

Action by Written Consent
of the Board of Directors of
The Union Light, Heat and Power Company
Effective as of August 26, 2005

The undersigned, being all of the members of the Board of Directors (the "Board") of The Union Light, Heat and Power Company, a Kentucky corporation (the "Corporation"), do hereby waive notice of a meeting of the Board required by law and/or the Corporations, By-Laws, and do hereby unanimously consent, pursuant to Kentucky Revised Statutes §271B.8-210 and ARTICLE III, Section 10, of the Corporation's By-Laws, to the adoption of the resolutions set forth herein below, taking or authorizing the actions specified therein in lieu of holding a duly convened meeting of the Corporation's Board, and do hereby direct that this written consent be filed with the minutes of the proceedings of said Board.

WHEREAS, The Cincinnati Gas & Electric Company ("CG&E"), the sole shareholder of the Corporation, owns certain real and personal property, tangible and intangible, constituting, or used in connection with or ancillary to the ownership and operation of (i) an undivided sixty-nine percent (69%) interest in the 648MW East Bend No. 2 coal-fired unit located in or near Rabbit Hash, Kentucky; (ii) the 168MW Miami Fort No. 6 coal-fired unit located in or near North Bend, Ohio; and (iii) the 490MW Woodsdale Generating Station (collectively, the "Transferred Assets"); and

WHEREAS, in response to the expressed desire of the Kentucky Public Service Commission ("KyPSC") that the Corporation, secure a long-term supply of electric generation to insulate itself from the impacts of market prices for wholesale power, the Corporation and CG&E have considered different options and concluded that the most expeditious, reliable, efficient and economic method of providing the Corporation a long-term supply of electric generation at stable prices includes the transfer of the Transferred Assets from CG&E to the Corporation at net book value; and

WHEREAS, CG&E desires to transfer the Transferred Assets (with the exception of certain property, including without limitation, certain transmission assets, which will remain the property of CG&E), along with certain associated liabilities and certain debt obligations to its wholly-owned subsidiary, the Corporation (the "Transaction"); and

WHEREAS, the Corporation and CG&E have set forth their rights and obligations with respect to the Transaction in three Asset Transfer Agreements

by and between CG&E and the Corporation relating to rights and obligations in connection with the Transaction with respect to each of East Bend Generating Station, Miami Fort Generating Station and Woodsdale Generating Station, respectively (collectively, the "Asset Transfer Agreements"); and

WHEREAS, the Asset Transfer Agreements provide that the assets will be transferred from CG&E to the Corporation at the net book value of such assets and that in conjunction with such transfer the Corporation will assume certain liabilities of CG&E and CG&E will issue equity to the Corporation in such amounts as the parties shall mutually agree; and

WHEREAS, the Asset Transfer Agreements include as exhibits a number of related agreements to be executed in conjunction with the Asset Transfer Agreements, including, without limitation, that certain debt assumption agreement whereby CG&E will assign and the Corporation will assume certain debt obligations owed by CG&E (the "Debt Assumption Agreement" and all such exhibits collectively the "Related Transaction Agreements"); and

WHEREAS, the KyPSC has granted its final approval to the application of the Corporation for approval of the Transactions in an order in Case No. 2003-00252, dated June 17, 2005, finding such proposed transfers to be in the best interests of the Corporation and its customers; and

WHEREAS, the Board of Directors of CG&E has, by separate resolution of even date herewith, deemed it advisable and in the best interest of CG&E to consummate the Transaction, subject to the terms and conditions set forth in the Asset Transfer Agreements and the Related Transaction Agreements; and

WHEREAS, the Board deems it advisable and in the best interests of the Corporation to consummate the Transaction, subject to the terms and conditions set forth in the Asset Transfer Agreements.

NOW, THEREFORE, BE IT RESOLVED That the Board does hereby authorize and approve the consummation of the Transaction by the Corporation, subject to the terms and conditions set forth in the Asset Transfer Agreements and the Related Transaction Agreements.

RESOLVED FURTHER That the form, terms and provisions of the Asset Transfer Agreements and the Related Transaction Agreements (including, without limitation, the Debt Assumption Agreement), substantially in the form and with the terms and conditions set forth in the Asset Transfer Agreements and the Related Transaction Agreements as routed concurrently with this action by written consent and filed with the records of the Corporation, be and the same are hereby approved, ratified, confirmed and duly adopted in all respects.

RESOLVED FURTHER That the proper officers be, and each of them individually is, hereby duly authorized to execute and deliver the Asset Transfer Agreements and the Related Transaction Agreements and all other agreements and instruments contemplated thereunder, for and on behalf of the Corporation, with such differences in the terms thereof, if any, as such officers upon the advice of counsel for the Corporation, may deem necessary or advisable, with the Corporation's execution and delivery of such documents being deemed conclusive evidence of the necessity or advisability thereof; and

RESOLVED FURTHER That, with the assistance of counsel for the Corporation, the proper officers of the Company be, and each of them individually is, hereby duly authorized and directed, in the name and on behalf of the Corporation, to prepare, execute and file, or cause to be prepared, executed and filed, with any applicable state, federal or local regulatory or governmental authorities or agencies (including without limitation the Kentucky Public Service Commission and the Securities and Exchange Commission) all such applications, notifications, reports, statements, letters and similar submissions and documents and information, if any (including any exhibits and amendments thereto and payment of any required filing and other fees and expenses required thereby or incidental thereto) (collectively, "Filings") as such officer(s), upon the advice of counsel for the Corporation, may deem necessary or advisable, to comply with applicable law and otherwise effect the Transaction.

RESOLVED FURTHER That the proper officers of the Corporation be and they are duly authorized and directed to issue equity on behalf of the Corporation to CG&E in such amount as will enable the Corporation, in combination with the assumption of CG&E's debt by the Corporation, to provide consideration to CG&E equal to the net book value of the assets being transferred in the Transaction.

RESOLVED FURTHER That the proper officers of the Corporation be and they are duly authorized and directed to cause the Corporation to execute and deliver, for and on behalf of the Corporation, both directly and through its affiliates except for CG&E, all such documents, if any (in addition to the Asset Transfer Agreements, the Related Transfer Agreements and Filings), as may be necessary or advisable to effect the Transaction, together with all other actions ancillary thereto required to be undertaken to effect the Transaction, which such officers, upon the advice of counsel for the Corporation, may deem necessary or advisable.

RESOLVED FURTHER That the execution and delivery by any proper officer of the Corporation of any of the Asset Transfer Agreements and any other agreement, instrument, certificate or other document and the taking of any other action in connection with any of the foregoing matters as contemplated above (including upon advice of counsel for the Corporation) be, and it hereby is, deemed conclusive evidence of such officer's approval thereof and the authority

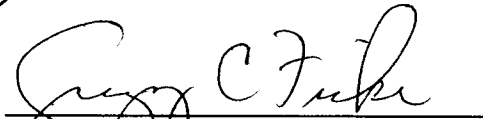
therefore and the approval, adoption, authorization, ratification and confirmation by the Board and the Corporation of such agreement, instrument, certificate, document or action.


FURTHER ACTIONS

RESOLVED That the appropriate officers of the Corporation be, and each of them hereby is, duly authorized and directed in the name and on behalf of the Corporation to take, or cause to be taken, all such further actions, including, but not limited to, executing and delivering appropriate certificates and other documents (including any and all amendments or supplements thereto, modifications, extensions or waivers thereof), to carry fully into effect the intent of and effectuate the foregoing resolutions as such officers deem necessary or advisable, upon the advice of counsel for the Corporation.

RESOLVED FURTHER That all agreements, instruments, documents and certificates heretofore executed and delivered and actions heretofore taken, or caused to be taken, by any officer(s), authorized employee(s) and/or agent(s) of the Corporation in connection with the actions contemplated or specified herein be and the same are hereby approved, ratified and confirmed in all respects.


James E. Rogers


Gregory C. Ficke


James L. Turner