

ASSIGNMENT AND ASSUMPTION AGREEMENT
WITH RESPECT TO
TYRONE SYNFUELS, L.P. AGREEMENTS

This ASSIGNMENT AND ASSUMPTION AGREEMENT WITH RESPECT TO TYRONE SYNFUELS, L.P. AGREEMENTS (this "Agreement") is entered into as of January 25, 2006 and effective as of January 1, 2006 (the "Effective Date") by and between The Cincinnati Gas & Electric Company, an Ohio corporation ("CGE"), and The Union Light, Heat and Power Company, a Kentucky corporation ("ULHP").

WHEREAS, CGE owns an undivided 69% interest in certain real property (the "Real Property") located in Boone County, Kentucky, that is associated with Unit 2 of East Bend Generating Station ("East Bend Unit 2");

WHEREAS, CGE and Tyrone Synfuels, L.P., a Delaware limited partnership ("Tyrone"), are parties to that certain Lease Agreement, dated March 11, 2004 (the "Lease Agreement"), pursuant to which, subject to the terms and conditions thereof, CGE leases to Tyrone certain land and improvements located on the Real Property and grants to Tyrone certain easements, licenses and rights-of-way with respect to the Real Property;

WHEREAS, CGE and Tyrone are parties to that certain Synthetic Fuel and Coal Supply Agreement, dated March 11, 2004 (the "Supply Agreement"), pursuant to which, subject to the terms and conditions thereof, CGE purchases from Tyrone and Tyrone produces and/or supplies to CGE synthetic fuel and coal;

WHEREAS, CGE and Tyrone are parties to that certain Coal and Synthetic Fuel Handling Agreement, dated March 11, 2004 (the "Coal Handling Agreement"), pursuant to which, subject to the terms and conditions thereof, CGE provides certain services relating to the handling of coal feedstock and synthetic fuel owned by Tyrone in order for Tyrone to perform certain obligations under the Supply Agreement;

WHEREAS, CGE and Tyrone are parties to that certain Coal Consulting and Transportation Agreement, dated March 11, 2004 (the "Consulting Agreement"), pursuant to which, subject to the terms and conditions thereof, CGE provides certain consulting services related to CGE's experience in and knowledge of the specifications, characteristics and requirements, and the purchase and use of, coal for use at East Bend Generating Station and the transportation of such coal;

WHEREAS, CGE and Tyrone are parties to that certain Environmental Indemnity Agreement, dated March 11, 2004 (the "Indemnity Agreement"), pursuant to which, subject to the terms and conditions thereof, CGE and Tyrone each indemnify the other with respect to environmental liabilities related to East Bend Unit 2 and the synthetic fuel facility located on the Real Property, respectively (the Lease Agreement, the Supply

Agreement, the Coal Handling Agreement, the Consulting Agreement and the Indemnity Agreement, as such agreements may be duly amended in accordance with the terms thereof from time to time, are collectively referred to hereinafter as the “Tyrone Agreements”);

WHEREAS, concurrently with the execution and delivery of this Agreement, CGE and ULHP are entering into that certain Asset Transfer Agreement of even date herewith, pursuant to which, subject to the terms and conditions thereof, on such date CGE is transferring to ULHP and ULHP is acquiring from CGE certain assets relating to East Bend Unit 2, including, without limitation, the Real Property;

WHEREAS, in connection therewith, CGE desires to transfer all of its rights and obligations under the Tyrone Agreements to ULHP, and ULHP desires to assume and succeed to all of CGE’s rights and obligations thereunder, as provided herein;

WHEREAS, Section 19.4(a) of the Lease Agreement, Section 16.5(a) of the Supply Agreement, Section 13.4(a) of the Coal Handling Agreement and Section 14.4(a) of the Consulting Agreement provide that, without the consent of the non-assigning party, neither party thereto may assign its rights under such agreement, except that, the foregoing notwithstanding, CG&E may assign to a party the Tyrone Agreements in connection with the contemporaneous sale of all or an interest in East Bend Station to such party;

WHEREAS, Section 8.4 of the Indemnity Agreement provides that neither party thereto may assign its rights under such agreement, except that, the foregoing notwithstanding, in the event of the assignment of the Lease Agreement, the Indemnity Agreement shall be assigned to the same assignee; and

WHEREAS, concurrently with the execution and delivery of this Agreement, Tyrone is delivering its Consent recognizing the transactions contemplated by this Agreement and releasing and discharging CGE from obligations and liabilities that arise under the Tyrone Agreements after the assumption such obligations by ULHP on and as of the Effective Date.

NOW, THEREFORE, in consideration of the premises and the agreements and covenants herein contained, the parties hereto, intending to be legally bound, agree as follows:

ARTICLE I ASSIGNMENT AND ASSUMPTION

Section 1.1 Assignment and Assumption. On and as of the Effective Date, (a) CGE hereby unconditionally and irrevocably assigns, sells, transfers and conveys to ULHP all of its right, title, interest, obligations and liabilities in, to and under the Tyrone Agreements, and (b) ULHP hereby unconditionally and irrevocably accepts such

assignment and hereby unconditionally and irrevocably assumes and agrees to pay and otherwise undertake, observe, perform and discharge in accordance with their terms all of CGE's payment, performance and other obligations and liabilities that arise under the Tyrone Agreements from and after the Effective Date.

ARTICLE II MISCELLANEOUS

Section 2.1 Counterparts. This Agreement may be executed in one or more counterparts, all of which shall be considered one and the same agreement, and shall become effective when one or more counterparts have been signed by each of the parties hereto and delivered (including by facsimile) to the other party hereto.

Section 2.2 Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of Ohio, exclusive of any conflict of laws provisions thereof that would refer jurisdiction to the laws of another state.

Section 2.3 Entire Agreement; Parties in Interest.

(a) This Agreement together with the other agreements or instruments referred to herein constitutes the entire agreement between the parties hereto with respect to the subject matter hereof, and there are no agreements, understandings, representations or warranties between the parties other than those set forth or referred to herein.

(b) This Agreement is not intended to confer upon any party not a party hereto (and their successors and assigns) any rights or remedies hereunder, other than Tyrone.

Section 2.4 Successors and Assigns. This Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns.

Section 2.5 Headings; Interpretation. The article and section headings contained in this Agreement are inserted for convenience of reference only and shall not affect the meaning or interpretation of this Agreement. All references to Articles or Sections contained herein mean Articles or Sections of this Agreement, unless otherwise stated. All capitalized terms defined herein are equally applicable to both the singular and plural forms of such terms. The terms "hereof," "herein," "hereunder," "hereby" and "herewith" and words of similar import shall, unless otherwise stated, be construed to refer to this Agreement as a whole (including all the exhibits hereto) and not to any particular provision of this Agreement. The words "including" and words of similar import when used in this Agreement shall mean "including without limitation" unless the context otherwise required or unless otherwise specified.

Section 2.6 Amendments and Waivers. This Agreement may not be modified or amended except by an instrument or instruments in writing signed by the party against

whom enforcement of any such modification or amendment is sought. Any party hereto may, only by an instrument in writing, waive compliance by the other party hereto with any term or provision of this Agreement on the part of such other party to be performed or complied with. The waiver by any party hereto of a breach of any term of this Agreement shall not be construed as a waiver of any subsequent breach.

Section 2.7 Further Assurances. Subject to the terms and conditions of this Agreement, at any time or from time to time after the execution and delivery hereof, at either party's request and without further consideration, the other party hereto shall execute and deliver to such requesting party such other instruments of sale, transfer, conveyance, assignment and confirmation, provided such materials and information and take such other actions as such requesting party may reasonably request in order to effectuate more fully the purposes of this Agreement.

Section 2.08 Notices. All notices and other communications hereunder shall be in writing and shall be deemed given (a) on the day when delivered personally or by facsimile transmission (with confirmation), (b) on the next business day when delivered by a nationally recognized overnight delivery service, or (c) five (5) business days after deposited as registered or certified mail (return receipt requested), in each case, postage prepaid, addressed to the recipient party at its address set forth below (or to such other addresses and facsimile numbers for a party as shall be specified by like notice; provided, however, that any notice of a change of address or facsimile number shall be effective only upon receipt thereof):

(i) If to CGE, to:

The Cincinnati Gas & Electric Company
139 East Forth Street
Cincinnati, OH 45202
Attention: President
Facsimile No.: 513-287-1592

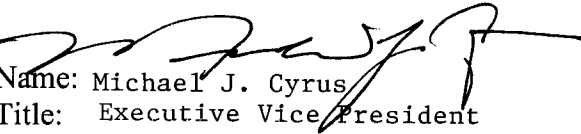
(ii) If to ULHP, to:

The Union Light, Heat and Power Company
139 East Fourth Street
Cincinnati, OH 45202
Attention: President
Facsimile No.: 513-287-4370

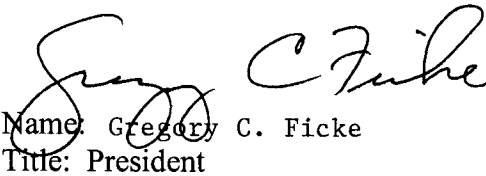
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IN WITNESS WHEREOF, each of the parties hereto has caused this Assignment and Assumption Agreement with respect to Tyrone Synfuels, L.P. Agreements to be executed on its behalf by its respective officer thereunto duly authorized, all as of the day and year first above written.

THE CINCINNATI GAS & ELECTRIC COMPANY

By: 
Name: Michael J. Cyrus
Title: Executive Vice President

THE UNION LIGHT, HEAT AND POWER COMPANY

By: 
Name: Gregory C. Ficke
Title: President

CONSENT
to
Assignment and Assumption Agreement
with respect to
Tyrone Synfuels, L.P. Agreements

This CONSENT to Assignment and Assumption Agreement with respect to Tyrone Synfuels, L.P. Agreements (this "Consent") is executed and delivered by Tyrone Synfuels, L.P., a Delaware limited partnership ("Tyrone"), as of 12:00 p.m., [Eastern Standard Time], 2005 (the "Effective Date").

WHEREAS, The Cincinnati Gas & Electric Company, an Ohio corporation ("CGE"), owns an undivided 69% interest in certain real property (the "Real Property") located in Boone County, Kentucky, that is associated with Unit 2 of East Bend Generating Station ("East Bend Unit 2");

WHEREAS, CGE and Tyrone are parties to that certain Lease Agreement, dated March 11, 2004 (the "Lease Agreement"), pursuant to which, subject to the terms and conditions thereof, CGE leases to Tyrone certain land and improvements located on the Real Property and grants to Tyrone certain easements, licenses and rights-of-way with respect to the Real Property;

WHEREAS, CGE and Tyrone are parties to that certain Synthetic Fuel and Coal Supply Agreement, dated March 11, 2004 (the "Supply Agreement"), pursuant to which, subject to the terms and conditions thereof, CGE purchases from Tyrone and Tyrone produces and/or supplies to CGE synthetic fuel and coal to CGE;

WHEREAS, CGE and Tyrone are parties to that certain Coal and Synthetic Fuel Handling Agreement, dated March 11, 2004 (the "Coal Handling Agreement"), pursuant to which, subject to the terms and conditions thereof, CGE provides certain services relating to the handling of coal feedstock and synthetic fuel owned by Tyrone in order for Tyrone to perform certain obligations under the Supply Agreement;

WHEREAS, CGE and Tyrone are parties to that certain Coal Consulting and Transportation Agreement, dated March 11, 2004 (the "Consulting Agreement"), pursuant to which, subject to the terms and conditions thereof, CGE provides certain consulting services related to CGE's experience in and knowledge of the specifications, characteristics and requirements, and the purchase and use of, coal for use at East Bend Generating Station and the transportation of such coal;

WHEREAS, CGE and Tyrone are parties to that certain Environmental Indemnity Agreement, dated March 11, 2004 (the “Indemnity Agreement”), pursuant to which, subject to the terms and conditions thereof, CGE and Tyrone each indemnify the other with respect to environmental liabilities related to East Bend Unit 2 and the synthetic fuel facility located on the Real Property, respectively (the Lease Agreement, the Supply Agreement, the Coal Handling Agreement, the Consulting Agreement and the Indemnity Agreement, as such agreements may be duly amended in accordance with the terms thereof from time to time, collectively referred to hereinafter as the “Tyrone Agreements”);

WHEREAS, concurrently with the execution and delivery of this Agreement, CGE and ULHP are entering into that certain Asset Transfer Agreement of even date herewith, pursuant to which, subject to the terms and conditions thereof, on such date CGE is transferring to ULHP and ULHP is acquiring from CGE certain assets relating to East Bend Unit 2, including, without limitation, the Real Property;

WHEREAS, in connection with such transfer, on the date thereof, CGE and ULHP are executing and delivering that certain Assignment and Assumption Agreement with respect to the Tyrone Agreements (the “Assignment and Assumption Agreement”), under which CGE is assigning to ULHP, and ULHP is accepting and assuming, all of CGE’s rights and obligations under the Tyrone Agreements (collectively, the “Proposed Assignment”);

WHEREAS, notwithstanding that the Proposed Assignment is consistent with Section 19.4(a) of the Lease Agreement, Section 16.5(a) of the Supply Agreement, Section 13.4(a) of the Coal Handling Agreement, Section 14.4(a) of the Consulting Agreement and Section 8.4 of the Indemnity Agreement and thus does not require any consent or waiver with respect thereto from Tyrone, such Proposed Assignment is not itself effective to discharge and release CGE from its obligations and liabilities from and after the Proposed Assignment; and

WHEREAS, Tyrone has determined to execute and deliver this Consent to recognize the Proposed Assignment and to effect such discharge and release.

NOW, THEREFORE, by its signature below, in consideration of the transactions contemplated by the Assignment and Assumption Agreement, including without limitation the assumption by ULHP of the obligations of CGE under the Tyrone Agreements in accordance with its terms, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Tyrone hereby:

1. grants its complete, unconditional and irrevocable consent to the terms and provisions of the Assignment and Assumption Agreement, including without limitation the Proposed Assignment, and further agrees that from and after Effective Date, it shall recognize and treat ULHP as “CG&E” for all purposes under the Tyrone Agreements;

2. releases CGE from all duties and liabilities that arise under the Tyrone Agreements from and after the Effective Date; and
3. agrees that, to its knowledge as of the date hereof, CGE is in full compliance with, and not in violation or breach of or default (including with respect to any event that with notice or lapse of time or both would constitute a violation or breach or default) under any provision of, any of the Tyrone Agreements.

Notwithstanding the foregoing, however, neither this Consent nor the Assignment and Assumption Agreement shall constitute a waiver of any claim against or the release of any liability of CGE arising under the Tyrone Agreements prior to the Effective Date.

This Consent shall inure to the benefit of CGE and ULHP and their successors and assigns and is binding upon Tyrone and its successors and assigns.

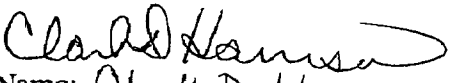
No amendment or waiver of any provision hereof shall be effective unless in writing and signed by each of CGE, ULHP and Tyrone.

This Consent shall be governed by Ohio law, excluding its conflicts of law provisions.

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IN WITNESS WHEREOF, the undersigned entity has caused this Consent to Assignment and Assumption Agreement with respect to Tyrone Synfuels, L.P. Agreements to be executed on its behalf by its officer thereunto duly authorized, all as of the day and year first above written.

TYRONE SYNFUELS, L.P.

By: 
Name: Clark D. Harrison
Title: President & CEO
CQ Inc.
General Partner