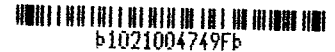


SUBLEASE OF MIAMI FORT UNIT 5, UNIT 6, UNIT 7 AND UNIT 8  
COMMON FACILITIES

Rebecca Frem Gruppe  
Hamilton County Recorders Office  
Doc #: 06-0052752 Type: LS  
Filed: 04/06/06 03:35:44 PM \$100.00  
Off.Rec.: 10210 04749 F R8 11 764

FROM

THE CINCINNATI GAS & ELECTRIC COMPANY



TO

THE UNION LIGHT, HEAT AND POWER COMPANY

THIS SUBLEASE ("Sublease") is made as of this 25th day of January, 2006 and effective as of January 1, 2006 (the "Effective Date"), between THE CINCINNATI GAS & ELECTRIC COMPANY with its principal offices being located at 139 East Fourth Street, Cincinnati, Ohio 45202, being a corporation organized and existing under the laws of the State of Ohio (the "Sublessor"), and THE UNION LIGHT, HEAT AND POWER COMPANY, its principal offices being located at 139 East Fourth Street, Cincinnati, Ohio 45202, being a corporation organized and existing under the laws of the Commonwealth of Kentucky (the "Sublessee").

- RECITALS -

WHEREAS, the Miami Fort Generating Station, located in Hamilton County, Ohio ("Miami Fort Generating Station"), is comprised of four coal-fired steam electric generating units hereinafter referred to as Unit 5, Unit 6, Unit 7 and Unit 8;

WHEREAS, immediately prior to the Effective Date, Sublessor was the sole owner of, all right, title and interest in, under and to Unit 6, a 168 MW (nameplate rating) coal-fired base or intermediate load plant;

WHEREAS, in accordance with the provisions of that certain Asset Transfer Agreement by and between Sublessor and Sublessee, dated as of the date hereof, on the Effective Date, Sublessor transferred, assigned, conveyed and delivered to Sublessee all of Sublessor's right, title and interest in, under and to Unit 6 (other than certain assets associated therewith but excluded therefrom, including generation step-up transformers and other assets subject to the jurisdiction of the Federal Energy Regulatory Commission);

WHEREAS, pursuant to that certain Lease of Miami Fort Unit 7 and Unit 8 Common Facilities from Dayton to Cincinnati, dated April 1, 1982 (the "Dayton Lease") attached hereto as Appendix A, Sublessor leases from The Dayton Power and Light Company, an Ohio corporation ("Dayton"), an undivided fractional interest in certain assets (which include, without limitation, certain equipment and structures) listed hereinbelow (the "Common Assets"), which Common Assets are used in connection with the generation of electricity by any one or more of Unit 5, Unit 6, Unit 7 and Unit 8;

10210 4749

WHEREAS, Sublessee desires to sublease from Sublessor undivided fractional interests in the Common Assets in the manner and amounts set forth herein and Sublessor desires to sublease to Sublessee such undivided fractional interests in the Common Assets; and

WHEREAS, it is the intent of the parties hereto that this Sublease not affect or impair any of the rights of the parties to the Dayton Lease and that this Sublease is consistent with all of the terms thereof; provided, however, that in the event that any of the provisions of this Sublease conflict with the provisions of the Dayton Lease, the provisions of the Dayton Lease will control.

- SUBLEASE -

NOW, THEREFORE, in consideration of the mutual covenants and agreements set forth herein, the parties hereto hereby agree as follows:

I. SUBLEASED ASSETS. Sublessor, for the rents and term hereinafter provided for, hereby subleases to Sublessee the following property interests in certain of the Common Assets, as follows:

(i) A 62.686% undivided interest in Sublessor's undivided 20.743% leasehold interest in Dayton's undivided interest represented by its book investment in and to the following described facilities which are, from time to time during the term of this Sublease, used for the generation of electricity by Units 5 through 8 at the Miami Fort Generating Station and which are located on portions of that certain real property known as Miami Fort Generating Station and located in Miami Township, Hamilton County, Ohio (the "Miami Fort Station Real Estate"):

<u>Asset Description</u>	<u>Accounted for Under FERC Account Number:</u>
Service Building	311
Equipment Garage	311
Material Mgt warehouse	311
Construction Warehouse	311
Retaining wall, South side of Sw. Yd.	311
Ground Water Deepwells – 1A & 6	312
R.O. System – Demin. Make Up	312
Chemical Waste Neutralization System	312
Harbor Boat	312
Bulk Hydrogen System	314
Cathodic Protection	314
Grd. Wt. Deepwells (Electrical)	315
Serv. Bldg. Lab. Hoods (Electrical)	315
Centac Compressor (Electrical)	315

\* Appendix B attached hereto includes the calculations to determine the undivided interests set forth in Items I(i) through (vi) below.

PI Data System	315
Centac Compressor	316
Miscellaneous (to which the above undivided interests are applicable by virtue of being allocable on the basis of the kW involved)	

(ii) A 62.686 % undivided interest in Sublessor's undivided 20.743% leasehold interest in Dayton's undivided interest represented by its book investment in and to the following described facilities (whether owned by Dayton at the date of execution hereof or hereafter acquired by it) which are, from time to time during the term of this Sublease, used for the generation of electricity by Units 5 through 8 at the Miami Fort Generating Station and which are located on portions of the Miami Fort Station Real Estate:

<u>Asset Description:</u>	<u>Accounted for FERC Under Account Number:</u>
Land-Lawrenceburg Rd. Landfill	310
Tractor Garage	311
Coal Pile Runoff	311
Tractor Garage Runoff	311
Coal Yard Tank	311
Coal Barge Unloader	312
River Cells – C, D, E, F, G, & H	312
Deadmen – 2, 5, 6, 7, & 12	312
Crusher House #3	312
Coal Handling Office	312
Coal Handling Tractor, Cat. 955	312
Coal Handling Tractor Scraper, Cat. 637	312
Coal Handling Conveyors - A, B, & F	312
Coal Reclaim Hopper & Tunnel	312
Coal Loading Bin	312
Pipe to Acid Cleaning Pit	312
Nitrogen Tank	312
Ash Pond "B"	312
Lawrenceburg Landfill	312
Barges – 213, 214, CH6300, OR404 & OR3207	313
Coal Handling equipment (Electrical)	315
Miscellaneous (to which the above undivided interests are applicable by virtue of being allocable on the basis of the kW involved)	

(iii) A 100.000% undivided interest in Sublessor's undivided 14.094% leasehold interest in Dayton's undivided interest represented by its book investment in and to the following described facilities (whether owned by Dayton at the date of execution hereof or hereafter acquired by it) which are, from time to time during the term of this Sublease, used for the generation of electricity by Units 6, 7 and 8 at the Miami Fort Generating Station and which are located on portions of the Miami Fort Station Real Estate:

<u>Asset Description</u>	Accounted for FERC <u>Under Account Number:</u>
Sootblowing Air Compressors (7-1, 7-2, 8-1)	312
Sootblowing Air Comp. Interconnecting pipe	312
Condensate Transfer Header	312
Demineralized Water Transfer Pump	312
Reserve Aux. Transformer 7C	315
Reserve Aux. Transformer 8C	315
Tie Bus. Sw. Gr. & Conn. 7C & 8C	315
Condensate Transfer Line (Electrical)	315
Miscellaneous (to this the above undivided interests are applicable by virtue of being allocable on the basis of the kW involved)	

(iv) A 50.000% undivided interest in Sublessor's undivided 50.000% leasehold interest in Dayton's undivided interest represented by its book investment in and to the following described facilities (whether owned by Dayton at the date of execution hereof or hereafter acquired by it) which are, from time to time during the term of this Sublease, used for the generation of electricity by Units 5 through 8 at the Miami Fort Generating Station and which is located on portions of the Miami Fort Station Real Estate.

<u>Asset Description</u>	Accounted for FERC <u>Under Account Number:</u>
Yard Lighting	311
Roads & Parking Lot	311
Yard Fire Protection	311
Fencing Yard Drainage	311
Railroad Tracks	311
Guardhouse	311
Gas Bottle Storage	311
Warehouses (2)	311
Guard Rail	311
Phone System	311
Drinking Water (Cleves)	311
Cation Sodium Monitor	312
Lighting – Landfill	312
Turbine Room Crane	314
Communication System	315
Drinking Water Well (Electrical)	315
Yard Locomotive	316
Shop, Laboratory & Hospital Equipment	316
Mobile Crane	316
Office Furniture & Equipment	372

Stores Equipment 374  
 Miscellaneous (to which the above undivided  
 interests are applicable by virtue of being  
 allocable on the basis of the # of units involved)

(v) A 100.000% undivided interest in Sublessor's undivided 33.333% leasehold interest in Dayton's undivided interest represented by the book investment in and to the Pegging Steam System (accounted for by Dayton under account number 3123) (whether owned by Dayton on the date of execution hereof or hereafter acquired by it) which is, from time to time during the term of this Sublease, used for the generation of electricity by Units 6, 7 and 8 at Miami Fort Generating Station and which is located on portions of Miami Fort Station Real Estate.

(vi) A 56.035% undivided interest in Sublessor's undivided 86.567% leasehold interest in Dayton's undivided interest represented by the book investment in and to the following described facilities (whether owned by Dayton on the date of execution hereof or hereafter acquired by it) which are, from time to time during the term of this Sublease, used for the generation of electricity by Units 5 through 8 at Miami Fort Generating Station and which are located on portions of Miami Fort Station Real Estate:

<u>Asset Description:</u>	<u>Accounted for FERC Under Account Number:</u>
Crib House Heating	311
Switch House Distribution Cabinet	315

II. RENT.

(A) As rentals for the foregoing, Sublessee shall pay to Sublessor every month during this Sublease Sublessee's proportionate share (as determined by category of asset by means of the undivided interests set forth in Items I(i) through (vi) above (i.e., 62.686%, 62.686%, 100.000%, 50.000%, 100.000% and 56.035%, respectively)) of the payments made each month by Sublessor to Dayton under the Dayton Lease with respect to the same such category of asset.

(B) As Sublessor and Sublessee are affiliated companies using the same accounting system and have established processes for reimbursing one another for intercompany obligations, Sublessor and Sublessee shall monthly make such accounting entries needed to charge amounts owed hereunder to Sublessee and to cause funds to be transferred to the books of Sublessor in payment of the amounts due hereunder. Monthly invoices will be produced only upon Sublessee's specific request. Sublessor shall from time to time grant reasonable access to its books and records relative to the rentals to representatives of Sublessee, on Sublessee's reasonable request.

III. TERM. The term of this Sublease shall commence on the Effective Date and continue through the end of the month in which the Effective Date occurs and each month

10210 4753

thereafter until the earlier of (i) termination by Sublessor or Sublessee upon reasonable advance notice to the other or (ii) termination of the Dayton Lease.

IV. MISCELLANEOUS. (A) Neither Sublessor nor Sublessee may, without the prior written consent of the other, sell or in any way transfer its interests in the property to which this Sublease pertains except (a) to a trustee under its first mortgage or (b) to an affiliated entity; provided that the foregoing prohibitions shall be in effect only so long as Unit 6 is being or is intended to be utilized by Sublessee in connection with the generation of electricity. Subject to the foregoing, this Agreement shall inure to the benefit of and be binding upon the parties hereto and their respective successors and assigns.

(B) This Sublease may be simultaneously executed in two counterparts, each of which when so executed shall be deemed to be an original, but such counterparts shall together constitute but one and the same instrument.

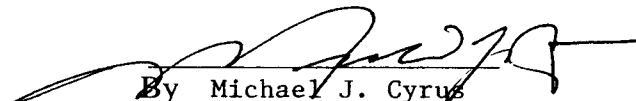
*(Signature Pages Follow)*

IN WITNESS WHEREOF, The Cincinnati Gas & Electric Company and The Union Light, Heat and Power Company have caused this instrument to be signed by their respective authorized officers and their respective corporate seals to be hereto affixed.

Signed in the presence of:

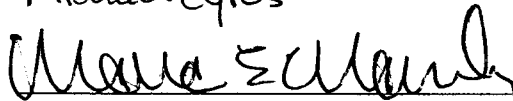
SUBLESSOR:

THE CINCINNATI GAS &  
ELECTRIC COMPANY



By Michael J. Cyrus  
Executive Vice President

*Michael Cyrus*

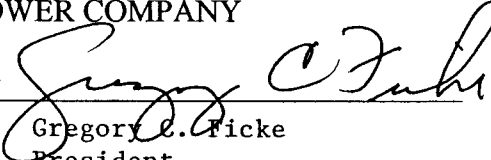


Marc E. Manly, Secretary

*Donna [unclear]*  
Debbie Gates

SUBLESSEE:

THE UNION LIGHT, HEAT AND  
POWER COMPANY

By   
Gregory C. Ficke  
President

*Donna [unclear]*  
Debbie Gates

10210 4755

STATE OF OHIO :  
 : SS:  
COUNTY OF HAMILTON:

Before me, a Notary Public in and for such County, personally appeared Michael Cyrus, Executive Vice President and Mark Manly, Secretary of The Cincinnati Gas & Electric Company who represented that they are duly authorized in the premises and who acknowledged that they did sign the foregoing instrument and that the same is their voluntary act and deed and is the voluntary act and deed of such corporation.

IN TESTIMONY WHEREOF, I hereunto set my hand and official seal at Cincinnati, Ohio this 25 day of January, 2006

Dorothy Kim Corbett  
Notary Public

Notary Public State of Ohio  
My Commission Expires \_\_\_\_\_, 200\_

STATE OF Ohio :  
 : SS:  
COUNTY OF Hamilton

DOROTHY KIM CORBETT, Attorney at Law  
Notary Public, State of Ohio  
My Commission has no expiration date.  
Section 147.03

Before me a Notary Public in and for such County, personally Appeared Gregory Fidge, \_\_\_\_\_ and \_\_\_\_\_, of The Union Light, Heat and Power Company who represented that they are duly authorized in the premises and who acknowledged that they did sign the foregoing instrument and that the same is their voluntary act and deed and is the voluntary act and deed of such corporation.

IN TESTIMONY WHEREOF, I hereunto set my hand and official seal at Cincinnati, Ohio this 25 day of January, 2006

Dorothy Kim Corbett  
Notary Public

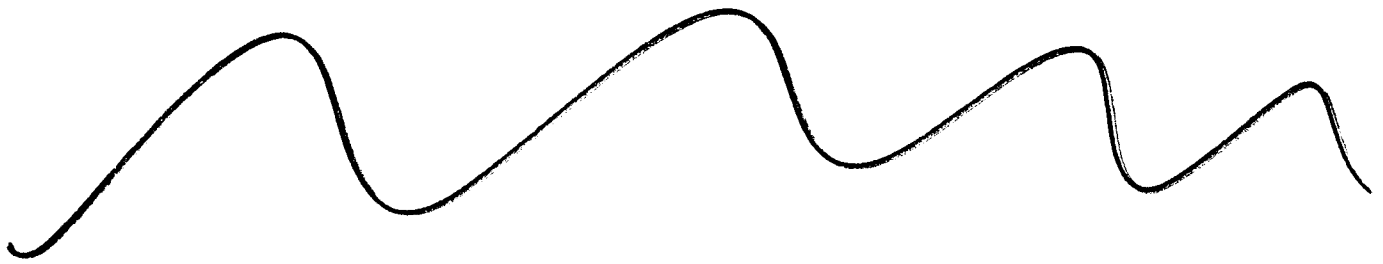
Notary Public \_\_\_\_\_ of \_\_\_\_\_  
My Commission Expires \_\_\_\_\_, 200\_

DOROTHY KIM CORBETT, Attorney at Law  
Notary Public, State of Ohio  
My Commission has no expiration date.  
Section 147.03

10210 4756



See attached  
(Copy of Dayton Lease)



10210 4757

Appendix B

Sublease of Miami Fort U5, U6, U7, U8 Common Facilities Lease  
FROM CGE TO ULHP

Sublease

i	Generation Unit No.	KW Nameplate Rating	Percent of Total	Allocation Percents		
				Cincinnati	ULH&P	Dayton
	Miami Fort 5	100,000	7.740			
	Miami Fort 6	168,000	13.003		13.003	
	Miami Fort 7	512,000	39.628			
	Miami Fort 8	512,000	39.628			
		1292000	100.00			
	<b>Allocation Percentages</b>	(168,000 / 1,292,000 x 100% - ULHP Ownership Share)			13.003	

ii	Generation Unit No.	KW Nameplate Rating	Percent of Total	Allocation Percents		
				Cincinnati	ULH&P	Dayton
	Miami Fort 5	100,000	7.740			
	Miami Fort 6	168,000	13.003		13.003	
	Miami Fort 7	512,000	39.628			
	Miami Fort 8	512,000	39.628			
		1292000	100.00			
	<b>Allocation Percentages</b>	(168,000 / 1,292,000 x 100% - ULHP Ownership Share)			13.003	

iii	Generation Unit No.	KW Nameplate Rating	Percent of Total	Allocation Percents		
				Cincinnati	ULH&P	Dayton
	Miami Fort 6	168,000	14.094		14.094	
	Miami Fort 7	512,000	42.953			
	Miami Fort 8	512,000	42.953			
		1192000	100			
	<b>Allocation Percentages</b>	(168,000 / 1,192,000 x 100% - ULHP Ownership Share)			14.094	

iv	Generation Unit No.	Number of Units	Percent of Total	Allocation Percents		
				Cincinnati	ULH&P	Dayton
	Miami Fort 5	1	25.000			
	Miami Fort 6	1	25.000		25.000	
	Miami Fort 7	1	25.000			
	Miami Fort 8	1	25.000			
	Total	4	100			
	<b>Allocation Percentages</b>	(( 1+1+1) / 4 x 100% - ULHP Ownership Share)			25.000	

Allocation Percents

v	Generation Unit No.	KW Nameplate Rating	Percent of Total	Cincinnati	ULH&P	Dayton
	Miami Fort 6	1	33.333		33.333	
	Miami Fort 7	1	33.333			
	Miami Fort 8	1	33.333			
	Total	3	100			

( 1 / 3 x 100% - ULHP Ownership Share) 33.333

vi	Generation Unit No.	Water Flow (GPM)	Percent of Total	Allocation Percents		
				Cincinnati	ULH&P	Dayton
	Miami Fort 5,7,8	103500	51.493			
	Miami Fort 6	97500	48.507		48.507	
		201000	100.00			

**Allocation Percentages**  $(SWP(U6) + CWP(U6)) / (SWP(U5, U6, U7, U8) + CWP(U5, U6))$  48.507

Circulating WP	Unit 5 (2 Pumps)	69000	69000
Service WP	Unit 5-1	7500	7500
	Unit 7-1 & 7-2	18000	18000
	Unit 8	9000	9000
Total		103500	

Circulating WP	Unit 6 (2 Pumps)	90000	90000
Service WP	Unit 6 (2 Pumps)	7500	7500
Total		97500	

10210 4759

