withheld, imposed or suffered. ABB Capital shall deliver to the Borrower a certificate as to the amount due under this subclause setting out details of such amount and its computation which shall bind the Borrower in the absence of manifest error.
- 6.1.2 If the Borrower shall become or is likely to become obliged to pay additional amounts pursuant to subclause 6.1.1, at the request of the Borrower, each of ABB Capital and the Borrower shall consult with each other in good faith with a view to arrangements being effected pursuant to which the relevant circumstances giving rise to the requirement for the Borrower to make additional payments pursuant to subclause 6.1.1 may be avoided or mitigated, including, without limitation, by ABB Capital assigning and transferring its rights and obligations hereunder to another office or branch of ABB Capital (**provided however**, for the avoidance of doubt, ABB Capital shall be under no obligation to assign or transfer its rights or obligations to any Affiliate of ABB Capital unless it is indemnified by the Borrower on terms and conditions satisfactory to ABB Capital for the consequences of any such assignment or transfer).
- 6.1.3 The Borrower shall promptly inform ABB Capital of any circumstances which could give rise to a claim under subclause 6.1.1.

6.2 Costs, Losses, Liabilities and Expenses

The Borrower shall promptly following request by ABB Capital reimburse (on a full indemnity basis) ABB Capital on demand for all costs, liabilities, losses and expenses (including, without limitation, legal fees) incurred by ABB Capital:

- 6.2.1 in connection with the negotiation, preparation and execution of any amendment or supplement to any Operative Document to which the Borrower is a party which has been made at the request of the Borrower; or
- 6.2.2 as a consequence of the occurrence of an Event of Termination pursuant to Clause 3.10 (*Event of Termination*); or
- 6.2.3 as a consequence of an acceleration of the Loan and/or the termination of the transactions in connection therewith due to the occurrence of an event or circumstance contemplated in Clause 3.7 (*Prepayment*) Clause 3.8 (*Other Prepayments*) or Clause 3.11 (*Other Early Termination Events*) which has occurred in or in connection with the jurisdiction of the Netherlands or as a result of any act or omission of the Borrower or any of its Affiliates.

For the avoidance of doubt, the Borrower's obligations under this Section shall not be deemed to extend to any principal or interest payable in respect of the Advance.

6.3 Registration and Documentary Taxes

The Borrower hereby agrees that it shall pay all Dutch registration or documentary taxes, duties (including stamp duties), fees or similar charges (including any taxes, duties, fees or charges payable by ABB Capital) imposed on or in connection with any of the Operative Documents to which the Borrower is a party and any amendment or alteration thereof and shall fully indemnify ABB Capital from and against any losses or liabilities which it may incur as a result of any delay or omission by the Borrower to pay any such taxes, duties, fees or charges.

6.4 Indemnities — General

The rights of ABB Capital in respect of the indemnities contained in this Clause 6 (*Indemnities*) shall continue in full force and effect in favour of ABB Capital notwithstanding the termination of this Agreement and/or the nonadvance or repayment of the Loan hereunder for any reason whatsoever.

7. Miscellaneous

7.1 Waiver

No failure on the part of ABB Capital to exercise and no delay in exercising, any right, power or privilege under this Agreement shall operate as a waiver thereof; nor shall any

single or partial exercise of any right, power or privilege hereunder preclude any other or further exercise thereof or the exercise of any other right, power or privilege. The remedies herein provided are cumulative and not exclusive of any remedies provided by law.

7.2 Late Payments

In the event that the Borrower fails to pay ABB Capital any amount due hereunder on the due date thereof, the Borrower shall on demand by ABB Capital from time to time pay interest on such overdue amount, from and including the due date thereof up to and including the date of actual payment (after as well as before any relevant judgment), at the rate per annum which is the sum of the rate of interest set out in Clause 3.6 (*Interest Payments*) plus two per cent. (2%) per annum calculated on the basis of a year of 360 days comprising twelve 30-day months.

7.3 Certificate of ABB Capital

Any certificate or determination of ABB Capital as to any amount payable under this Agreement shall specify in reasonable detail the basis of computation of the relevant amount and shall *prima facie*, be conclusive and binding on the Borrower.

7.4 Notices

All notices, offers, acceptances, approvals, waivers, requests, demands or other communications hereunder or under any other Operative Document shall be in writing, shall be addressed as provided below and shall be considered as properly given if:

- 7.4.1 delivered in person;
- 7.4.2 sent by overnight delivery service; or
- 7.4.3 if overnight delivery services are not readily available, mailed by firstclass mail, postage prepaid, registered or certified with return receipt requested; or
- 7.4.4 sent by facsimile transmission and confirmed.

Notice given in any such manner shall be effective upon receipt by the addressee thereof. However, if any notice is tendered to an addressee and the delivery thereof is refused by such addressee, such notice shall be effective upon such tender.

For the purposes of any notice, the addresses of the parties hereto shall be as set forth below.

A party may change its address for notice hereunder to any other location within the United Kingdom, the Republic of Finland or the country where the Borrower or ABB Capital maintains its principal office, by giving 30 days' notice to the other party in the manner set forth herein. The initial addresses of the parties hereto are as follows:

To Borrower:

If by mail:

ABB Credit OY
P. O. Box 59
FIN-00381 Helsinki
Finland
Attention: Vice President - Administration

If by other means:

ABB Credit OY
Valimopolku 4
FIN-00381 Helsinki
Finland
Attention: Vice President - Administration
Telephone No.: 358-10-22-2000
Facsimile No.: 358-10-22-22217

To ABB

Capital: ABB Capital B.V.

Burgemeester Haspelslaan 45, 5/F
1181NB Amstelveen, The Netherlands
P.O. Box 74690
1070 BR Amsterdam
The Netherlands
Attention: Manager, Business Administration

Facsimile: +31 20 445 9844

with a copy to:

ABB Capital B.V., Zurich Branch
P O Box 8242
CH-8050 ZURICH
Switzerland
Attention: Manager, Business Administration

Facsimile: +41 1 318 58 58

7.5.0 Governing Law and Jurisdiction

- 7.5.1 This Agreement shall in all respects be governed by, and construed in accordance with, the laws of England.
- 7.5.2 Each of the parties hereto irrevocably agrees for the exclusive benefit of ABB Capital that the courts of England shall have jurisdiction to hear and determine any suit, action or proceeding, and to settle any disputes which may arise out of or in connection with this Agreement and, for such purposes, irrevocably submits to the jurisdiction of such courts.
- 7.5.3 The Borrower irrevocably waives any objection which it may have now or hereafter to the courts referred to in subclause 7.5.2 being nominated as the forum to hear and determine any suit, action or proceeding, and to settle any disputes, which may arise out of or in connection with this Agreement and agrees not to claim that any such court is not a convenient or appropriate forum.
- 7.5.4 For the purpose of any suit, action or proceeding in the English courts, the Borrower hereby designates, appoints and empowers Clifford Chance Secretaries Limited whose offices are at 200 Aldersgate Street, London EC1A 4JJ, as its agent to accept service of process in respect of such suit, action or proceeding. The Borrower undertakes not to revoke the authority of its agent and if, for any reason, such agent no longer serves as, or is no longer qualified or capable of serving as, agent of the Borrower to receive service of process in England or no longer has an office in England, the Borrower shall promptly appoint another such agent acceptable to ABB Capital and advise ABB Capital thereof. Failing such appointment by the Borrower, the Borrower hereby authorises ABB Capital to appoint an agent on its behalf.

7.5.5 Nothing contained in this Clause 7.5 (*Governing Law and Jurisdiction*) shall limit the right of ABB Capital to take proceedings against the Borrower in any other court of competent jurisdiction, nor shall the taking of proceedings in one or more jurisdictions preclude the taking of proceedings in any other jurisdiction, whether concurrently or not.

7.6 Severability

Any provision of this Agreement which is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof, and any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction.

7.7 Amendments

The provisions of this Agreement may be modified or amended only by an instrument or instruments in writing signed by each of the parties hereto.

7.8 Counterparts

This Agreement may be executed by the parties hereto in separate counterparts, each of which when so executed and delivered shall be an original, and both such counterparts shall together constitute one and the same instrument.

7.9 Successors and Assigns

This Agreement and the Equity Rent Security Assignment shall be binding upon and inure to the benefit of the parties hereto and their respective successors, transferees and assigns. Neither party hereto may assign or transfer any of its rights or obligations hereunder or under the Equity Rent Security Assignment without the prior consent of the other.

7.10 Confidentiality

Each of ABB Capital and the Borrower (which include their respective officers, directors, employees, agent and representatives) agrees to keep confidential (a) this Agreement and the Operative Documents, (b) any information which is not publicly available and which is obtained pursuant to the terms of this Agreement and the Operative Documents and (c) the transactions contemplated by this Agreement and the

Operative Documents (collectively, the "**Confidential Materials**"), except that ABB Capital or the Borrower, as the case may be, shall be permitted to disclose the Confidential Materials (i) to such of its officers, directors, employees, agents, representatives, lawyers, accountants and other professional advisers as need to know such Confidential Materials in connection with the performance of its obligations under the Operative Documents (provided such persons are informed of the confidential nature of the Confidential Materials and the restrictions imposed by this subsection), (ii) to the extent required by law or any other regulatory practice (including, without limitation, disclosure to bank examiners and regulatory officials) or legal process (in which event ABB Capital or the Borrower, as the case may be, will promptly notify the other of any such requirement), (iii) to the extent such Confidential Materials become publicly available other than as a result of a breach of the provisions of this subsection, (iv) to the extent ABB Capital or the Borrower, as the case may be, shall have consented to such disclosure in writing, (v) to a governmental agency, central bank or similar regulatory organisation in connection with litigation involving this Agreement or the Operative Documents, (vi) in the case of the Borrower or ABB Capital, to a prospective transferee of the Borrower or ABB Capital, as the case may be, of its obligations hereunder which agrees in writing to be bound by the terms of this Clause 7.10, and (vii) to any other party to an Operative Document as need to know such Confidential Materials in connection with the performance of its obligations under the Operative Documents (provided such parties are informed of the confidential nature of the Confidential Materials and the restrictions imposed by this subsection).

7.11 Currency Indemnity

All amounts payable hereunder shall be payable in Euros. This is an international transaction in which the specification of the currency of payments is of the essence. No payments or advances required to be made under this Agreement shall be discharged by payments or advances in any currency other than the designated currency of such payments or advances, whether pursuant to a judgment or otherwise, to the extent that the amount so paid or advanced on prompt conversion to the designated currency (as quoted in London) does not yield the amount of the designated currency to be paid or advanced hereunder. In the event that any payment or advance made by a party hereto hereunder, whether pursuant to a judgment or otherwise, does not, when converted, result in the correct amount of the designated currency required to be paid or advanced hereunder, the other party shall have a separate cause of action for the amount of any such shortfall.

AS WITNESS this Agreement has been executed by the parties hereto on the date first above written.

SCHEDULE 1
Form of Notice of Drawing

ABB Capital B.V., Zurich Branch
P O Box 8242
CH-8050 ZURICH
Switzerland
Attention: Manager, Business Administration

Date: December 23, 1999

Dear Sir

Reference is made to the loan agreement dated as of December 23, 1999 (the "**Loan Agreement**") between (1) our company, as borrower, and (2) you, as lender, pursuant to which you agreed to provide a Euro loan facility to us on the terms and conditions therein contained. Expressions defined in the Loan Agreement shall have the same respective meanings ascribed thereto in the Loan Agreement when used in this Notice of Drawing.

We hereby give you notice that we wish you to make the Advance in the amount of 4,903,664 (Euros) on December 23, 1999, which is a Business Day. We hereby confirm that:

- (a) this Notice of Drawing is given in accordance with Clause 3.3 of the Loan Agreement;
- (b) the proceeds of the Advance will be utilised by our company in purchasing Equipment pursuant to the Purchase Agreement and the Bills of Sale on the Drawdown Date (being the Equipment specified in the Schedule to this Notice of Drawing);
- (c) our representations and warranties set forth in Clause 2.1 of the Loan Agreement are true, correct and fully performed as of the date of this Notice of Drawing as if given on this date by reference to the facts and circumstances now existing; and
- (d) no Event of Termination and no event which with the giving of notice or lapse of time or both would constitute an Event of Termination has occurred and is continuing or would occur as a result of the drawdown of the Loan.

Yours faithfully

For and on behalf of
ABB CREDIT OY

By: _____
Title:

For and on behalf of
ABB CREDIT OY

By: _____
Title:

Schedule to the Notice of Drawing

Description of Equipment

. (to be attached)

SCHEDULE 2
Conditions Precedent to the Advances

The obligation on ABB Capital to make each Advance is subject to the fulfilment, to the satisfaction of ABB Capital, or waiver by ABB Capital of the following conditions precedent:

- (a) ABB Capital shall have received each of the following documents each in form and substance satisfactory to ABB Capital and the same being in full force and effect as of the Drawdown Date:
 - (i) the Equity Rent Security Assignment duly executed by the Borrower together with any documents required thereunder, duly executed by the Borrower and the other parties thereto and all steps necessary to perfect the security thereby taken performed to ABB Capital's satisfaction;
 - (ii) a copy of the constitutive documents of the Borrower, certified as a true, complete and correct copy by the Borrower;
 - (iii) a certificate given by the Borrower setting out the names and specimen signatures of each person authorised to sign and deliver this Agreement and each other Operative Document to which the Borrower will be a party;
 - (iv) such other documents and evidence with respect to the Borrower as ABB Capital may reasonably require within a reasonable period of time prior to the Drawdown Date in order to establish that the entry into and consummation of the transactions contemplated by this Agreement and the other Operative Documents, the taking of all corporate or other proceedings in connection herewith and therewith and compliance with the conditions herein or therein set forth has been duly authorised;
 - (v) evidence of the acceptance by the process agent appointed by the Borrower, pursuant to subclause 7.5.4;
 - (vi) such other documents and opinions as ABB Capital may reasonably require within a reasonable period of time prior to the Drawdown Date;
- (b) no Event of Termination and no event which with the giving of notice or lapse of time or both would constitute an Event of Termination shall

have occurred and be continuing, or would occur as a result of the drawdown of the Loan or the performance by the Borrower, the Lessor, the Lessee, ABB Capital or any other person of any of their respective obligations under this Agreement or any of the other Operative Documents or any other documents required to be executed by any of them in accordance with the provisions hereof or thereof;

- (c) each of the Operative Documents is in full force and effect;
- (d) none of the circumstances set out in Clause 3.8, 3.10 or 3.11 permitting ABB Capital to give an Acceleration Notice or (as the case may be) a Notice of Termination shall have occurred, or would occur as a result of the drawdown of the Loan or the performance by the Borrower, the Lessee, the Lessor, ABB Capital or any other person of any of their respective obligations under this Agreement or any of the Operative Documents or any other documents required to be executed by any of them in accordance with the provisions hereof or thereof;
- (e) no change shall have occurred after the date of this Agreement in any applicable law or regulations thereunder or interpretation thereof by appropriate regulatory authorities or any court that, in the reasonable opinion of ABB Capital, would make it illegal for any party to any Operative Document to perform any of their respective obligations under this Agreement or any of the other Operative Documents or any other documents required to be executed and delivered by any of them in accordance with the provisions hereof or thereof;
- (f) each of the representations and warranties set forth in Clause 2.1 and each of the other representations and warranties given to ABB Capital in each of the other Operative Documents shall remain true, correct and fully performed as at the Drawdown Date as if given on that date by reference to the facts and circumstances then existing;
- (g) no action or proceeding shall have been instituted nor shall any governmental action be threatened before any court or governmental agency, nor shall any order, judgment or decree have been issued or proposed to be issued by any court or governmental agency at the time of the Drawdown Date to set aside, restrain, enjoin or prevent the completion and consummation of this Agreement or the other Operative Documents or the transactions contemplated hereby and thereby;

- (h) all conditions precedent to the obligations of ABB Capital under any other Operative Document or any agreement, document or instrument entered into or required to be entered into pursuant to any of the foregoing have been fulfilled, to the satisfaction of ABB Capital, or waived by ABB Capital;
- (i) all payments which it is contemplated may be made on or prior to the Drawdown Date by any person (except ABB Capital) under any Operative Document or any agreement, document or instrument entered into or required to be entered into pursuant to the foregoing shall have been made; and
- (j) ABB Capital shall have received all fees and other sums payable to it under or in connection with any of the Operative Documents as are payable on or before the Drawdown Date.

SCHEDULE 3
Debt Amortisation Schedule in respect of the Loan

(1)	(2)	(3)	(4)
Loan Payment Date	Principal payable (expressed as % of original cost)	Interest payable (expressed as % of original cost)	Remaining balance (expressed as % of original cost)
[]	[]	[]	[]

Notes:

Note 1: If the Loan becomes due and payable on a Loan Payment Date set out in column (1) above, then the amount payable shall be an amount equal to the aggregate of the amounts of Euros set out in columns (2), (3) and (4) above opposite such Loan Payment Date.

Note 2: If the Loan becomes due and payable on a date other than a Loan Payment Date set out in column (1) above, then the amount payable shall be the amount of Euros set out in column (4) above opposite the Loan Payment Date or the Drawdown Date (as the case may be) immediately preceding the date on which the Loan has become due and payable together with interest thereon calculated from and including such immediately preceding Loan Payment Date (or, as the case may be, the Drawdown Date) up to but excluding the due date at the rate of six and forty-five one-hundredths per cent. (6.45%) per annum calculated on the basis of a year of 360 days and the actual number of days elapsed.

EXECUTION PAGE

The Borrower:

SIGNED)
for and on behalf of)
ABB CREDIT OY)
by its duly authorised attorney)
in the presence of:)

Amy M. Irwin
Signature:
Name: Amy M. Irwin

Ulrik Ludvig

Signature: ULF LUDVIG
Name: S. U. P.

Magnus Paulsson

Signature: Magnus Paulsson
Name: vice president

ABB Capital:

SIGNED)
for and on behalf of)
ABB CAPITAL B.V.)
— ZURICH BRANCH)
by its duly authorised attorney)
in the presence of:)

Signature:
Name:

Signature:
Name:

EXECUTION PAGE

The Borrower:

SIGNED)
for and on behalf of)
ABB CREDIT OY)
by its duly authorised attorney)
in the presence of:)

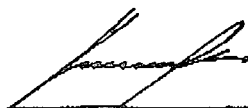
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Signature:
Name:

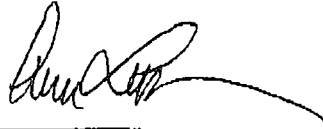
Signature:
Name:

ABB Capital:

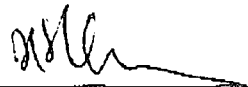
SIGNED)
for and on behalf of)
ABB CAPITAL B.V.)
— ZURICH BRANCH)
by its duly authorised attorney)
in the presence of:)



Signature:
Name: *Kempkes*



Signature:
Name: *Ann Lassen*



Signature:
Name: *DANIEL SHWOLMAN*

NOTICE OF DRAWING

ANZ Grindlays Export Finance Limited
Minerva House
PO Box 7
Montague Close
London SE1 9DH

Attention: Manager

Date: 23 December, 1999

Dear Sir


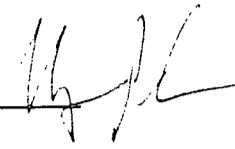
Reference is made to the loan agreement dated 23 December, 1999 (the "**Loan Agreement**") between (1) our company, as borrower, and (2) you, as lender, pursuant to which you agreed to provide a Euro loan facility to us on the terms and conditions therein contained. Expressions defined in the Loan Agreement shall have the same respective meanings ascribed thereto in the Loan Agreement when used in this Notice of Drawing.

We hereby give you notice that we wish you to make the Advances in the amount of 112,784,267 (Euros) for Advance A and 4,903,664 (Euros) for Advance B on 23 December, 1999 which is a Business Day.

We hereby confirm that:

- (a) this Notice of Drawing is given in accordance with Clause 3.3 of the Loan Agreement;
- (b) the proceeds of the Advances will be utilised by our company in paying the aggregate of the Relevant Portion of the Original Cost (Advance A) and the Relevant Portion of the Original Cost (Advance B) of the Equipment which we shall purchase pursuant to the Purchase Agreement and the Bills of Sale on the Drawdown Date (being the Equipment specified in the Schedule to this Notice of Drawing);
- (c) our representations and warranties set forth in Clause 2.1 of the Loan Agreement are true, correct and fully performed as of the date of this Notice of Drawing as if given on this date by reference to the facts and circumstances now existing;
- (d) no Event of Termination and no event which with the giving of notice or lapse of time or both would constitute an Event of Termination has occurred and is continuing or would occur as a result of the drawdown of the Loan.

Yours faithfully

For and on behalf of
ABB CREDIT OY

By 

Magnum Paulsson

Title: S.V.P

Vice President

ABB CREDIT OY

as the Borrower

and

ABB CAPITAL B.V.

as the Lender

EQUITY RENT SECURITY ASSIGNMENT

CLIFFORD CHANCE

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THIS EQUITY RENT SECURITY ASSIGNMENT is made as a deed on the ____ day of December 1999

BETWEEN

- (1) **ABB CREDIT OY**, a corporation organised and existing under the laws of Finland having its principal office at Valimopolku 4 A, FIN-00381 Helsinki, Finland (the "Borrower"); and
- (2) **ABB CAPITAL B.V.**, a corporation organised and existing under the laws of The Netherlands acting out of its Zurich branch at P.O. Box 8242, CH-8050 Zurich, Switzerland (the "Lender").

WHEREAS

- (A) Pursuant to the Loan Agreement (Equity Portion), the Lender has agreed to make available to the Borrower a loan facility to assist the Borrower in financing the purchase of the Equipment; and
- (B) It is a condition precedent to the obligation of the Lender to allow drawdown of the loan facility under the Loan Agreement (Equity Portion) that the Borrower execute and deliver this Assignment.

NOW THIS ASSIGNMENT WITNESSETH as follows:

1. **DEFINITIONS**

1.1 In this Assignment and in the Schedule:

"Assigned Payments" means the following payments paid or payable or expressed to be payable by the Lessee to the Borrower pursuant to the Lease Agreement:

- (a) each payment of Designated Sums; and
- (b) interest in respect of any overdue Designated Sum in accordance with Clause 4.3 of the Lease Agreement; and
- (c) the amount of any shortfall required to be paid by the Lessee to the Borrower under Clause 4.2.3 of the Lease Agreement in respect of any Assigned Payment referred to in (a) above; and
- (d) any amount payable under Clause 21.1 or paragraphs (c), (d) or (e) of 21.1.2 of the Lease Agreement in respect of any Assigned Payment referred to in (a), (b) or (c) above;

"Designated Sums" means all Equity Basic Rent and the Equity Portion of all Termination Sums;

"Equity Basic Rent" has the meaning ascribed thereto in the Lease Agreement;

"Lessee" has the meaning ascribed thereto in the Lease Agreement;

"**Loan Agreement (Equity Portion)**" means the Loan Agreement (Equity Portion) entered into or, as the context may require, to be entered into between the Borrower and the Lender pursuant to which the Lender has agreed to make available a loan facility to the Borrower to assist the Borrower in financing the purchase of the Equipment;

"**Secured Obligations**" means, collectively, the obligations and liabilities from time to time assumed and/or undertaken and/or owing, or expressed to be assumed and/or undertaken and/or owing by the Borrower to the Lender pursuant to and/or under the Loan Agreement (Equity Portion) (including, without limitation, in respect of the principal of and interest on the Loan);

"**Security Period**" means the period commencing on the date of this Assignment and terminating on the date on which all the Secured Obligations have been paid or satisfied in full; and

"**Specified Remedies**" means those remedies referred to in sub-clause 2.2(b).

1.2 Terms defined in the Loan Agreement (Equity Portion) (including those terms incorporated therein by reference to another Operative Document) and not otherwise defined herein shall, unless the context otherwise requires, have the same respective meanings ascribed thereto when used in this Assignment.

1.3 In this Assignment and in the Schedule, unless the context otherwise requires:

- (a) any reference to "**Clause**", "**sub-clause**" or "**Schedule**" is a reference to a clause or sub-clause of, or schedule to, this Assignment;
- (b) a reference to a "**consent**" also includes an approval, authorisation, exemption, filing, licence, order, permission or registration;
- (c) "**hereof**", "**herein**" and "**hereunder**" and other words of similar import mean this Assignment as a whole and not any particular part hereof;
- (d) a "**person**" includes any individual, firm, company, corporation, unincorporated body of persons, trust, state or agency thereof;
- (e) any reference to a document or agreement is a reference to such document or agreement as originally implemented or executed, or as modified, amended, varied, restated, novated, replaced or supplemented from time to time;
- (f) words importing the singular number include the plural and vice versa; and
- (g) any reference to the Lender, the Borrower, the Lessee or any other person includes a reference to their respective successors, permitted assigns and permitted transferees in accordance with their respective interests.

2. **ACKNOWLEDGEMENT AND ASSIGNMENT**

2.1 The Borrower hereby acknowledges to the Lender that the amount secured by this Assignment and in respect of which this Assignment and the security hereby created is enforceable is the full amount of the Secured Obligations for the time being and from time to time and hereby covenants with the Lender that the property hereby assigned is

so assigned for the full payment, performance and discharge of the Secured Obligations for the time being and from time to time.

2.2 The Borrower with full title guarantee hereby assigns absolutely to the Lender to the exclusion of the Borrower:

- (a) all its right, title and interest in and to the Assigned Payments and all sums paid or payable in respect thereof, whether by the Lessee or any person making any such payment on behalf of or instead of the Lessee; and
- (b) all its rights to sue for payment or recovery of all sums assigned pursuant to sub-clause 2.2(a).

2.3 (a) The security created by this Assignment shall be held by the Lender as continuing security for the payment, satisfaction and discharge in full of the Secured Obligations.

(b) The security created by this Assignment shall not be satisfied and shall not be released or discharged by any intermediate payment, performance, discharge or satisfaction of any part of the Secured Obligations and shall be a continuing security and shall extend to cover any sum or sums of money or other liabilities and obligations which shall for the time being constitute the balance of the Secured Obligations until all of the Secured Obligations shall have been paid, performed and discharged in full.

(c) The security created by this Assignment is in addition to and not in substitution for, and shall not in any way be prejudiced or affected by, and shall be without prejudice to, any other security or guarantee now or hereafter held by the Lender for all or any part of the Secured Obligations and may be enforced without the Lender first having recourse to any such security or guarantee and without taking any steps or proceedings against the Borrower or any other person in respect of the Secured Obligations. Without prejudice to the generality of the foregoing, the Lender need not exercise any of the rights, powers or remedies conferred upon it by this Assignment or by law to (i) take action or other steps or proceedings or obtain judgment against the Borrower or any other person in any court or otherwise, (ii) make or file a claim or proof in a winding-up, liquidation, Lendruptcy, insolvency, dissolution, administration, reorganisation or amalgamation of, or other analogous event of or with respect to, the Borrower or any other person or (iii) enforce or seek to enforce the payment or performance of, or the recovery of, any of the moneys, obligations and liabilities hereby secured or any other security or guarantee for all or any of the Secured Obligations.

(d) The security created by this Assignment shall not be discharged, impaired, prejudiced or otherwise affected by:

- (i) any failure by the Lender to take or enforce any other security or guarantee taken or agreed to be taken for all or any of the Secured

Obligations or under or pursuant to the Loan Agreement (Equity Portion), any other Operative Document or otherwise;

- (ii) any time or other indulgence given or agreed to be given by the Lender to the Borrower, the Lessee or any other person in respect of the Secured Obligations or in respect of the Borrower's, the Lessee's or such other person's obligations under any security or guarantee relating thereto;
 - (iii) any amendment, modification, variation, supplement, novation, restatement or replacement of all or any part of the Secured Obligations, the Loan Agreement (Equity Portion) or any other Operative Document;
 - (iv) any release or exchange of any security or guarantee now or hereafter held by the Lender for all or any part of the Secured Obligations; or
 - (v) any other act, fact, matter, event, circumstance, omission or thing (including, without limitation, the invalidity, unenforceability or illegality of any of the Secured Obligations or the bankruptcy, liquidation, winding-up, insolvency, dissolution, administration, reorganisation or amalgamation of, or other analogous event of or with respect to, the Borrower, the Lessee (or any other person) which, but for this provision, might operate to prejudice, impair or discharge the rights of the Lender under this Assignment or under any other Operative Document or which, but for this provision, might constitute a legal or equitable discharge of the security hereby created.
- (e) Any settlement or discharge between the Lender and the Borrower shall be conditional upon no security or payment to the Lender by the Borrower being avoided or set aside or ordered to be refunded or reduced by virtue of any provision or enactment relating to bankruptcy, liquidation, winding-up, insolvency, dissolution, administration, reorganisation, amalgamation or other analogous event or proceedings for the time being in force.
- (f) If the Borrower shall have been paid and discharged all of the Secured Obligations, the Lender shall, at the request and expense of the Borrower and subject always to the rights of ANZ Grindlays Export Finance Limited as assignee of the Borrower's rights under this Clause 2.3(f), reassign to the Borrower the property and rights hereby assigned.

2.4 The Lender shall hold any sum or sums representing all or part of the Assigned Payments received by it pursuant to this Assignment on trust for ANZ Grindlays Export Finance Limited as assignee of the Lender's rights under this Assignment, and shall promptly pay the same to ANZ Grindlays Export Finance Limited. Any such sums received by the Lender pursuant to this Assignment shall discharge, pro tanto, the Secured Obligations in accordance with Clause 3.13 of the Loan Agreement (Equity Portion).

2.5 The Lender shall not be obliged to make any enquiry as to the nature or sufficiency of any payment received by it or to enforce any rights to which it may be entitled under this Assignment.

- 2.6 No moneys paid to the Lender pursuant to this Assignment shall be recoverable from the Lender in any circumstances, including (without limitation) where performance of the Lease Agreement or the Loan Agreement (Equity Portion) or any other Operative Document becomes impossible, unlawful or otherwise frustrated provided always that any moneys paid to the Lender pursuant to this Agreement in excess of what is required to discharge the Secured Obligations in full is recoverable from the Lender.
- 2.7 Except to the extent set out in the Loan Agreement (Equity Portion), this Assignment shall not affect the Borrower's or the Lessee's liability under the Operative Documents.
- 2.8 This Assignment is intended only to create a Security Interest in the Assigned Payments and does not extend to the Equipment.

3. **NOTICES**

Forthwith upon execution of this Assignment, the Borrower shall give written notice of this Assignment (in the form set forth in Schedule 1 or such other similar form as the Lender may reasonably require) to the Lessee and shall also give notice to any other person known to the Borrower to be making payment in respect of any of the Assigned Payments on behalf of, or in place of, the Lessee and shall instruct that the payment of all Assigned Payments by the Lessee or any such person be made directly to the Account.

4. **FURTHER ASSURANCE**

The Borrower shall from time to time, at its own cost, execute and deliver all such documents and do all such things as the Lender may reasonably deem necessary in order to give full effect to the purposes of this Assignment and the other Operative Documents or for the purpose of protecting or perfecting its security hereunder and, in particular, its rights to the Assigned Payments and the Specified Remedies.

5. **POWER OF ATTORNEY**

The Borrower hereby irrevocably and unconditionally and in order to give full effect to the purposes of (i) this Assignment (including, without limitation, the security created hereby) and (ii) the other Operative Documents, appoints the Lender to be its attorney-in-fact to do all or any of the following: (a) for the purpose of executing and delivering any document and/or doing any thing referred to in Clause 4, (b) to exercise any Specified Remedies and (c) to execute any document (including, without limitation, a waiver, release or discharge in respect of any or all of the Assigned Payments) and to do any thing, in relation to all or any part of the Borrower's interest in the Assigned Payments and the Specified Remedies, which the Borrower is entitled to do (it being acknowledged that the Borrower's interest in the Assigned Payments and the Specified Remedies is limited to its rights pursuant to Clause 2.3(f)). The foregoing power of attorney may be exercised at any time and from time to time, irrespective of whether any default in payment or other performance of the Secured Obligations has occurred and is granted with full power of substitution and with full power (in the name of the Borrower or otherwise) to ask, require, demand, receive, compound and give acquittance for any and all moneys and claims, to file any claims or to take any action or institute any proceedings in respect thereof, and to obtain any recovery in connection therewith,

which the Lender may in its reasonable judgment deem necessary or advisable in the circumstances.

6. **REMEDIES**

6.1 The rights, powers and remedies provided in this Assignment are cumulative and not, nor to be construed as, exclusive of any rights, powers or remedies provided by law.

6.2 No failure to exercise nor any delay on the part of the Lender in exercising any right, power or remedy provided in this Assignment or by law shall operate as a waiver thereof nor shall nay single or partial exercise of any such right, power or remedy.

7. **LAW**

This Assignment shall in all respects be governed by, and construed in accordance with, the laws of England.

8. **JURISDICTION**

Clause 7.5 of the Loan Agreement (Equity Portion) shall be incorporated herein *mutatis mutandis* as between the parties hereto, except for the purposes of this Assignment that each reference to the words "this Agreement" in such Clause shall be read as a reference to "this Assignment" and such clause shall be construed accordingly.

9. **COUNTERPARTS**

This Assignment may be executed by the parties hereto in separate counterparts each of which when so executed and delivered shall be an original, and both such counterparts shall together constitute one and the same document.

IN WITNESS WHEREOF this Assignment has been executed as a deed and is intended to be and is hereby delivered by the parties hereto on the date first above written.

SCHEDULE 1
NOTICE OF ASSIGNMENT

To: Louisville Gas and Electric Company
and Kentucky Utilities Company (together, the "Lessee")

[•] December 1999

Dear Sirs

We hereby give you notice that by a Security Assignment (the "Security Assignment") of even date herewith entered into pursuant to a Loan Agreement (Equity Portion) of even date herewith, we assigned absolutely by way of security to ABB Capital B.V. of Burgemeester Haspelslaan 45, 5/F 1181NB Amstelveen, The Netherlands (the "Assignee"), all of our right, title and interest in and to the Assigned Payments and the Specified Remedies (as each such term is defined in the Security Assignment) and all sums paid or payable in respect thereof. A copy of the Security Assignment is attached to this notice.

We consent and agree to all the terms and provisions of the Security Assignment and rights assigned to ABB Capital B.V. under the Security Assignment in respect of the Assigned Payments and the Specified Remedies, including any exercise by ABB Capital B.V. of any such right under and pursuant to the Security Assignment.

Yours faithfully

For and on behalf of
ABB CREDIT OY

EXECUTION PAGE

THE BORROWER

SIGNED as a Deed by)
the duly appointed)
Attorney-in-Fact of)
ABB CREDIT OY)
in the presence of:)

[Handwritten Signature]
Signature:

Name: [Handwritten Name]
S.O.P. Magnus P. [Handwritten Name]
Vice Pres.

Signature: [Handwritten Signature]

Name: AMY M. IRWIN

THE LENDER

SIGNED as a Deed by)
the duly appointed)
Attorney-in-Fact of)
ABB CAPITAL B.V.)
in the presence of:)

Signature:

Name:

Signature: _____

Name:

EXECUTION PAGE

THE BORROWER

SIGNED as a Deed by)
the duly appointed)
Attorney-in-Fact of)
ABB CREDIT OY)
in the presence of:)

Signature:

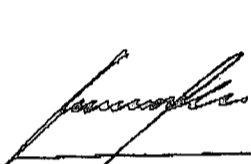

Name:

Signature: _____

Name:


THE LENDER

SIGNED as a Deed by)
the duly appointed)
Attorney-in-Fact of)
ABB CAPITAL B.V., Zurich Branch)
in the presence of:)

Signature:

Name: *Keesjes* *Ann Hasson*


Signature: _____

Name: *DANIEL SHINDELMAN*

NOTICE OF ASSIGNMENT

To: Louisville Gas and Electric Company
and Kentucky Utilities Company (together, the "Lessee")

23 December 1999

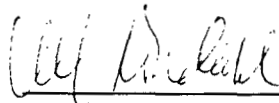
Dear Sirs

We hereby give you notice that by a Security Assignment (the "**Security Assignment**") of even date herewith entered into pursuant to a Loan Agreement of even date herewith, we assigned absolutely by way of security to ANZ Grindlays Export Finance Limited with its office at Minerva House, PO Box 7, Montague Close, London SE1 9DH (the "**Assignee**"), all of our right, title and interest in and to the Assigned Payments and the Specified Remedies (as each such term is defined in the Security Assignment) and all sums paid or payable in respect thereof.

A copy of the Security Assignment is attached to this notice.

We consent and agree to all the terms and provisions of the Security Assignment and rights assigned to ANZ Grindlays Export Finance Limited under the Security Assignment in respect of the Assigned Payments and the Specified Remedies, including any exercise by ANZ Grindlays Export Finance Limited of any such right under and pursuant to the Security Assignment.

Yours faithfully

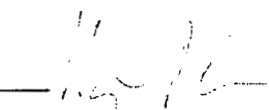


For and on behalf of

ABB CREDIT OY

100 FINE 400

S.V.P.



Magnus Paulsson

Vice President

To: ABB Credit Oy
and
ANZ Grindlays Export Finance Limited

23 December 1999

We acknowledge receipt of the Notice of Assignment from ABB Credit Oy dated 23 December 1999. We confirm that we have not received any other notice of assignment of the Assigned Payments or the Specified Remedies (as defined in the Security Assignment). We hereby agree to be bound by the terms of the Security Assignment and we covenant to pay or procure the payment of the Assigned Payments directly to the Account and agree to the exercise by ANZ Grindlays Export Finance Limited of its rights under the Security Assignment to the extent they relate to the Assigned Payments and the Specified Remedies.

Yours faithfully



For and on behalf of
LOUISVILLE GAS AND ELECTRIC COMPANY



For and on behalf of
KENTUCKY UTILITIES COMPANY

EXECUTION COPY

PLEDGE AGREEMENT
(LG&E/KU)

dated as of December 23, 1999

between

ABB CREDIT OY,
Grantor

and

LOUISVILLE GAS AND ELECTRIC COMPANY, and
KENTUCKY UTILITIES COMPANY,
Secured Party

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PLEDGE AGREEMENT (LG&E/KU) (this "Pledge Agreement"), dated as of December 23, 1999, between ABB CREDIT OY, a corporation organized and existing under the laws of the Republic of Finland (the "Grantor"), and LOUISVILLE GAS AND ELECTRIC COMPANY, a corporation organized and existing under the laws of the Commonwealth of Kentucky and KENTUCKY UTILITIES COMPANY, a corporation organized and existing under the laws of the Commonwealths of Kentucky and Virginia (collectively, "Secured Party").

WITNESSETH:

WHEREAS, Grantor and Secured Party are parties to the Lease (capitalized terms used herein shall have the meanings ascribed thereto, by reference or otherwise, in Section 1.1 hereof); and

NOW, THEREFORE, in consideration of the mutual covenants set forth herein, and for other valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto covenant and agree as follows:

ARTICLE 1. DEFINITIONS; RULES OF INTERPRETATION.

1.1. Defined Terms. Capitalized terms used (including in the above recitals) but not otherwise defined herein shall have the following respective meanings, or if not defined in this Pledge Agreement, the respective meanings ascribed to them in the Lease Agreement (LG&E/KU), dated as of even date herewith, between Grantor, as Lessor, and Secured Party, as Lessee, as amended, supplemented or otherwise modified from time to time (as so amended, supplemented or otherwise modified, the "Lease").

"ABB Documents" means collectively the Lease, the Call Option Agreement and the Sales Agency Agreement.

"Call Option Agreement" means the Call Option Agreement (LG&E/KU), dated as of December 23, 1999, between Grantor and Secured Party.

"Collateral" has the meaning ascribed thereto in Section 2.1.

"Grantor Event of Default" means a failure, continuing after any applicable notice and cure period, of Grantor to transfer title to the Equipment to Secured Party, as required under any ABB Document.

"Obligations" has the meaning ascribed thereto in Section 2.1.

"Sales Agency Agreement" means the Sales Agency Agreement (LG&E/KU), dated as of December 23, 1999, between Grantor and Secured Party.

"Uniform Commercial Code" means the Uniform Commercial Code as in effect in the State of New York.

1.2. Rules of Interpretation. Except as otherwise expressly provided in this Pledge Agreement, the following rules shall apply hereto:

- (a) the singular includes the plural and the plural includes the singular;
- (b) "or" is not exclusive and "include" and "including" are not limiting;
- (c) a reference to any agreement or other contract includes permitted supplements, amendments and other modifications;
- (d) a reference to a law includes any amendment or modification of such law and any rules or regulations issued thereunder;
- (e) a reference to a Person includes its permitted successors and assigns in the applicable capacity;
- (f) a reference in this Pledge Agreement to an Article or Section is to the Article or Section of this Pledge Agreement unless otherwise expressly provided;
- (g) words such as "hereunder", "hereto", "hereof" and "herein" and other words of like import shall, unless the context clearly indicates to the contrary, refer to the whole of this Pledge Agreement and not to any particular Article, Section or clause hereof;
- (h) all obligations under this Pledge Agreement are continuing obligations throughout the term of this Pledge Agreement;
- (i) any right in this Pledge Agreement may be exercised at any time and from time to time;
- (j) the headings of the Articles and Sections are for convenience and shall not affect the meaning of this Pledge Agreement; and
- (k) time is of the essence in performing all obligations.

ARTICLE 2. ASSIGNMENT, PLEDGE AND GRANT
OF SECURITY INTEREST.

2.1. Grant of Security Interest. To secure the timely performance of all obligations of Grantor under the Lease (including without limitation the covenants contained in Section 18.2 of the Lease) and to secure the timely performance of all obligations of Grantor to transfer title to the Equipment under any provision of the ABB Documents, (all such obligations being herein referred to as the "Obligations"), Grantor does hereby pledge to, and subject to a security interest in favor of, Secured Party all grantor's interest in, to and under the following:

(a) all of Grantor's rights and interest to the Equipment and each part thereof (including Replacement Parts, parts and modifications, alterations and accessions thereto);

(b) each Bill of Sale and all warranties and other rights conveyed therein (collectively, the "Pledged Agreements"); and

(c) the proceeds of all of the foregoing, including all proceeds receivable or received when any and all of the foregoing is sold, collected, exchanged or otherwise disposed of, whether voluntarily or involuntary (all of the collateral described in the foregoing clauses (a) and (b) and this clause (c), subject to the proviso to this clause (c), being herein collectively referred to as the "Collateral"); provided that there shall be, and hereby is, excluded from the Collateral (i) any and all right, title and interest of Grantor in, to and under the Lease (other than any provision thereof to the extent title to Equipment or any part thereof passes to Grantor pursuant thereto), including all rents, profits, indemnity payments and other payments receivable thereunder and (ii) any interests assigned by Grantor to the Lender as of the date hereof pursuant to the Security Assignment.

ARTICLE 3. DELIVERY OF COLLATERAL.

It is the intention of the parties that upon the delivery of Equipment included in the Collateral under and in accordance with the terms of the Bills of Sale and the Lease, the security interest therein created pursuant hereto shall attach and such Collateral shall be deemed to be in the possession of Secured Party pursuant to this Pledge Agreement as well as under the Lease. Secured Party shall use reasonable care in the custody and preservation of any Collateral in its possession; provided that with respect to Collateral consisting of Equipment, Secured Party shall be deemed in compliance with such duty of reasonable care so long as such Equipment are operated and maintained in accordance with the Lease. The parties confirm that the provisions of the Lease shall supersede the provisions of Uniform Commercial Code Sections 9-207(2), (3) and (4) to the extent inconsistent with any provisions of the Lease. Grantor shall give Secured Party prompt notice of any change in the location of Grantor's chief place of business and chief executive office to a location in the United States

and thereafter, execute and deliver such financing statements and continuation statements as required to create or maintain a perfected security interest in any Collateral as reasonably requested by Secured Party.

ARTICLE 4. EVENTS OF DEFAULT.

The occurrence of a default by Grantor in the performance of any of its Obligations which would permit Secured Party to terminate the Lease pursuant to Section 12.7 of the Lease or a failure of Grantor to transfer title to Secured Party in accordance with any provision of the ABB Documents after or concurrently with the termination of the Lease shall constitute an event of default under this Pledge Agreement (a "Grantor Event of Default").

ARTICLE 5. RIGHTS UPON DEFAULT.

5.1 Remedies. If any Grantor Event of Default has occurred and is continuing, as determined by an arbitration award in accordance with Section 26.2 of the Lease, Secured Party may, upon notice to Grantor (such notice to be given in accordance with Section 5.3), proceed to protect and enforce the rights vested in it by this Pledge Agreement, including the right to cause all moneys pledged hereunder to be paid directly to it, and to enforce its rights hereunder to such moneys and all other rights hereunder by such appropriate non-judicial or judicial proceedings as it shall deem most effective to protect and enforce any of such rights, either at law or in equity, whether for specific enforcement of any covenant or agreement contained in any of the ABB Documents, or in aid of the exercise of any power therein or herein granted, or for any foreclosure hereunder and sale under a judgment or decree in any judicial proceeding, or to enforce any other legal or equitable right vested in it by the Operative Documents or by law.

5.2. Expenses. The reasonable out-of-pocket costs and expenses of the prevailing party incurred in any action brought to enforce or preserve such party's rights hereunder, including the reasonable fees and disbursements of counsel, shall be borne by the other party. All such costs and expenses shall be payable on demand in the currency in which incurred.

5.3. Notices. Any and all notices to be given by Secured Party to Grantor pursuant to Section 5.1 shall be in writing and, unless otherwise required by law, shall be given to Grantor two days prior to the exercise of any rights under Section 5.1. Any such two day notice shall be revocable and shall state the Grantor Event of Default that entitles Secured Party to exercise its rights under Section 5.1.

ARTICLE 6. REMEDIES CUMULATIVE; DELAY NOT WAIVER.

6.1. Remedies Cumulative. No right, power or remedy herein conferred upon or reserved to Secured Party is intended to be exclusive of any other right, power or remedy, and every such right, power and remedy shall, to the extent permitted by law, be cumulative and in addition to every other right, power and remedy given hereunder or now or hereafter existing at law or in equity or otherwise. The assertion or employment of any right or remedy hereunder, or otherwise, shall not prevent the concurrent assertion or employment of any other appropriate right or remedy. Resort to any or all Collateral now or hereafter held by Secured Party may be taken concurrently or successively and in one or several consolidated or independent judicial actions or lawfully taken non-judicial proceedings, or both.

6.2. No Waiver. No delay or omission of Secured Party to exercise any right or power occurring upon the occurrence and during the continuance of any Grantor Event of Default as aforesaid shall impair any such right or power or shall be construed to be a waiver of any such Grantor Event of Default or an acquiescence therein; and every power and remedy given by this Pledge Agreement may be exercised from time to time, and so often as shall be deemed expedient, by Secured Party.

ARTICLE 7. NOTICES.

Unless otherwise specifically provided herein, all notices, requests, demands or other communications required or permitted under the terms and provisions hereof shall be in writing and any such notice, request, demand or other communication shall become effective in accordance with Section 22.2 of the Lease.

ARTICLE 8. FURTHER ASSURANCES.

8.1. Further Action. Grantor agrees that from time to time, at the expense of Secured Party (including the reasonable fees and expenses of counsel to Grantor), Grantor will promptly execute and deliver all further instruments and documents, and take all further action, that may be necessary or desirable, or that Secured Party may reasonably request (including the filing of financing statements under the Uniform Commercial Code and filings pursuant to the KYUCC), in order to perfect and protect the assignment and security interest granted or intended to be granted hereby or to enable Secured Party to exercise and enforce its rights and remedies hereunder with respect to any Collateral.

8.2. Further Instruments and Documents. Grantor hereby authorizes Secured Party to file one or more financing or continuation statements, and amendments thereto, relative to all or any part of the Collateral without the signature of Grantor where permitted by law. Copies of any such statement or amendment thereto shall promptly be delivered to Grantor.

ARTICLE 9. AUTHORIZED ACTION BY SECURED PARTY.

Grantor hereby (a) irrevocably appoints Secured Party as its attorney-in-fact to the extent related to Secured Party's exercise of remedies, effective when and so long as any Grantor Event of Default shall have occurred and be continuing and (b) agrees that during any such period of effectiveness, Secured Party may do (but Secured Party shall not be obligated to and shall incur no liability to Grantor or any third party for failure so to do) any act that Grantor is obligated by this Pledge Agreement to do.

ARTICLE 10. CONTINUING ASSIGNMENT AND SECURITY INTEREST.

This Pledge Agreement shall create a continuing security interest in the Collateral and shall (a) remain in full force and effect until performance in full of the Obligations, (b) be binding upon Grantor, its successors and assigns and (c) inure, together with the rights and remedies of Secured Party, to the benefit of Secured Party and its respective successors, transferees and permitted assigns. Upon the performance in full by Grantor of all of the Obligations, the security interest granted hereby shall terminate and Secured Party shall execute and file all such instruments and do all such other acts as shall be necessary to release the Collateral from the Lien of this Pledge Agreement.

ARTICLE 11. SEVERABILITY.

Any provision of this Pledge Agreement that is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof, and any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction.

ARTICLE 12. SUCCESSORS AND ASSIGNS.

All covenants and agreements contained herein shall be binding upon, and inure to the benefit of, the parties and their respective successors and permitted assigns. Grantor may not assign its respective rights and transfer its respective obligations hereunder except in accordance with Section 13.1 of the Lease. Any other assignment by Grantor may be made only with the prior written consent of Secured Party. Secured Party may not, without the prior written consent of Grantor, assign or transfer any of its rights or obligations hereunder, except in accordance with Section 13.2 of the Lease.

ARTICLE 13. GOVERNING LAW. This Pledge Agreement, including all matters of construction, validity and performance and matters relating to the creation, validity, perfection, enforcement or priority of the lien of, and security interests created by, this Pledge Agreement upon the Collateral, shall be governed by the laws of New York, except insofar as such matters are governed by the laws of the United States.

ARTICLE 14. AGREEMENT OF SECURITY PURPOSES ONLY.

This Pledge Agreement is for security purposes only. Accordingly, Secured Party shall not, pursuant to this Pledge Agreement, enforce Secured Party's rights with respect to the Collateral until such time as a Grantor Event of Default hereunder shall have occurred and is continuing at the time such enforcement is sought.

ARTICLE 15. ARBITRATION. The provisions of Section 26.2 of the Lease, subjecting disputes concerning the Operative Documents to the arbitration procedures in such Section, shall not prohibit judicial enforcement of the Secured Party's rights hereunder following the establishment of the existence of a Grantor Event of Default in such arbitration procedure.

[THIS SPACE INTENTIONALLY LEFT BLANK]

IN WITNESS WHEREOF, the parties hereto have caused this Pledge Agreement to be duly executed as of the day and year first written above.

ABB Credit OY

By: Ulf Lindvall
 Name: Ulf Lindvall
 Title: Senior Vice President

By: Magnus Paulsson
 Name: Magnus Paulsson
 Title: Vice President

LOUISVILLE GAS AND ELECTRIC COMPANY

By: _____
Name:
Title:

KENTUCKY UTILITIES COMPANY

By: _____
Name:
Title:

IN WITNESS WHEREOF, the parties hereto have caused this Pledge Agreement to be duly executed as of the day and year first written above.

ABB Credit OY

By: _____
Name:
Title:

By: _____
Name:
Title:

LOUISVILLE GAS AND ELECTRIC
COMPANY

By: CA Markel
Name: Charles A. Markel, III
Title: Treasurer

KENTUCKY UTILITIES COMPANY

By: CA Markel
Name: Charles A. Markel, III
Title: Treasurer

CALL OPTION AGREEMENT
(LG&E/KU)

dated as of December 23, 1999

between

ABB CREDIT OY,
Call Option Grantor

and

LOUISVILLE GAS AND ELECTRIC COMPANY
and
KENTUCKY UTILITIES COMPANY,
as Call Option Holder

TWO ABB GT24 GAS POWER TURBINES
AND RELATED EQUIPMENT LOCATED IN BURGIN, KENTUCKY

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CALL OPTION AGREEMENT (LG&E/KU), dated as of December 23, 1999 (this "Agreement"), between ABB CREDIT OY, a corporation organized and existing under the laws of the Republic of Finland ("Call Option Grantor"), and LOUISVILLE GAS AND ELECTRIC COMPANY, a corporation organized and existing under the laws of the Commonwealth of Kentucky and KENTUCKY UTILITIES COMPANY, a corporation organized and existing under the laws of the Commonwealths of Kentucky and Virginia, (collectively, "Call Option Holder").

W I T N E S S E T H :

WHEREAS, Call Option Grantor is acquiring the Equipment (all capitalized terms used herein shall have the meanings ascribed thereto, by reference or otherwise, in Section 1.1 hereof) pursuant to the Bills of Sale;

WHEREAS, pursuant to the Lease Agreement (LG&E/KU), dated as of the date hereof, between Call Option Grantor, as Lessor, and Call Option Holder, as Lessee (the "Lease"), the Lessor has agreed to lease the Equipment to the Lessee immediately upon delivery of the Equipment to the Lessor pursuant to the Bills of Sale; and

WHEREAS, Call Option Grantor is willing to grant to Call Option Holder the right to acquire all (but not less than all) of the Equipment at the end of the Basic Term and subject to the additional terms and conditions of this Agreement;

NOW, THEREFORE, in consideration of the mutual covenants set forth herein, and for other valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto covenant and agree as follows:

ARTICLE 1. DEFINITIONS; RULES OF INTERPRETATION.

1.1. Defined Terms. Capitalized terms used (including the above recitals) but not otherwise defined herein shall have the following respective meanings or, if not defined in this Agreement, the respective meanings ascribed to them in the Lease:

"Call Option" means the call option granted to the Call Option Holder pursuant to this Agreement.

"Call Option Date" means the Early Lease Termination Date.

"Call Option Expiration Date" means the date 45 days prior to the Early Lease Termination Date.

"Call Option Notice" has the meaning ascribed to such term in Section 2.3.

"First Call Option Exercise Date" means the date 180 days prior to the Early Lease Termination Date.

"Lease" has the meaning ascribed to such term in the recitals.

"Option Price" means the price payable by or on behalf of Call Option Holder pursuant to Section 3.1 in the event that the Call Option is exercised.

1.2. Rules of Interpretation. Except as otherwise expressly provided in this Agreement, the following rules shall apply hereto:

- (a) the singular includes the plural and the plural includes the singular;
- (b) "or" is not exclusive and "include" and "including" are not limiting;
- (c) a reference to any agreement or other contract includes permitted supplements, amendments and other modifications;
- (d) a reference to a law includes any amendment or modification of such law and the rules or regulations issued thereunder;
- (e) a reference to a Person includes its permitted successors and assigns in the applicable capacity;
- (f) a reference in this Agreement to an Article, Section, clause, recital or Exhibit is to the Article, Section, clause, recital or Exhibit of this Agreement unless otherwise expressly provided;
- (g) words such as "hereunder", "hereto", "hereof", and "herein" and other words of like import shall, unless the context clearly indicates to the contrary, refer to the whole of this Agreement and not to any particular Article, Section or clause hereof;
- (h) all obligations under this Agreement are continuing obligations throughout the term of this Agreement;
- (i) any right in this Agreement may be exercised at any time and from time to time;
- (j) the headings of the Articles and Sections are for convenience and shall not affect the meaning of this Agreement;
- (k) if the Call Option Holder hereunder shall be more than one Person, a reference in this Agreement to "Call Option Holder" shall mean each such Person, either such Person or

both such Persons, as the context may require to effect the several, but not joint, liability of such Persons and to afford Lessor the same rights and remedies hereunder in the case of an act or omission by one such Person as if both such Persons had committed such act or omission; provided, however, that the Call Option shall not be exercisable by one such Person without exercise by the other such Person; and

(l) time is of the essence in performing all obligations.

ARTICLE 2. CALL OPTION.

2.1. Grant of Call Option. Call Option Grantor hereby grants to Call Option Holder an irrevocable option to purchase all (but not less than all) of the Equipment on the Call Option Date on the terms set forth herein.

2.2. Term of Call Option; Effective Date. Call Option Holder's right to exercise the Call Option shall expire on the Call Option Expiration Date. If exercised in accordance with Section 2.3, the Call Option will take effect on the Call Option Date.

2.3. Call Option Notice. Call Option Holder may exercise the Call Option by giving Call Option Grantor (with a copy to the Lender) irrevocable written notice thereof, in substantially the form of Exhibit A (a "Call Option Notice"), during the period commencing on the First Call Option Exercise Date and ending on the Call Option Expiration Date.

ARTICLE 3. OPTION PRICE AND PAYMENTS.

3.1. Option Price. The Option Price is €79,684,536, which the parties agree is the expected fair market value of the Equipment at the time the Call Option may be exercised.

3.2. Payments. All payments to be made by or on behalf of Call Option Holder under this Agreement shall be made in full, without any set-off or counterclaim whatsoever, for value on the Call Option Date so that Call Option Grantor receives credit for the full amount of such payment on the Call Option Date. If the Call Option is exercised, the Call Option Holder shall pay the Option Price on the Call Option Date by paying or causing to be paid in cash an amount in Euro equal to the Option Price.

3.3. Consent to Security Assignment. In order to secure the indebtedness evidenced by the Loan Agreement, Call Option Grantor has provided in the Security Assignment, among other things, for the assignment by Call Option Grantor to the Lender of Call Option Grantor's right to receive the Call Option Price. Accordingly, so long as the Security Assignment remains in effect, Call Option Holder agrees, absolutely and unconditionally, to pay or cause to be paid the full amount of the Option Price, if due hereunder, without any offset, reduction, counterclaim, recoupment, deduction or

defense whatsoever (including due to any present or future claims of Call Option Holder against Call Option Grantor under this Agreement or otherwise, against the Manufacturer or against any other Person for whatever reason) and not to assert any reduction, offset, counterclaim, recoupment, deduction or defense in any proceeding brought under the Loan Agreement or the Security Assignment. Call Option Holder acknowledges the existence of, and consents to, such assignment and the receipt of a copy of the Security Assignment.

3.4. Payments at Direction of Call Option Grantor. All payments to be made to Call Option Grantor under this Agreement shall be paid to the Account.

3.5. Expenses. Call Option Holder shall pay to Call Option Grantor on demand all reasonable expenses (including legal and similar charges, but excluding Taxes (the payment of which is covered exclusively by Article 20 of the Lease), if any) incurred by Call Option Grantor in connection with the exercise of the Call Option, provided that subsection 20.3.7 of the Lease shall not apply to (and, except to the extent covered by an exclusion set forth in some other subsection of Section 20.3 of the Lease, Call Option Holder shall pay) Taxes imposed by any taxing jurisdiction in the United States in connection with the transfer of the Equipment resulting from the exercise of the Call Option. All such expenses shall be payable in the currency of the underlying obligation.

ARTICLE 4. DELIVERY OF THE EQUIPMENT.

4.1. Delivery. If the Call Option is exercised, on the Call Option Date, the Equipment shall, at Call Option Holder's risk and expense, be delivered by Call Option Grantor to Call Option Holder at such location(s) as Call Option Holder and Call Option Grantor shall agree to in writing. In the absence of such agreement, delivery shall take place at the location(s) at which the Equipment is situated on the Call Option Date.

4.2. Conveyance. Upon payment by or on behalf of Call Option Holder to Call Option Grantor of the Option Price, together with any expenses payable pursuant to Section 3.5 and any other amounts payable by Lessee under the Lease, on the Call Option Date, Call Option Grantor shall (subject to the other provisions of this Agreement) convey to Call Option Holder all of its right, title and interest in and to the Equipment and in and to the Bills of Sale to the extent related thereto and to the extent such right may be transferred by Call Option Grantor, and the Equipment shall be released to Call Option Holder in accordance with the Transfer Protocol; provided that such conveyance by Call Option Grantor to Call Option Holder of all of Call Option Grantor's right, title and interest as aforesaid shall not be deemed to impose on Call Option Grantor an obligation to deliver to Call Option Holder possession of the Equipment if the Equipment shall not be in the possession of Call Option Grantor on such date. The conveyance to the Call Option Holder hereunder may, at the election of the Call Option Holder, be in the form of a conveyance of undivided interests in the Equipment to the Call Option Holder, in such percentages (equal in the aggregate to 100%) as Call Option Holder may direct.

4.3. Purchase Documents. Call Option Grantor shall, at the time its right, title and interest pass to Call Option Holder as set forth in Section 4.2, (a) deliver to Call Option Holder such other documents of transfer of title as Call Option Holder may reasonably request and (b) use its reasonable best efforts, at Call Option Holder's expense, to assist Call Option Holder to obtain any further consent or waiver that may be required from any third party in order to make the aforementioned transfer fully effective in accordance with the terms of this Agreement.

4.4. Specific Performance. The parties hereto acknowledge that monetary damages would not be adequate compensation to Call Option Holder for Call Option Grantor's breach of its obligation to transfer title of the Equipment pursuant to the Call Option, and therefore specific performance of such obligation would be appropriate.

ARTICLE 5. NOTICES.

Unless otherwise specifically provided herein, all notices, requests, demands or other communications required or permitted under the terms and provisions hereof shall be in writing, and any such notice, request, demand or other communication shall become effective upon delivery in accordance with Section 22.2 of the Lease.

ARTICLE 6. ASSIGNABILITY.

This Agreement shall be binding upon and inure to the benefit of Call Option Grantor and Call Option Holder. Call Option Grantor may assign, pledge or otherwise transfer all (but not less than all) of its rights and obligations hereunder (a) to the Lender pursuant to the Security Assignment or (b) in connection with a Disposition pursuant to Section 13.1 of the Lease, but may otherwise assign, pledge or otherwise transfer all or any portion of its rights and obligations hereunder only with the prior written consent of Call Option Holder; provided that if Call Option Grantor assigns its rights and obligations hereunder with respect to the Equipment, it must also, as Lessor under the Lease, make a Disposition of the Equipment pursuant to Section 13.1 of the Lease to the assignee hereof. If Call Option Grantor, as the Lessor under the Lease, makes a Disposition pursuant to Section 13.1 of the Lease, Call Option Grantor must assign its respective rights and transfer its respective obligations hereunder. Call Option Holder will not sell, assign, or transfer any of its rights and obligations hereunder without the prior written consent of Call Option Grantor, except in connection with a transfer of its interest as Lessee under the Lease in accordance with Section 13.2 of the Lease.

ARTICLE 7. MISCELLANEOUS.

7.1. Late Payments. Call Option Holder shall pay interest on any amount of the Option Price and on any other amounts payable by it under this Agreement not paid when due from

and after the due date to and including the date paid at a rate per annum equal to the Overdue Rate. All amounts of interest shall be payable in the currency in which the underlying obligation is payable.

7.2. Severability. Any provision of this Agreement that is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof, and any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction.

7.3. Amendments. The provisions of this Agreement may be modified or amended only by an instrument or instruments in writing signed by each of the parties hereto.

7.4. Judgment Currency. All amounts payable hereunder shall be payable in Euros. This is an international transaction in which the specification of the currency of payments is of the essence. No payments or advances required to be made under this Agreement shall be discharged by payments or advances in any currency other than the designated currency of such payments or advances, whether pursuant to a judgment or otherwise, to the extent that the amount so paid or advanced on prompt conversion to the designated currency (as quoted in London) does not yield the amount of the designated currency to be paid or advanced hereunder. In the event that any payment or advance made by a party hereto hereunder, whether pursuant to a judgment or otherwise, does not, when converted, result in the correct amount of the designated currency required to be paid or advanced hereunder, the other party shall have a separate cause of action for the amount of any such shortfall.

7.5. Counterparts. This Agreement may be executed by the parties hereto in separate counterparts, each of which when so executed and delivered shall be an original, and all of which shall constitute one and the same instrument.

7.6. Costs. Subject to Section 3.5, the reasonable out-of-pocket costs and expenses of the prevailing party incurred in any action brought to enforce or preserve such party's rights hereunder, including the reasonable fees and disbursements of counsel, shall be borne by the other party. All such costs and expenses shall be payable on demand in the currency in which incurred.

7.7. Language of Documents. All documents or notices to be delivered pursuant to, or in connection with, this Agreement shall be in the English language. If any such document or notice is not in the English language, it shall be accompanied by a certified English translation thereof that shall control.

7.8. Complete Agreement. This Agreement, together with the other Operative Documents, constitutes the entire agreement between the parties hereto with respect to the transactions contemplated hereby and supersedes any prior agreements with respect thereto.

7.9. Waivers; Remedies Cumulative. No failure to exercise or enforce and no delay in exercising or enforcing, on the part of the Call Option Grantor or the Call Option Holder or either of them, any right, remedy, power or privilege hereunder shall operate as a waiver thereof, nor shall any single or partial exercise or enforcement of any such right, remedy, power or privilege preclude any further exercise thereof, or the exercise of any other right, remedy, power or privilege hereunder or otherwise. The rights, remedies, powers and privileges herein provided are cumulative and not exclusive of any rights, remedies, powers and privileges provided by applicable law.

7.10. Operative Document. This Agreement shall be deemed an "Operative Document" for purposes of Article 20 and the other provisions of the Lease.

7.11. Governing Law. This Agreement shall be governed by and construed in all respects in accordance with the laws of the Republic of Finland.

7.12. Arbitration. All disputes arising in connection with this Agreement or the other Operative Documents, or the breach, termination or invalidity hereof or thereof (other than the Pledge Agreement, to the extent provided therein), shall be consolidated, to the maximum extent possible, and exclusively and finally determined by arbitration under the Rules of Arbitration of the International Chamber of Commerce. All such disputes shall be determined by three arbitrators, one of whom is selected by Call Option Grantor, one of whom is selected by Call Option Holder and the third of whom is selected by mutual agreement of the first two arbitrators or, in the absence of such mutual agreement, is selected in accordance with such Rules. The place of the arbitration shall be Helsinki, Finland. The language of the arbitration shall be English. Without prejudice to any of the provisions of Article 23 of the said Rules, to the extent permitted by applicable law the arbitral tribunal may take whatever interim or conservatory measures it deems necessary, which interim or conservatory measures may be taken in the form of an interim award and may be conditioned on the posting of security for the costs of such measures. Judgment upon any award rendered by the arbitral tribunal may be entered by any court having jurisdiction thereof.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed as of the day and year first written above.

ABB CREDIT OY

By: Willy Lindahl
Name: WILLY LINDAHL
Title: S.O.P

By: Magnus Persson
Name: Magnus Persson
Title: Vice President

LOUISVILLE GAS AND ELECTRIC COMPANY

By: _____
Name:
Title:

KENTUCKY UTILITIES COMPANY

By: _____
Name:
Title:

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed as of the day and year first written above.

ABB CREDIT OY

By: _____
Name:
Title:

By: _____
Name:
Title:

LOUISVILLE GAS AND ELECTRIC COMPANY

By: CA Markel
Name: Charles A. Markel, III
Title: Treasurer

KENTUCKY UTILITIES COMPANY

By: CA Markel
Name: Charles A. Markel, III
Title: Treasurer

SALES AGENCY AGREEMENT
(LG&E/KU)

dated as of December 23, 1999

between

ABB CREDIT OY,
Principal

and

LOUISVILLE GAS AND ELECTRIC COMPANY, and
KENTUCKY UTILITIES COMPANY,
as Sales Agent

TWO ABB GT24 GAS POWER TURBINES
AND RELATED EQUIPMENT LOCATED IN BURGIN, KENTUCKY

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SALES AGENCY AGREEMENT (LG&E/KU), dated as of December 23, 1999 (this "Agreement"), between ABB CREDIT OY, a corporation organized and existing under the laws of the Republic of Finland (the "Principal"), and LOUISVILLE GAS AND ELECTRIC COMPANY, a corporation organized and existing under the laws of the Commonwealth of Kentucky, and KENTUCKY UTILITIES COMPANY, a corporation organized and existing under the laws of the Commonwealths of Kentucky and Virginia (collectively, the "Sales Agent").

W I T N E S S E T H :

WHEREAS, pursuant to the Bills of Sale (all capitalized terms used herein shall have the meanings ascribed thereto, by reference or otherwise, in Section 1.1 hereof) Principal is acquiring title to the Equipment; and

WHEREAS, pursuant to the Lease (as defined below), the Principal, as Lessor, has agreed to lease the Equipment to the Sales Agent, as Lessee; and

WHEREAS, pursuant to the Call Option Agreement, the Principal, as Call Option Grantor, has granted to the Sales Agent, as Call Option Holder, the right to acquire all (but not less than all) of the Equipment on the terms and conditions set forth therein; and

WHEREAS, if the Call Option is not exercised, the Lease Term will end on the Lease Termination Date and, at the end of the Lease Term on such date, the Lessor will regain possession of all (but not less than all) of the Equipment in accordance with Article 11 of the Lease; and

WHEREAS, upon any such possession, the Principal may wish to sell the Returned Equipment and desires to be assured of having a sales agent in the locale of the Returned Equipment to be responsible for the expeditious sale of the Returned Equipment on behalf of the Principal; and

WHEREAS, the Principal desires to have an irrevocable right to appoint the Sales Agent as such sales agent for such purpose and the Sales Agent is willing to grant the Principal an irrevocable right for such purpose;

NOW, THEREFORE, in consideration of the mutual covenants set forth herein, and for other valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto covenant and agree as follows:

ARTICLE 1. DEFINITIONS; RULES OF INTERPRETATION.

1.1. Defined Terms. Capitalized terms used (including the above recitals) but not otherwise defined herein are used with the following respective meanings or, if not defined herein, the respective meanings ascribed thereto in the Lease:

"Aggregate Sale Price" has the meaning ascribed to such term in Section 5.1.

"Call Option" has the meaning ascribed to such term in the Call Option Agreement.

"Call Option Agreement" means the Call Option Agreement (LG&E/KU), dated as of the date hereof, between the Call Option Grantor and the Call Option Holder.

"Call Option Date" has the meaning ascribed thereto in the Call Option Agreement.

"Call Option Grantor" means the Principal, as Call Option Grantor under the Call Option Agreement.

"Call Option Holder" means the Sales Agent, as Call Option Holder under the Call Option Agreement.

"Fair Market Value" means the cash price that would be obtained in an arms'-length transaction between an informed and willing buyer under no compulsion to buy, and an informed and willing seller under no compulsion to sell. In determining the Fair Market Value for the Returned Equipment, it shall be assumed that the Lessee has complied with all of the terms, provisions and conditions of the Lease and that the Returned Equipment is in the condition and configuration required upon its return to the Lessor as provided in the Lease.

"Final Sale Date" means the 90th day following the Lease Termination Date, or if such day is not a Banking Day, the next succeeding day that is a Banking Day.

"Lease" means the Lease Agreement (LG&E/KU), dated as of the date hereof, between the Principal, as lessor and the lessee thereunder.

"Purchaser" has the meaning ascribed to such term in Article 3.

"Returned Equipment" means the Equipment returned to the Principal, as Lessor, pursuant to Article 11 of the Lease.

"Security Payment" means € 69,125,169.

1.2. Rules of Interpretation. Except as otherwise expressly provided in this Agreement, the following rules shall apply hereto:

- (a) the singular includes the plural and the plural includes the singular;
- (b) "or" is not exclusive and "include" and "including" are not limiting;
- (c) a reference to any agreement or other contract includes permitted supplements, amendments and other modifications;
- (d) a reference to a law includes any amendment or modification of such law and any rules or regulations issued thereunder;
- (e) a reference to a Person includes its permitted successors and assigns in the applicable capacity;
- (f) a reference in this Agreement to an Article or Section is to the Article or Section of this Agreement unless otherwise expressly provided;
- (g) words such as "hereunder", "hereto", "hereof" and "herein" and other words of like import shall, unless the context clearly indicates to the contrary, refer to the whole of this Agreement and not to any particular Article or Section hereof;
- (h) all obligations under this Agreement are continuing obligations throughout the term of this Agreement;
- (i) any right in this Agreement may be exercised at any time and from time to time;
- (j) the headings of the Articles and Sections are for convenience and shall not affect the meaning of this Agreement;
- (k) if Sales Agent hereunder shall be more than one Person, a reference in this Agreement to "Sales Agent" shall mean each such Person, either such Person or both such Persons, as the context may require to effect the several, but not joint, liability of such Persons and to afford Principal the same rights and remedies hereunder in the case of an act or omission by one such Person as if both such Persons had committed such act or omission; and
- (l) time is of the essence in performing all obligations.

ARTICLE 2. APPOINTMENT; ACCEPTANCE; SECURITY

2.1. Offer to Become the Sales Agent The Sales Agent hereby irrevocably and unconditionally offers to become the sole and exclusive agent of the Principal hereunder with the duties, obligations, responsibilities and on the terms and conditions set forth herein.

2.2. Security Payment. If the Call Option has not been exercised, on the Lease Termination Date the Sales Agent shall make or cause to be made a payment to the Principal in an amount equal to the Security Payment to the Account. The Security Payment shall be made without setoff or counterclaim and shall be paid in all circumstances (including, without limitation, if the Principal has rejected, or has indicated that it will reject, the Sales Agent's offer of Sales Agent hereunder). The Principal shall have the right, but no obligation whatsoever, to accept the Sales Agent's offer to act as Sales Agent. If the Principal has rejected the Sales Agent's offer prior to the Lease Termination Date or rejects such offer after the Lease Termination Date or has not accepted such offer by the tenth day following the Lease Termination Date, the Principal shall return in cash an amount equal to the Security Payment to the Sales Agent.

2.3. Notice of Appointment. If the Principal wishes to appoint the Sales Agent as Sales Agent hereunder, the Principal shall give the Sales Agent written notice thereof at any time during the period commencing on the Early Lease Termination Date and ending on the Lease Termination Date.

ARTICLE 3. OBLIGATIONS OF THE SALES AGENT.

Upon the appointment by the Principal, the Sales Agent shall act as the Principal's sole and exclusive agent for the purpose of negotiating and completing the sale of the Returned Equipment. In that connection, the Sales Agent shall be obligated, diligently and faithfully, to:

(a) arrange, negotiate and assist in the closing of the sale or sales of all (but not less than all) the Returned Equipment, separately or collectively, to any third party or parties, as promptly as possible upon its appointment as sales agent hereunder but in no event later than the Final Sale Date;

(b) insure the Returned Equipment, and pay the cost therefor, in accordance with the insurance requirements of the Lessee under the Lease, as applicable, from the Lease Termination Date until the Returned Equipment have been sold and the risk of loss of the Equipment has shifted from the Principal to the purchaser or purchasers thereof (collectively, the "Purchaser");

(c) maintain the Returned Equipment, in accordance with standards set forth in the Lease, prior to the sale thereof; and

- (d) pay the amount owed the Principal hereunder, if any, in accordance with Section 5.1.

ARTICLE 4. TERMS OF SALE.

Any sale by the Principal of the Returned Equipment arranged by the Sales Agent pursuant to this Agreement shall be made on the following terms:

- (a) the sale of the Returned Equipment shall be for a cash consideration equal to the Fair Market Value of the Returned Equipment;
- (b) the Returned Equipment shall be offered for sale on an "as is" and "where is" basis except as otherwise provided by the Transfer Protocol;
- (c) the Purchaser shall take delivery of the Returned Equipment at the location(s) at which the Returned Equipment are situated on the date of sale;
- (d) any conveyance of the Returned Equipment pursuant to such sale shall be in accordance with the Transfer Protocol;
- (e) the Principal shall assign, transfer and set over to the Purchaser all rights and remedies that the Principal may have in relation to the Returned Equipment in respect of any warranty, express or implied, as to title, materials, workmanship, design, performance or patent infringement; and
- (f) all sale proceeds shall be paid directly to the Principal.

ARTICLE 5. SALE PRICE AND PAYMENTS.

5.1. Sales Price. Not later than the 10th Banking Day after the Final Sale Date, the Sales Agent shall provide the Principal with an accounting, setting forth the sale price for the Returned Equipment sold on or prior to the Final Sale Date (including any of the Returned Equipment sold pursuant to the last sentence of this Section 5.1) (the "Aggregate Sale Price"). If the Aggregate Sale Price is equal to or greater than the Security Payment, the Principal shall, not later than the date specified in Section 5.3, remit to the Sales Agent an amount equal to the Security Payment. If the Aggregate Sale Price is less than the Security Payment, the Principal shall retain a portion of the Security Payment equal to the deficiency and, not later than the date specified in Section 5.3, remit to the Sales Agent an amount equal to the balance of the Security Payment. Any unsold portion of the Returned Equipment shall be conveyed to or as directed by the Sales Agent on the Final Payment Date

in accordance with the Transfer Protocol upon payment by the Sales Agent of an amount equal to the difference between the Aggregate Sale Price and the Security Payment, if any.

5.2. Excess Proceeds. If the Aggregate Sale Price is in excess of the Security Payment, the Principal shall pay 25% of such excess to the Sales Agent.

5.3. Payments. All payments to be made to the Principal under this Agreement (other than the payment referred to in Section 2.2) shall be paid as directed in writing by the Principal. Any amount due to the Sales Agent by the Principal under this Article 5 shall be paid, as directed in writing by the Sales Agent, either (a) not later than the 5th Banking Day after the Final Sale Date or (b) not later than the 5th Banking Day after all sums due to the Principal by the Sales Agent under this Agreement have been paid in full, whichever date is later.

5.4. Expenses. The Sales Agent shall pay (or cause to be paid) to the Principal, or, at the Sales Agent's election, to the Person to whom such amount is payable by the Principal) within 30 days of demand by the Principal on demand all reasonable expenses (including legal expenses), charges, fees and taxes incurred by, imposed on or levied against the Principal in connection with the appointment of the Sales Agent, the sale of any Returned Equipment pursuant hereto or otherwise hereunder. All such expenses shall be payable in the same currency as the currency in which such amount is payable. The Sales Agent shall be responsible for its own expenses incurred in connection with the performance of its obligations hereunder. If the Sales Agent pays such expenses, charges, fees or taxes incurred by, imposed on or levied against the Principal, the Principal shall, upon request from the Sales Agent, authorize the Sales Agent to intercede on behalf of the Principal, at the Sales Agent's expense, for the sole purpose of contesting whether such expense, charge, fee or tax shall have been correctly or legally asserted or to seek a refund of such expense, charge, fee or tax. If the Sales Agent is not legally entitled to conduct such contest in its own name, the Principal, at the Sales Agent's request and expense, shall conduct such contest in its own name; provided that, in the Principal's good faith judgment, such contest would have no material adverse effect on the Principal or its rights in, to or under any Operative Document. The Principal will, at the Sales Agent's expense, cooperate with the Sales Agent to the extent reasonably required in connection with such contest, including determining the appropriate method of contesting such expense, charge, fee or tax. Any refund (including interest) identifiable by the Principal, of any expense, charge, fee or tax with respect to which the Sales Agent has paid an indemnity to the Principal hereunder shall be paid over by the Principal to the Sales Agent upon receipt. The agreement of the Sales Agent to pay such expenses, charges, fees and taxes shall not apply to such expenses, charges, fees and taxes imposed on the Principal as a result of the Principal's gross negligence or willful misconduct. The Sales Agent further agrees that it shall defend, indemnify (on an After-Tax Basis) and hold harmless the Principal and its officers, directors, employees, servants, agents and representatives (each, a "Principal Party") against all Losses that may result from or grow or arise in any manner of or be attributable to any such contest (whether conducted by the Principal or the Sales Agent), except to the extent that such Losses shall have been caused by the willful misconduct or gross negligence of such Principal Party; provided that the Principal shall in no event be considered negligent if the Principal has obtained and followed professional advice.

ARTICLE 6. DELIVERY.

6.1. Delivery. Upon the payment by the Purchaser to the Principal of the Aggregate Sales Price for the Returned Equipment sold to the Purchaser, including any transfer of unsold Returned Equipment to the Sales Agent pursuant to Section 5.1, the Principal shall (subject to the other provisions of this Agreement) transfer to the Purchaser in accordance with the Transfer Protocol all of the Principal's right, title and interest in and to the Returned Equipment; provided that such transfer by the Principal of all of its right, title and interest in and to the Returned Equipment sold as aforesaid shall not be deemed to impose on the Principal an obligation to deliver on the Final Sale Date possession of any Returned Equipment sold if such Returned Equipment sold shall not be in the possession of the Principal on such date.

6.2. Sale Documents. The Principal shall, at the time its right, title and interest pass to the Purchaser pursuant to Section 6.1, (a) deliver to the Purchaser such other documents of transfer of title as the Purchaser may reasonably request and (b) use its reasonable efforts, at the Purchaser's or the Sales Agent's expense, to assist the Purchaser to obtain any further consent or waiver that may be required from any third party in order to make the aforementioned transfer fully effective in accordance with the terms of this Agreement.

ARTICLE 7. NOTICES.

All notices, offers, acceptances, approvals, waivers, requests, demands and other communications hereunder or under any instrument, certificate or other document delivered in connection with the transactions described herein (collectively, a "notice") shall be in writing, shall be addressed as provided below and shall be considered as properly given if (a) delivered in person, (b) sent by overnight delivery service, (c) if overnight delivery services are not readily available, mailed by first-class mail, postage prepaid, registered or certified with return receipt requested or (d) sent by facsimile transmission and confirmed. Notice given in any such manner shall be effective upon receipt by the addressee thereof; provided that if any notice is tendered to the addressee thereof and the delivery thereof is refused by such addressee, such notice shall be effective upon such tender. For the purposes of notice, the addresses of the parties hereto shall be as set forth below; provided that any party hereto shall have the right to change its address for notice hereunder to any other location within the continental United States, the Republic of Finland or the country where the Principal maintains its principal office, by giving 30 days' notice to the other party hereto in the manner set forth herein. The initial addresses of the parties hereto are as follows:

To the Principal:

If by mail:

ABB Credit OY
P. O. Box 59
FIN-00381 Helsinki
Finland
Attention: Vice President - Administration

If by other means:

ABB Credit OY
Valimopolku 4
FIN-00381 Helsinki
Finland
Attention: Vice President - Administration
Telephone No.: 358-10-22-2000
Facsimile No.: 358-10-22-22217

To the Sales Agent:

LOUISVILLE GAS AND ELECTRIC COMPANY and KENTUCKY UTILITIES
COMPANY, as SALES AGENT
220 West Main Street
Louisville, Kentucky 40202
Attention: Treasurer
Telephone No.: 502-627-2203
Facsimile No.: 502-627-2229

In the case of notices hereunder given or made by facsimile transmission, the notifying party shall, if reasonably requested to do so by any other party hereto, confirm the contents of such facsimile transmission in a letter to be dispatched by first-class mail, postage prepaid, on the same day any such request is so made.

ARTICLE 8. ASSIGNABILITY.

This Agreement shall be binding upon and inure to the benefit of the Principal and the Sales Agent and their respective successors and assigns. The Principal may assign its respective rights and transfer its respective obligations hereunder (a) to the Lender pursuant to the Security Assignment and (b) in connection with a Disposition pursuant to Section 13.1 of the Lease, but otherwise only with

the prior written consent of the Sales Agent. Louisville Gas and Electric Company and Kentucky Utilities Company, each for itself and as Sales Agent, may not assign or transfer any of its rights or obligations hereunder without the prior written consent of the Principal, except in conjunction with an assignment of its rights under the Lease in accordance with Section 13.2 of the Lease.

ARTICLE 9. MISCELLANEOUS.

9.1. Late Payments. The Sales Agent shall pay interest on any amounts payable by it under this Agreement not paid when due from and after the due date to and including the date paid at the Overdue Rate. The Principal shall pay interest on any amount payable by it hereunder not paid when due from and after the due date to and including the date paid at a rate equal to the Principal's cost of funds in the relevant currency. All amounts of interest shall be payable in the currency in which the underlying obligation is payable.

9.2. Severability. Any provision of this Agreement that is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof, and any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction.

9.3. Amendments. The provisions of this Agreement may be amended, supplemented or otherwise modified only by an instrument or instruments in writing signed by each of the parties hereto.

9.4. Judgment Currency. This is an international transaction in which the specification of the currency of payments is of the essence. No payments or advances required to be made under this Agreement shall be discharged by payments or advances in any currency other than the designated currency of such payments or advances, whether pursuant to a judgment or otherwise, to the extent that the amount so paid or advanced on prompt conversion to the designated currency (as quoted in London) does not yield the amount of the designated currency to be paid or advanced hereunder. In the event that any payment or advance made by a party hereunder, whether pursuant to a judgment or otherwise, does not, when converted, result in the correct amount of the designated currency required to be paid or advanced hereunder, the other party shall have a separate cause of action for the amount of any such shortfall.

9.5. Counterparts. This Agreement may be executed by the parties hereto in separate counterparts, each of which when so executed and delivered shall be an original, but all of which shall constitute one and the same instrument.

9.6. Costs. The reasonable out-of-pocket costs and expenses of the prevailing party incurred in any action brought to enforce or preserve such party's rights hereunder, including the reasonable fees and disbursements of counsel, shall be borne by the other party.

9.7. No Authority to Act for Principal. Except as provided in Section 3, nothing in this Agreement shall authorize or empower the Sales Agent to assume or create any obligation or responsibility whatsoever, express or implied, on behalf or in the name of the Principal, or to bind the Principal in any manner, or make any representation, warranty or commitment on behalf of the Principal.

9.8. No Partnership. Nothing in this Agreement shall be deemed to create, and it is not the intention of the parties hereto to create, any commercial or other partnership, association or joint venture, nor to provide for the joint sharing or division of any income, profits, rents or other amounts between the Principal and the Sales Agent, except as provided in Section 5.

9.9. Language of Documents. All documents or notices to be delivered pursuant to, or in connection with, this Agreement shall be in the English language. If any such document or notice is not in the English language, it shall be accompanied by a certified English translation thereof that shall control.

9.10. Complete Agreement. This Agreement, together with the other Operative Documents, constitutes the entire agreement between the parties hereto with respect to the transactions contemplated hereby and supersedes any prior agreements with respect thereto.

9.11. Waivers; Remedies Cumulative. No failure to exercise or enforce and no delay in exercising or enforcing, on the part of the Sales Agent or the Principal or either of them, any right, remedy, power or privilege hereunder shall operate as a waiver thereof, nor shall any single or partial exercise or enforcement of any such right, remedy, power or privilege preclude any further exercise thereof, or the exercise of any other right, remedy, power or privilege hereunder or otherwise. The rights, remedies, powers and privileges herein provided are cumulative and not exclusive of any rights, remedies, powers and privileges provided by applicable law.

9.12. Operative Document. This Agreement shall be deemed an "Operative Document" for purposes of Article 20 and the other provisions of the Lease.

9.13. Governing Law. This Agreement shall be governed by and construed in all respects in accordance with the laws of the Republic of Finland.

9.14. Arbitration. All disputes arising in connection with this Agreement or the other Operative Documents, or the breach, termination or invalidity hereof or thereof (other than the Pledge Agreement, to the extent provided therein), shall be consolidated, to the maximum extent possible, and exclusively and finally determined by arbitration under the Rules of Arbitration of the International

Chamber of Commerce. All such disputes shall be determined by three arbitrators, one of whom is selected by Principal, one of whom is selected by Sales Agent and the third of whom is selected by mutual agreement of the first two arbitrators or, in the absence of such mutual agreement, is selected in accordance with such Rules. The place of the arbitration shall be Helsinki, Finland. The language of the arbitration shall be English. Without prejudice to any of the provisions of Article 23 of the said Rules, to the extent permitted by applicable law the arbitral tribunal may take whatever interim or conservatory measures it deems necessary, which interim or conservatory measures may be taken in the form of an interim award and may be conditioned on the posting of security for the costs of such measures. Judgment upon any award rendered by the arbitral tribunal may be entered by any court having jurisdiction thereof.

IN WITNESS WHEREOF, the parties hereto have caused this Sales Agency Agreement to be duly executed as of the day and year first above written.

ABB Credit OY

By: [Signature]
Name: U-F LINDELL
Title: S. V. P.

By: [Signature]
Name: Magnus Paulsen
Title: Vice President

LOUISVILLE GAS AND ELECTRIC COMPANY

By: _____
Name:
Title:

KENTUCKY UTILITIES COMPANY

By: _____
Name:
Title:

IN WITNESS WHEREOF, the parties hereto have caused this Sales Agency Agreement to be duly executed as of the day and year first above written.

ABB Credit OY

By: _____

Name:

Title:

By: _____

Name:

Title:

LOUISVILLE GAS AND ELECTRIC
COMPANY

By: *C A Markel*

Name: Charles A. Markel, III

Title: Treasurer

KENTUCKY UTILITIES COMPANY

By: *C A Markel*

Name: Charles A. Markel, III

Title: Treasurer

EXECUTION COPY

SHORT-FORM LEASE AGREEMENT

THIS SHORT-FORM LEASE AGREEMENT is made and entered into as of December 23, 1999 between ABB CREDIT OY, a corporation organized and existing under the laws of the Republic of Finland (the "Lessor"), and LOUISVILLE GAS AND ELECTRIC COMPANY, a corporation organized and existing under the laws of the Commonwealth of Kentucky, and KENTUCKY UTILITIES COMPANY, a corporation organized and existing under the laws of the Commonwealths of Kentucky and Virginia (collectively, the "Lessee").

W I T N E S S E T H :

1. Pursuant to the Lease Agreement (LG&E/KU) dated as of December 23, 1999 (the "Lease"), Lessor has leased to Lessee two ABB GT24 gas power turbines and associated equipment, as more particularly described on Schedule A attached hereto and incorporated herein (the "Equipment").

2. The Lease has taken effect for a lease term commencing on December 23, 1999 or, if such date is not a Banking Day, then the next succeeding Banking Day, and ending no later than December 23, 2017 or, if such date is not a Banking Day, then the next succeeding Banking Day.

3. Pursuant to the Call Option Agreement, Lessee has a right to purchase the Equipment upon the terms and conditions set forth therein.

4. The names, addresses and telephone numbers of the Lessor and Lessee are as follows:

To Lessor: If by mail:

ABB Credit OY
P. O. Box 59
FIN-00381 Helsinki
Finland
Attention: Vice President - Administration

If by other means:

ABB Credit OY
Valimopolku 4
FIN-00381 Helsinki
Finland
Attention: Vice President - Administration
Telephone No.: 358-10-22-2000
Facsimile No.: 358-10-22-22217

To Lessee: LOUISVILLE GAS AND ELECTRIC COMPANY and
KENTUCKY UTILITIES COMPANY, as LESSEE
220 West Main Street
Louisville, Kentucky 40202
Attention: Treasurer
Telephone No.: 502-627-2203
Facsimile No.: 502-627-2229

IN WITNESS WHEREOF, the parties hereto have duly executed this Short-Form Lease Agreement as of the day and year first written above.

LOUISVILLE GAS AND ELECTRIC
COMPANY

By: C A Markel
Name: Charles A. Markel, III
Title: Treasurer

KENTUCKY UTILITIES COMPANY

By: C A Markel
Name: Charles A. Markel, III
Title: Treasurer

ABB CREDIT OY

By: _____
Name:
Title:

By: _____
Name:
Title:

IN WITNESS WHEREOF, the parties hereto have duly executed this Short-Form Lease Agreement as of the day and year first written above.

LOUISVILLE GAS AND ELECTRIC COMPANY

By: _____
Name:
Title:

KENTUCKY UTILITIES COMPANY

By: _____
Name:
Title:

ABB CREDIT OY

By: Ulf Lindahl
Name: ULF LINDAHL
Title: S.V.P

By: Magnus Paulsson
Name: Magnus Paulsson
Title: vice President

CORPORATE ACKNOWLEDGEMENT

STATE OF KENTUCKY :
: ss.
COUNTY OF JEFFERSON :

On this 23rd day of December, 1999, before me personally appeared Charles A. Markel, III to me personally known, who being by me duly sworn says that he is the Treasurer of LOUISVILLE GAS AND ELECTRIC COMPANY, that the foregoing instrument was signed and sealed on behalf of said corporation by authority of its Board of Directors, and he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

J E C B
Notary Public
Notary Public, State at Large, KY
My commission expires June 13, 2000

CORPORATE ACKNOWLEDGEMENT

STATE OF KENTUCKY :
: ss.
COUNTY OF JEFFERSON :

On this 23rd day of December, 1999, before me personally appeared Charles A. Markel, III to me personally known, who being by me duly sworn says that he is the Treasurer of KENTUCKY UTILITIES COMPANY, that the foregoing instrument was signed and sealed on behalf of said corporation by authority of its Board of Directors, and he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

J E C B
Notary Public
Notary Public, State at Large, KY
My commission expires June 13, 2000

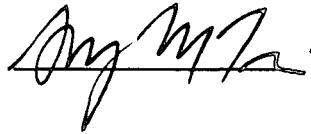
STATE OF NEW YORK:

SS:

COUNTY OF NEW YORK:

On this 23rd day of December, 1999, before me personally appeared Ulf Lindahl and Magnus Paulsson, to me personally known, who being by me duly sworn, say that they are the authorized signatories for ABB CREDIT OY, that the foregoing instrument was signed on behalf of said corporation by authority of its Board of Directors, and they acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

[Notary's Seal]



AMY M. IRWIN
NOTARY PUBLIC, State of New York
No. 0116600274
Qualified in New York County
Commission Expires Dec 13, 2001

Notary Public

My commission expires: December 13, 2001

SCHEDULE A

DESCRIPTION OF THE EQUIPMENT

(to be attached)

EXECUTION COPY

CERTIFICATE OF ACCEPTANCE (LG&E/KU), dated December 23, 1999, by LOUISVILLE GAS AND ELECTRIC COMPANY, a corporation organized and existing under the laws of the Commonwealth of Kentucky ("LG&E") and KENTUCKY UTILITIES COMPANY, a corporation organized and existing under the laws of the Commonwealths of Kentucky and Virginia ("KU"), each to the extent of their respective undivided interests as more particularly described in the Lease (defined below) (collectively, "Lessee") and by ABB CREDIT OY, a corporation organized and existing under the Laws of the Republic of Finland, as lessor ("Lessor").

W I T N E S S E T H :

WHEREAS, Lessor and Lessee have heretofore entered into the Lease Agreement (LG&E/KU), dated as of December 23, 1999 (as amended, restated, supplemented or otherwise modified from time to time, the "Lease"; defined terms therein being hereinafter used with the same meanings). The Lease provides for, inter alia, the execution and delivery of a Certificate of Acceptance, substantially in the form hereof, for the purpose of acknowledging delivery and conveyance of the Equipment under the Bills of Sale and the Lease in accordance with the respective terms thereof;

NOW, THEREFORE, in consideration of the premises and other good and sufficient consideration, Lessor and Lessee hereby agree as follows:

1. Lessee hereby delivers and conveys to Lessor pursuant to the Bills of Sale and Lessor hereby accepts and acquires from Lessee pursuant to the Bills of Sale, the Equipment.
2. Lessor hereby leases to Lessee under the Lease, and delivers possession to Lessee under the Lease, and Lessee hereby accepts delivery from Lessor under the Lease, the Equipment.
3. The date of delivery and acceptance of the Equipment pursuant to the Bills of Sale and under the Lease is the date of this Certificate of Acceptance as set forth in the opening paragraph hereof, on which date the Lease Term for such Equipment shall commence.
4. Lessee hereby confirms to Lessor that Lessee has accepted each such Equipment for all purposes of the Lease.
5. Lessee hereby confirms its agreement to pay Basic Rent throughout the Lease Term therefor in accordance with the terms of the Lease.
6. The Delivery Date shall be December 23, 1999.

7. Lessee represents and warrants that Lessee has satisfied or complied in all material respects with all of its requirements set forth in the Lease and the other Operative Documents, in each case, to be satisfied or complied with by Lessee on or prior to the date hereof.

8. Lessor represents and warrants that Lessor has satisfied or complied in all material respects with all of its requirements set forth in the Lease and the other Operative Documents, in each case, to be satisfied or complied with by Lessor on or prior to the date hereof.

9. This Certificate of Acceptance may be executed by the parties hereto in separate counterparts, each of which when so executed and delivered shall be an original, but all such counterparts shall together constitute but one and the same instrument.

IN WITNESS WHEREOF, Lessor and Lessee have caused this Certificate of Acceptance to be duly executed on the day and year first above written.

ABB CREDIT OY

By [Signature]
Name: CUFLINAK
Title: S. U P

By [Signature]
Name: Magnus Petsson
Title: the President

LOUISVILLE GAS AND ELECTRIC COMPANY

By _____
Name:
Title:

KENTUCKY UTILITIES COMPANY

By _____
Name:
Title:

IN WITNESS WHEREOF, Lessor and Lessee have caused this Certificate of Acceptance to be duly executed on the day and year first above written.

ABB CREDIT OY

By _____
Name:
Title:

By _____
Name:
Title:

LOUISVILLE GAS AND ELECTRIC COMPANY

By CA Markel
Name: Charles A. Markel, III
Title: Treasurer

KENTUCKY UTILITIES COMPANY

By CA Markel
Name: Charles A. Markel, III
Title: Treasurer