

ASSUMPTION AGREEMENT

This ASSUMPTION AGREEMENT (this "Assumption Agreement") is made and effective as of the 1st day of January, 2006, by and between The Cincinnati Gas & Electric Company, an Ohio corporation ("Transferor"), and The Union Light, Heat & Power Company, a Kentucky corporation ("Transferee").

WITNESSETH:

WHEREAS, Transferor, and Transferee, are parties to an Asset Transfer Agreement dated and effective as of the 1st day of January, 2006 (the "Transfer Agreement"), pursuant to which, subject to the terms and conditions set forth therein, Transferee will purchase the Transferred Assets and assume the Assumed Liabilities (both as defined in the Transfer Agreement), including, without limitation, all of Transferor's Liabilities under the Transferred Contracts, Transferred Permits and Transferred Intellectual Property (all as defined in the Transfer Agreement); and

WHEREAS, pursuant to the Transfer Agreement, and by means of various agreements and instruments executed and delivered in connection therewith (including without limitation the Deed and the Bill of Sale), concurrently with the execution and delivery hereof, Transferor is transferring and conveying to Transferee, and Transferee is acquiring from Seller, for the consideration and upon the terms and conditions set forth in the Transfer Agreement, all of Transferor's right, title and interest in and to the Transferred Assets (as defined in the Transfer Agreement); and

WHEREAS, additionally, Transferor desires to transfer to Transferee all of Transferor's right, title and interest in and to certain rights-of-way related to the Transferred Assets by virtue of assignment agreements ("Assignments"); and

WHEREAS, Transferee accepts such Assignments; and

WHEREAS, the Transfer Agreement contemplates in Section 2.03 thereof that, on the Closing Date, in consideration of the transfers contemplated therein, Transferee shall also execute the Assumption Agreement (as defined in the Transfer Agreement) in favor of Transferor, agreeing to assume the Assumed Liabilities (as defined in the Transfer Agreement); and

WHEREAS, in addition to the Assumed Liabilities, Transferee desires to assume any and all liabilities associated with the Assignments (the "Assignment Liabilities).

NOW, THEREFORE, in consideration of the mutual covenants contained herein, the parties hereto hereby agree as follows:

1. Assumption. Effective upon the execution and delivery hereof, Transferee hereby assumes and agrees to pay, perform and discharge, without recourse to Transferor, the Assignment Liabilities, which are identified in Exhibit A, which is attached hereto and incorporated herein, solely to the extent such liabilities accrue or arise from and after the Closing (as defined in the Transfer Agreement and herein), in each case in accordance with the respective terms and subject to the respective conditions thereof:

2. Governing Law. This Assumption Agreement shall be governed by and construed in accordance with the laws of the State of Ohio without regard to its conflicts of law doctrines.

3. Counterparts. This Assumption Agreement may be executed simultaneously in two counterparts, each of which shall be deemed an original and both of which together shall constitute one and the same instrument.

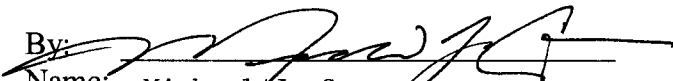
4. Capitalized Terms. Capitalized terms not defined herein shall have the meanings specified in the Transfer Agreement.

(Signature page follows)

IN WITNESS WHEREOF, the Transferor and Transferee have executed this Assumption Agreement on the day and year first above written.

TRANSFEROR:

THE CINCINNATI GAS & ELECTRIC COMPANY

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

TRANSFEE:

THE UNION LIGHT, HEAT & POWER COMPANY

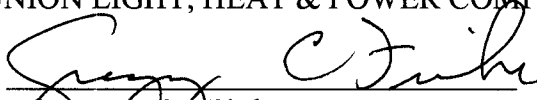
By: 
Name: Gregory C. Ficke
Title: President

EXHIBIT A

I. C210 NATURAL GAS PIPELINE

The following real property Grants of Easement have been assigned to The Union Light, Heat & Power Company by The Cincinnati Gas & Electric Company all which are recorded in the Butler County Recorder's Office in the Deed Book and page identified below:

1. Conveyed to The Cincinnati Gas & Electric Company ("CG&E") from Stony Run Farms, recorded in Deed Book 1700, Page 336.
2. Conveyed to CG&E from Marc T. Terry and Nancy Terry, recorded in Deed Book 1700, Page 332.
3. Conveyed to CG&E from Phillip Rand Terry and Patricia A. Terry, recorded in Deed Book, 1700, Page 334.
4. Conveyed to CG&E from Sidmond C. Williams and Barbara B. Williams, recorded in Deed Book, 1690, Page 727.
5. Conveyed to CG&E from Haskell J. Hall and Wilma J. Hall, recorded in Deed Book, 1716, Page 460.
6. Conveyed to CG&E from Jonathon O. Nerenberg, Trustee, recorded in Deed Book, 1714, Page 713.
7. Conveyed to CG&E from Robert Ray Smith and Elaine L. Smith, recorded in Deed Book, 1693, Page 690.
8. Conveyed to CG&E from James Lee Allen and Viola Mae Allen, recorded in Deed Book, 1689, Page 689.
9. Conveyed to CG&E from Robert M. Luebberst and Juanita H. Luebberst, recorded in Deed Book, 1712, Page 611.
10. Conveyed to CG&E from Jacob M. Mehl and Elizabeth Ann Mehl, recorded in Deed Book, 1714, Page 71.
11. Conveyed to CG&E from Jacob M. Mehl and Elizabeth Ann Mehl, recorded in Deed Book, 1714, Page 77.
12. Conveyed to CG&E from John O. Mehl and Emma B. Mehl, recorded in Deed Book, 1715, Page 302.

13. Conveyed to CG&E from Stephen D. North and Mary Ellen North, recorded in Deed Book, 1716, Page 458.
14. Conveyed to CG&E from Warner Cable Communications, recorded in Deed Book, 1736, Page 77.
15. Conveyed to CG&E from Mildred Davis, Trustee, recorded in Deed Book, 1718, Page 362.
16. Conveyed to CG&E from Mildred Davis, Trustee, recorded in Deed Book, 1750, Page 532.
17. Conveyed to CG&E from Jeanne Davis, recorded in Deed Book, 1726, Page 538.
18. Conveyed to CG&E from Sandra Hope McCabe, Trustee and Mildred Davis, Trustee, recorded in Deed Book, 1708, Page 594.
19. Conveyed to CG&E from Tri-State Improvement Company, recorded in Deed Book, 1721, Page 272.
20. Conveyed to CG&E from Vaughn Patrick and Lillie Patrick, recorded in Deed Book, 1712, Page 613.
21. Conveyed to CG&E from Bernice Webb and Jean B. Cunningham, Testamentary Trustee under the Will of Howard D. Webb, deceased, recorded in Deed Book, 1722, Page 124.
22. Conveyed to CG&E from Allie F. Lawson, recorded in Deed Book, 1702, Page 84.
23. Conveyed to CG&E from The First National Bank of Southwest Ohio, Trustee, recorded in Deed Book, 1693, Page 710.

II. LPO7 PROPANE LINE

1. Conveyed to CG&E from Barbara C. Trimble and William H. Trimble recorded in Deed Book, 1704, Page 109.
2. Conveyed to CG&E from Marie Line recorded in Deed Book, 1692, Page 475.
3. Conveyed to CG&E from Anthony M. Greco and Antoinette C. Greco recorded in Deed Book, 1715, Page 300.
4. Conveyed to CG&E from Terrell R. Ball recorded in Deed Book, 1685, Page 703.
5. Conveyed to CG&E from Terrell R. Ball and Norma A. Ball recorded in Deed Book, 1704, Page 121.

6. Conveyed to CG&E from Raymond McKinley and Florence McKinley recorded in Deed Book, 1710, Page 120.
7. Conveyed to CG&E from Raymond McKinley and Florence McKinley recorded in Deed Book, 1710, Page 129.
8. Conveyed to CG&E from Roy A. Ard and Annie Mildred Ard recorded in Deed Book, 1704, Page 123.
9. Conveyed to CG&E from TE Products Pipeline Company recorded in Deed Book, 1759, Page 12.
10. Conveyed to CG&E from The First National Bank of Southwestern Ohio, Trustee, recorded in Deed Book, 1693, Page 692.
11. Conveyed to CG&E from The First National Bank of Southwestern Ohio, Trustee, recorded in Deed Book, 1693, Page 696.
12. Conveyed to CG&E from The First National Bank of Southwestern Ohio, Trustee, recorded in Deed Book, 1693, Page 707.
13. Conveyed to CG&E from LeSourdsville Lake, Inc. recorded in Deed Book, 1686, Page 382.
14. Conveyed to CG&E from The First National Bank of Southwestern Ohio, Trustee, recorded in Deed Book, 1693, Page 704.