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VIA OVERNIGHT DELIVERY

May 9, 2005

Ms. Elizabeth O'Donnell
Executive Director
Kentucky Public Service Commission
211 Sower Boulevard
P.O. Box 615
Frankfort, Kentucky 40602-0615

RECEIVED

MAY 10 2005

PUBLIC SERVICE
COMMISSION

Re: Case No. 2003-00252

Dear Ms. O'Donnell:

Enclosed for filing are an original and twelve copies of an Application for Deviation and an Errata Filing of The Union Light, Heat and Power Company. Please date stamp the two extra copies and return to me in the envelope provided.

If you have any questions please do not hesitate to call me at 513-287-3842.

Sincerely,

Anita M. Schafer
Senior Paralegal

AMS/mak

cc: Hon. Elizabeth E. Blackford (with enclosures)

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

RECEIVED

MAY 10 2005

PUBLIC SERVICE
COMMISSION

In the Matter of the Application of The Union)
Light, Heat and Power Company for a)
Certificate of Public Convenience and Necessity)
to Acquire Certain Generation Resources and)
Related Property; for Approval of Certain)
Purchase Power Agreements; for Approval of)
Certain Accounting Treatment; and for)
Approval of Deviation from Requirements of)
KRS 278.2207 and 278.2213(6))

Case No. 2003-00252

ERRATA FILING OF

THE UNION LIGHT, HEAT AND POWER COMPANY

The Union Light, Heat and Power Company (ULH&P) submits this Errata Filing, revising the East Bend Asset Transfer Agreement and accompanying Schedules (attached hereto as Exhibit 1), the Miami Fort Unit 6 Asset Transfer Agreement and accompanying Schedules (attached hereto as Exhibit 2), and the Woodsdale Asset Transfer Agreement and accompanying Schedules (attached hereto as Exhibit 3). This Errata Filing is necessary to correct several errors, add clarity for tax purposes, and to more accurately reflect the manner of financing the transfer of generating assets (Plants) from CG&E to ULH&P.

1. Changes to Exhibit 1, East Bend Asset Transfer Agreement:
 - a. Recitals – Add a recital to recognize the Assumption Agreement and Debt Assumption Agreement, agreements necessary in order for ULH&P to fund some portion of the Plants through assumption of CG&E debt, page 1.
 - b. Recitals – Revise second to last recital to recognize the assumption of debt, pages 1 and 2.
 - c. Body of Asset Transfer Agreement – Change designation of “Exhibit C” to “Exhibit C(1)” in the definition of “Assumption Agreement”, page 2.
 - d. Body of Asset Transfer Agreement – Add definition for “Assumed Payables,” page 2.
 - e. Body of Asset Transfer Agreement – Add definition for “Debt Assumption Agreement,” page 3.
 - f. Body of Asset Transfer Agreement - Remove the brackets (“[“ and “]”) in the definition of “Deed” on page 3 .
 - g. Body of Asset Transfer Agreement – Add definition for “Pollution Control Refunding Bonds Obligations,” page 7.
 - h. Body of Asset Transfer Agreement – Add definition for “Short-Term Debt,” page 8.
 - i. Body of Asset Transfer Agreement – Add language permitting recourse to Transferor with respect to Pollution Control Refunding

Bonds Obligations, Assumed Payables and Short-Term Debt in Section 2.03, Assumed Liabilities, page 13.

- j. Body of Asset Transfer Agreement – Add subsection (e) to Section 2.03, page 14.
- k. Body of Asset Transfer Agreement – Revise Section 3.01, pages 15 and 16, as follows:
 - i. Add language to recognize assumption of debt as one of the means of financing the Plants;
 - ii. Clarify that construction work in progress shall be transferred at Net Book Value;
 - iii. Add language to recognize the Assumption Agreements;
- l. Body of Asset Transfer Agreement – Revise Section 3.02 to clarify that Inventory shall be transferred at Net Book Value, page 16;
- m. Body of Asset Transfer Agreement – Add reference to Debt Assumption Agreement to Section 3.05, Closing Deliveries, subsections (a) and (b), page 17;
- n. Body of Asset Transfer Agreement – Add subsection (j) to Section 6.02, Indemnification, page 29;
- o. Body of Asset Transfer Agreement – Change the Facsimile No. from “513-287-1592” to “513-287-2433” on page 31; change the Facsimile No. “513-287-4370” to “513-287-4031” on page 31;
- p. Schedules, Exhibit A, Certificate of Consideration – In the opening paragraph, change the reference to “THE UNION LIGHT, HEAT &

POWER COMPANY” to “THE UNION LIGHT, HEAT AND POWER COMPANY”; change the signature block for ULH&P from “THE UNION LIGHT, HEAT & POWER COMPANY” TO “THE UNION LIGHT, HEAT AND POWER COMPANY”; change the reference in the notary public block from “THE UNION LIGHT, HEAT & POWER COMPANY” TO “THE UNION LIGHT, HEAT AND POWER COMPANY”;

- q. Schedules, Exhibit C, Assumption Agreement – Change Exhibit designation from “Exhibit C” to “Exhibit C(1)”;
- r. Schedules, Exhibit C(1), Assumption Agreement – In paragraph 1, change “Buyer” to “Transferee” and change “Seller” to “Transferor;”
- s. Schedules, Exhibit C(1), Assumption Agreement – In the Preamble change “THE UNION LIGHT, HEAT & POWER COMPANY” to “THE UNION LIGHT, HEAT AND POWER COMPANY;” and change the signature block for ULH&P from “THE UNION LIGHT, HEAT & POWER COMPANY” to “THE UNION LIGHT, HEAT AND POWER COMPANY;”
- t. Schedules, Exhibit C(2), DEBT ASSUMPTION AGREEMENT – Add the Debt Assumption Agreement as a new exhibit;
- u. Schedule 1.01 – Add this new Schedule 1.01, Pollution Control Refunding Obligations, Assumed Payables and Short-Term Debt;
- v. Schedule 2.01(i) – Add the phrase “in inventory” after the phrase “NO_x emission allowances” in the third line of the first paragraph;

w. Schedule 2.02(a) – Replace the diagram of the East Bend switch yard with a current diagram.

2. Changes to Exhibit 2, Miami Fort Unit 6 Asset Transfer Agreement:

- a. Recitals – Add a recital to recognize the Assumption Agreement and Debt Assumption Agreement, agreements necessary in order for ULH&P to fund some portion of the Plants through assumption of CG&E debt, page 1.
- b. Recitals – Revise second to last recital to recognize the assumption of debt, page 1.
- c. Body of Asset Transfer Agreement – Change designation of “Exhibit C” to “Exhibit C(1)” in the definition of “Assumption Agreement”, page 2.
- d. Body of Asset Transfer Agreement – Add definition for “Assumed Payables,” page 2.
- e. Body of Asset Transfer Agreement – Add definition for “Debt Assumption Agreement,” page 3.
- f. Body of Asset Transfer Agreement - Remove the brackets (“[“ and “]”) in the definition of “Deed” on page 3 .
- g. Body of Asset Transfer Agreement – Add definition for “Pollution Control Refunding Bonds Obligations,” page 7.
- h. Body of Asset Transfer Agreement – Add definition for “Short-Term Debt,” page 8.

- i. Body of Asset Transfer Agreement – Add language permitting recourse to Transferor with respect to Pollution Control Refunding Bonds Obligations, Assumed Payables and Short-Term Debt in Section 2.03, Assumed Liabilities, page 14.
- j. Body of Asset Transfer Agreement – Add subsection (e) to Section 2.03, page 15.
- k. Body of Asset Transfer Agreement – Revise Section 3.01, page 16, as follows:
 - i. Add language to recognize assumption of debt as one of the means of financing the Plants;
 - ii. Clarify that construction work in progress shall be transferred at Net Book Value;
 - iii. Add language to recognize the Assumption Agreements;
- l. Body of Asset Transfer Agreement – Revise Section 3.02 to clarify that Inventory shall be transferred at Net Book Value, page 16;
- m. Body of Asset Transfer Agreement – Add reference to Debt Assumption Agreement to Section 3.05, Closing Deliveries, subsections (a) and (b) on pages 17 and 18;
- n. Body of Asset Transfer Agreement – Add subsection (j) to Section 6.02, Indemnification, page 30;
- o. Body of Asset Transfer Agreement – Change the Facsimile No. from “513-287-1592” to “513-287-2433” on page 32 change the Facsimile No. “513-287-4370” to “513-287-4031” on page 32;

- p. Schedules, Exhibit C, Assumption Agreement – Change Exhibit designation from “Exhibit C” to “Exhibit C(1)”;
 - q. Schedules, Exhibit C(1), Assumption Agreement – In paragraph 1, change “Buyer” to “Transferee” and change “Seller” to “Transferor;”
 - r. Schedules, Exhibit C(1), Assumption Agreement – In the Preamble change “THE UNION LIGHT, HEAT & POWER COMPANY” to “THE UNION LIGHT, HEAT AND POWER COMPANY;” and change the signature block for ULH&P from “THE UNION LIGHT, HEAT & POWER COMPANY” to “THE UNION LIGHT, HEAT AND POWER COMPANY;”
 - s. Schedules, Exhibit C(2), DEBT ASSUMPTION AGREEMENT – Add the Debt Assumption Agreement as a new exhibit;
 - t. Schedule 1.01 – Add this new Schedule 1.01, Pollution Control Refunding Obligations, Assumed Payables and Short-Term Debt;
 - u. Schedule 2.01(i) – Remove the phrase “Transferor’s share of” from the second line of the first paragraph; add the phrase “in inventory” after the phrase “NO_x emission allowances” in the third line of the first paragraph;
3. Changes to Exhibit 3, Woodsdale Asset Transfer Agreement:
- a. Recitals – Add a recital to recognize the Assumption Agreement and Debt Assumption Agreement, agreements necessary in order for ULH&P to fund some portion of the Plants through assumption of CG&E debt, page 1.

- b. Recitals – Revise second to last recital to recognize the assumption of debt, page 1.
- c. Body of Asset Transfer Agreement – Change designation of “Exhibit C” to “Exhibit C(1)” in the definition of “Assumption Agreement”, page 2.
- d. Body of Asset Transfer Agreement – Add definition for “Assumed Payables,” page 2.
- e. Body of Asset Transfer Agreement – Add definition for “Debt Assumption Agreement,” page 3.
- f. Body of Asset Transfer Agreement - Remove the brackets (“[“ and “]”) in the definition of “Deed” on page 3 .
- g. Body of Asset Transfer Agreement – Add definition for “Pollution Control Refunding Bonds Obligations,” page 7.
- h. Body of Asset Transfer Agreement – Add definition for “Short-Term Debt,” page 8.
- i. Body of Asset Transfer Agreement – Add language permitting recourse to Transferor with respect to Pollution Control Refunding Bonds Obligations, Assumed Payables and Short-Term Debt in Section 2.03, Assumed Liabilities, page 13.
- j. Body of Asset Transfer Agreement – Add subsection (e) to Section 2.03, page 14.
- k. Body of Asset Transfer Agreement – Revise Section 3.01, pages 15 and 16, as follows:

- i. Add language to recognize assumption of debt as one of the means of financing the Plants;
 - ii. Clarify that construction work in progress shall be transferred at Net Book Value;
 - iii. Add language to recognize the Assumption Agreements;
- l. Body of Asset Transfer Agreement – Revise Section 3.02 to clarify that Inventory shall be transferred at Net Book Value, page 16;
 - m. Body of Asset Transfer Agreement – Add reference to Debt Assumption Agreement to Section 3.05, Closing Deliveries, subsections (a) and (b), page 17;
 - n. Body of Asset Transfer Agreement – Add subsection (j) to Section 6.02, Indemnification, page 29;
 - o. Body of Asset Transfer Agreement – Change the Facsimile No. from “513-287-1592” to “513-287-2433” on page 31; change the Facsimile No. “513-287-4370” to “513-287-4031” on page 31;
 - p. Schedules, Exhibit C, Assumption Agreement – Change Exhibit designation from “Exhibit C” to “Exhibit C(1)”;
 - q. Schedules, Exhibit C(1), Assumption Agreement – In paragraph 1, change “Buyer” to “Transferee” and change “Seller” to “Transferor;”
 - r. Schedules, Exhibit C(1), Assumption Agreement – In the Preamble change “THE UNION LIGHT, HEAT & POWER COMPANY” to “THE UNION LIGHT, HEAT AND POWER COMPANY;” and change the signature block for ULH&P from “THE UNION LIGHT,

HEAT & POWER COMPANY” to “THE UNION LIGHT, HEAT AND POWER COMPANY;”

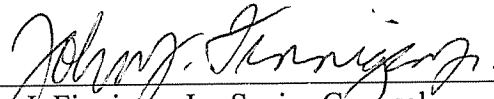
- s. Schedules, Exhibit C(2), DEBT ASSUMPTION AGREEMENT – Add the Debt Assumption Agreement as a new exhibit;
- t. Schedule 1.01 – Add this new Schedule 1.01, Pollution Control Refunding Obligations, Assumed Payables and Short-Term Debt;
- u. Schedules, Exhibit F, Form of Service Agreement – make the following changes:
 - i. Add the word “made” before the phrase “a part hereof” in the third line of Article I (B) (1);
 - ii. Add a period at the end of Article I (D) (2);
 - iii. Replace the period at the end of Article V (A) (2) with a semi colon;
 - iv. Add a period at the end of Article VI (B);
 - v. Change the designation from “Schedule I (B)” to Schedule 1 (B).
 - vi. Change the designation from “Schedule I (D)” to Schedule 1 (D).
- v. Schedule 2.01(i) – Remove the phrase “Transferor’s share of” from the second line of the first paragraph; add the phrase “in inventory” after the phrase “NO_x emission allowances” in the third line of the first paragraph;

w. Schedule 4.01 (c) (ii) – remove the letter “t” from the fourth line of
Section II.

WHEREFORE, ULH&P respectfully requests the Commission to accept the East Bend
Asset Transfer Agreement, the Miami Fort Unit 6 Asset Transfer Agreement, and the
Woodsdale Asset Transfer Agreement, as amended herein for filing.

Respectfully submitted,

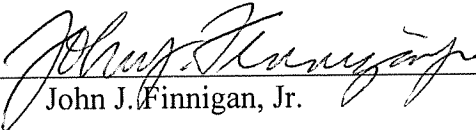
THE UNION LIGHT, HEAT AND POWER
COMPANY



John J. Finnigan, Jr., Senior Counsel
The Union Light, Heat and Power Company
139 East Fourth Street, 25th Floor Atrium II
Cincinnati, Ohio 45201
(513) 287-3075
Fax: (513) 287-3810

CERTIFICATE OF SERVICE

I hereby give notice that on this 9th day of May, 2005, I have filed an original and 10 true copies of the foregoing Errata Filing of the Union Light, Heat and Power Company with the Kentucky Public Service Commission at 211 Sower Boulevard, Frankfort, Kentucky, 40601, and I further certify that this same day I have served the parties listed below by overnight-delivery.



John J. Finnigan, Jr.

Elizabeth E. Blackford
Assistant Attorney General
Office of Rate Intervention
1024 Capital Center Drive
Frankfort, Kentucky 40601

ASSET TRANSFER AGREEMENT

BY AND BETWEEN

THE CINCINNATI GAS & ELECTRIC COMPANY

AND

THE UNION LIGHT, HEAT AND POWER COMPANY

Dated as of _____

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Exhibit D	Form of Facilities Operation Agreement
Exhibit E	Form of PSOA
Exhibit F	Form of Coal and Lime Supply and Transportation Agreement

SCHEDULES

Schedule 1.01	Pollution Control Refunding Bonds Obligations, Assumed Payables and Short-Term Debt
Schedule 2.01(b)	Improvements and Tangible Personal Property
Schedule 2.01(d)	Transferred Contracts
Schedule 2.01(e)	Transferred Permits
Schedule 2.01(i)	Emissions Allowances Treatment
Schedule 2.02(a)	Transmission Assets
Schedule 4.01(c)(ii)	Transferor's Required Governmental and Third Party Consents
Schedule 4.01(e)	Real Property
Schedule 4.01(m)	Environmental Permits (see Section I of Schedule 4.01(m))
Schedule 4.01(k)	Transferor Contracts
Schedule 4.01(m)	Permits (see Section II of Schedule 4.01(m))
Schedule 4.02(c)(ii)	Transferee's Required Governmental and Third Party Consents

ASSET TRANSFER AGREEMENT

This ASSET TRANSFER AGREEMENT (this "Agreement"), dated as of _____, is by and between The Cincinnati Gas & Electric Company, an Ohio corporation ("Transferor"), and The Union Light, Heat and Power Company, a Kentucky corporation ("Transferee"). Collectively, Transferee and Transferor may be referred to herein as the "Parties" and each, individually, as a "Party".

W I T N E S S E T H

WHEREAS, Transferor owns an undivided 69% interest, as tenant in common with the Dayton Power & Light Company, in Unit 2 of the East Bend Generating Station ("East Bend Station"), a coal-fired electric generating station with a nameplate rating of 648 megawatts located in Boone County, Kentucky near the Village of Rabbit Hash, such generating station being comprised of a boiler and steam turbine generator, together with certain other improvements, equipment, assets, properties (both tangible, including real property, and intangible), facilities and rights associated therewith or ancillary thereto;

WHEREAS, Transferor desires to transfer and assign to Transferee, and Transferee desires to acquire and assume from Transferor, the Transferred Assets (as hereinafter defined) and certain associated liabilities, upon the terms and conditions hereinafter set forth;

WHEREAS, concurrently with, and as a condition to, the execution and delivery of this Agreement, Transferor and Transferee are executing and delivering two additional asset transfer agreements (the "Related Asset Transfer Agreements"), pursuant to which, and subject to the terms and conditions thereof, Transferor has agreed to transfer and Transferee has agreed to acquire, concurrently with the closing of the transactions contemplated herein, the Woodsdale Generating Station, located in Trenton, Ohio, and Unit 6 of the Miami Fort Generating Station, located near North Bend, Ohio, together in each case with certain other assets, properties, facilities and rights associated therewith or ancillary thereto (collectively, together with East Bend Station, the "Plants");

WHEREAS, concurrently with, and as a condition to, the execution and delivery of this Agreement and the Related Asset Transfer Agreements, Transferor and Transferee are executing and delivering three Assumption Agreements and a Debt Assumption, Agreement pursuant to which, and subject to the terms and conditions thereof, Transferor has agreed to assign and Transferee has agreed to assume, concurrently with the closing of the transactions contemplated herein, the liabilities respectively described therein;

WHEREAS, Transferor and Transferee intend that the transfer of the Transferred Assets contemplated herein, in conjunction with the transfers effected pursuant to the Related Asset Transfer Agreements and the assignments effected by the Assumption Agreement associated with this Agreement and with each Related Asset Transfer

Agreement and by the Debt Assumption Agreement qualify, collectively, under Section 351 of the Internal Revenue Code of 1986, as amended; and

WHEREAS, Cinergy Corp., a Delaware corporation, owns directly or indirectly all of the outstanding common stock of Transferor and Transferee.

NOW, THEREFORE, in consideration of the premises and the mutual covenants, agreements, representations and warranties hereinafter set forth, the Parties, intending to be legally bound, hereby agree as follows:

ARTICLE I

DEFINITIONS

SECTION 1.01. Definitions. (a) As used in this Agreement, the following terms have the following meanings:

“Affiliate” means a Person that directly, or indirectly through one or more intermediaries, controls, or is controlled by, or is under common control with, the Person specified. The term “control” (including the terms “controlling,” “controlled by” and “under common control with”) means the possession, direct or indirect, of the power to direct or cause the direction of the management and policies of a Person, whether through the ownership of voting securities, by contract or otherwise.

“Ancillary Agreements” means the Assumption Agreement, the Bill of Sale, the Deed, the Facilities Operation Agreement, the PSOA, the Coal and Lime Supply and Transportation Agreement and any other agreements or instruments entered into between the Parties with respect to the transactions contemplated by this Agreement.

“Assumption Agreement” means that certain Assumption Agreement to be entered into by and between Transferor and Transferee at Closing, in substantially the form attached hereto as Exhibit C(1).

“Assumed Liabilities” has the meaning set forth in Section 2.03.

“Assumed Payables” means a certain amount of those payables owed by Transferor to certain of its Affiliates, as set forth in Schedule 1.01.

“Bill of Sale” means that certain Bill of Sale to be executed and delivered at Closing by Transferor to Transferee, in substantially the form attached hereto as Exhibit B.

“CERCLA” means the Comprehensive Environmental Response, Compensation, and Liability Act of 1980, as amended from time to time.

“Closing” has the meaning set forth in Section 3.04.

“Closing Date” has the meaning set forth in Section 3.04.

“Closing Inventory” means an amount in dollars equal to Transferor’s ownership interest in all Inventories on the Closing Date.

“Coal and Lime Supply and Transportation Agreement” means that certain Coal and Lime Supply and Transportation Agreement to be entered into between Transferor and Transferee, in substantially the form attached hereto as Exhibit F.

“CRD” has the meaning set forth in Section 7.11.

“Debt Assumption Agreement” means that certain Assignment and Assumption Agreement with respect to the Pollution Control Refunding Bonds Obligations, the Assumed Payables and the Short-Term Debt to be entered into by and between Transferor and Transferee at Closing, in substantially the form attached hereto as Exhibit C(2).

“Deed” means that certain Warranty Deed and Assignment of Adjoining Easement and License Interests to be executed and delivered at Closing by Transferor to Transferee, in substantially the form attached hereto as Exhibit A.

“Direct Claim” has the meaning set forth in Section 6.03(c).

“East Bend Station” has the meaning set forth in the recitals to this Agreement.

“Emissions Allowances” means an authorization issued by a Governmental Authority pursuant to a statutory or regulatory program promulgated by a Governmental Authority pursuant to which air emissions sources subject to the program are authorized to make a prescribed quantity of air emissions.

“Encumbrance” means any security interest, pledge, mortgage, lien, charge, option to purchase, lease, claim, restriction, covenant, title defect, hypothecation, assignment, deposit arrangement or other encumbrance of any kind or any preference, priority or other security agreement or preferential arrangement of any kind or nature whatsoever (including any conditional sale or title retention agreement).

“Environmental Condition” means the presence or Release to the environment, whether at the Real Property or otherwise, of Hazardous Substances, including any migration of Hazardous Substances through air, soil or groundwater at, to or from the Real Property or at, to or from any Off-Site Location, regardless of when such presence or Release occurred or is discovered.

“Environmental Laws” means all (a) Laws relating to pollution or protection of the environment, natural resources or human health and safety, including Laws relating to

Releases or threatened Releases of Hazardous Substances or otherwise relating to the manufacture, formulation, generation, processing, distribution, use, treatment, storage, Release, transport, Remediation, abatement, cleanup or handling of Hazardous Substances, (b) Laws with regard to recordkeeping, notification, disclosure and reporting requirements respecting Hazardous Substances and (c) Laws relating to the management or use of natural resources.

“Environmental Liabilities” has the meaning set forth in Section 2.03(b).

“Environmental Permit” has the meaning set forth in Section 4.01(i).

“Excluded Assets” has the meaning set forth in Section 2.02.

“Excluded Liabilities” has the meaning set forth in Section 2.04.

“Facilities Operation Agreement” means that certain Facilities Operation Agreement to be effective at Closing by and between Transferor and Transferee, in substantially the form attached as Exhibit D.

“GAAP” means United States generally accepted accounting principles as in effect from time to time, applied on a consistent basis.

“Good Utility Practice” means any of the practices, methods and acts engaged in or approved by a significant portion of the electric utility industry during the relevant time period, or any of the practices, methods or acts which, in the exercise of reasonable judgment in light of the facts known at the time the decision was made, could have been expected to accomplish the desired result at a reasonable cost consistent with good business practices, reliability, safety and expedition.

“Governmental Authority” means any: (a) nation, state, county, city, town, village, district, or other jurisdiction of any nature; (b) federal, state, local, municipal, foreign, or other government; (c) governmental or quasi-governmental authority of any nature (including any governmental agency, branch, department, official, or entity and any court or other tribunal); (d) multi-national organization or body; or (e) body exercising, or entitled to exercise, any administrative, executive, judicial, legislative, police, regulatory, or taxing authority or power of any nature.

“Hazardous Substances” means (a) any petrochemical or petroleum products, oil or coal ash, radioactive materials, radon gas, asbestos in any form that is or could become friable, urea formaldehyde foam insulation and transformers or other equipment that contain dielectric fluid which may contain levels of polychlorinated biphenyls; (b) any chemicals, materials or substances defined as or included in the definition of “hazardous substances,” “hazardous wastes,” “hazardous materials,” “hazardous constituents,” “restricted hazardous materials,” “extremely hazardous substances,” “toxic substances,” “contaminants,” “pollutants,” “toxic pollutants,” or words of similar meaning and regulatory effect under any applicable Environmental Law; and (c) any other chemical,

material or substance, exposure to which is prohibited, limited or regulated by any applicable Environmental Law.

"Improvements" means all buildings, structures, machinery and equipment (including all fuel handling and storage facilities), fixtures, construction in progress, and other improvements, including all piping, cables and similar equipment forming part of the mechanical, electrical, plumbing or HVAC infrastructure of any building, structure or equipment, located on and affixed to the Real Property.

"Indemnifiable Loss" has the meaning set forth in Section 6.02(a).

"Indemnifying Party" has the meaning set forth in Section 6.02(d).

"Indemnitee" has the meaning set forth in Section 6.02(c).

"Inventories" means (i) all inventories of fuels owned or leased by Transferor for use at East Bend Station, whether located on or in transit to the Real Property or stored offsite (including with respect to coal and lime, only those coal and lime inventories that have arrived at the dock serving East Bend Station as of the close of business on the Closing Date), which, as of the Closing Date have, a value of \$ _____, and (ii) all materials and supplies, including without limitation, spare parts, owned by Transferor for use at East Bend Station, which, as of the Closing Date, have a value of \$ _____.

"Knowledge" means the actual knowledge of the corporate officer or officers of the specified Person charged with responsibility for the particular function as of the date of this Agreement, or, with respect to any certificate delivered pursuant to this Agreement, the date of delivery of the certificate, after reasonable inquiry by each such officer of selected employees of the specified Person whom such officer believes, in good faith, to be the persons generally responsible for the subject matters to which the knowledge is pertinent.

"Laws" means all laws, statutes, rules, regulations, ordinances and other pronouncements having the effect of law of the United States, any foreign country and any domestic or foreign state, county, city or other political subdivision or of any Governmental Authority.

"Liability" means any liability or obligation, whether known or unknown, whether asserted or unasserted, whether absolute or contingent, whether accrued or unaccrued, whether liquidated or unliquidated, whether incurred or consequential, and whether due or to become due.

"Material Adverse Effect" means (i) any event, circumstance or condition materially impairing the ability of Transferor to perform its obligations under this Agreement or any Ancillary Agreement, or (ii) any change in or effect on Transferor or the Transferred Assets that is materially adverse to the Transferred Assets, other than (a) any change resulting from changes in the international, national, regional or local

wholesale or retail markets for electricity, (b) any change resulting from changes in the international, national, regional or local markets for fuel used at East Bend Station, (c) any change resulting from changes in the North American, national, regional or local electric transmission system, and (d) any change in Law generally applicable to similarly situated Persons.

“Net Book Value” means an amount in dollars, as reflected in the corresponding line item or items of the balance sheet of Transferor as of the applicable date, equal to total fixed assets net of accumulated depreciation.

“Off-Site Location” means any real property other than the Real Property.

“Organizational Documents” means (a) the articles or certificate of incorporation and the bylaws of a corporation; (b) the limited liability company or operating agreement and certificate of formation of a limited liability company; (c) the partnership agreement and any statement of partnership of a general partnership; (d) the limited partnership agreement and the certificate of limited partnership of a limited partnership; (e) any charter or similar document adopted or filed in connection with the creation, formation, or organization of a Person; and (f) any amendment to any of the foregoing.

“PSOA” means that certain Purchase, Sales and Operation Agreement to be effective at Closing by and between Transferor and Transferee, in substantially the form attached hereto as Exhibit E.

“Parent” has the meaning set forth in the first paragraph of this Agreement.

“Party” has the meaning set forth in the first paragraph of this Agreement.

“Permits” has the meaning set forth in Section 4.01(m).

“Permitted Encumbrances” means (i) the respective rights and obligations of the Parties under this Agreement and the Ancillary Agreements; (ii) all matters that would be disclosed in a current title commitment or title policy or survey for the Real Property; (iii) Encumbrances for Taxes not yet due or which are being contested in good faith by appropriate proceedings and that would not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect; (iv) carriers’, warehousemen’s, materialmen’s, mechanics’, repairman’s or other like Encumbrances arising in the ordinary course of business that would not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect; (v) zoning, planning, conservation restriction and other land use and environmental regulations by Governmental Authorities; (vi) Encumbrances resulting from legal proceedings being contested in good faith by appropriate proceedings that would not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect; and (vii) other Encumbrances that would not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect.

“Person” means any individual, corporation (including any non-profit corporation), general or limited partnership, limited liability company, joint venture, estate, trust, association, organization, labor union, or other entity or Governmental Authority.

“Pollution Control Refunding Bonds Obligations” means those certain obligations owed by Transferor with respect to certain Pollution Control Revenue Refunding Bonds, all as set forth on Schedule 1.01.

“Prime Rate” means as of any date, the prime rate as published in The Wall Street Journal on such date or, if not published on such date, on the most recent date of publication.

“Real Property” has the meaning set forth in Section 4.01(e).

“Release” means any release, spill, leak, discharge, disposal of, pumping, pouring, emitting, emptying, injecting, leaching, dumping or allowing to escape into or through the environment.

“Remediation” means an action of any kind to address an Environmental Condition or a Release of Hazardous Substances or the presence of Hazardous Substances at the Real Property or an Off-Site Location, including the following activities to the extent they relate to, result from or arise out of the presence of a Hazardous Substance at the Real Property or an Off-Site Location: (a) monitoring, investigation, assessment, treatment, cleanup, containment, removal, mitigation, response or restoration work; (b) obtaining any permits, consents, approvals or authorizations of any Governmental Authority necessary to conduct any such activity; (c) preparing and implementing any plans or studies for any such activity; (d) obtaining a written notice from a Governmental Authority with jurisdiction over the Real Property or an Off-Site Location under Environmental Laws that no material additional work is required by such Governmental Authority; (e) the use, implementation, application, installation, operation or maintenance of removal actions on the Real Property or an Off-Site Location, remedial technologies applied to the surface or subsurface soils, excavation and treatment or disposal of soils at an Off-Site Location, systems for long-term treatment of surface water or groundwater, engineering controls or institutional controls; and (f) any other activities reasonably determined by a Party to be necessary or appropriate or required under Environmental Laws to address an Environmental Condition or a Release of Hazardous Substances or the presence of Hazardous Substances at the Real Property or an Off-Site Location.

“Representatives” means, with respect to a Party, such respective directors (or parties performing similar functions), officers, employees, representatives, agents and advisors (including accountants, legal counsel, environmental consultants and financial advisors).

“Short-Term Debt” means a certain amount of the amounts owed by Transferor to Parent pursuant to Parent’s intercompany “Money Pool” arrangement, as approved by the Securities and Exchange Commission by order dated August 1, 2001, Release No. 35-27429 and 70-9879, as set forth on Schedule 1.01.

“Tax” means any tax, charge, fee, levy, penalty or other assessment imposed by any federal, state, local or foreign taxing authority, including, but not limited to, any income, gross receipts, excise, property, sales, transfer, use, franchise, payroll, withholding, social security or other tax, including any interest, penalty or addition attributable thereto.

“Third Party Claim” has the meaning set forth in Section 6.03(a).

“Transfer Consideration” has the meaning set forth in Section 3.01.

“Transferee” has the meaning set in the first paragraph of this Agreement.

“Transferee Indemnitee” has the meaning set forth in Section 6.02(b).

“Transferee’s Required Consents” means Transferee’s Required Governmental Consents and Transferee’s Required Third-Party Consents.

“Transferee’s Required Governmental Consents” means the consents, approvals, filings and/or notices of, with, from or to Governmental Authorities listed in Section I of Schedule 4.02(c)(ii).

“Transferee’s Required Third-Party Consents” means the consents, approvals, filings and/or notices of, with, from or to Third Parties (other than Governmental Authorities) listed in Section II of Schedule 4.02(c)(ii).

“Transferred Assets” has the meaning set forth in Section 2.01.

“Transferor” has the meaning set forth in the first paragraph of this Agreement.

“Transferor Indemnitee” has the meaning set forth in Section 6.02(a).

“Transferor’s Real Property” has the meaning set forth in Section 5.05.

“Transferor’s Required Consents” means Transferor’s Required Governmental Consents and Transferor’s Required Third-Party Consents.

“Transferor’s Required Governmental Consents” means the consents, approvals, filings and/or notices of, with, from or to Governmental Authorities listed in Section I of Schedule 4.01(c)(ii).

“Transferor’s Required Third-Party Consents” means the consents, approvals, filings and/or notices of, with, from or to Third Parties (other than Governmental Authorities) listed in Section II of Schedule 4.01(c)(ii).

“Transferor’s Retained Real Property” has the meaning set forth in Section 2.02(b).

“Transferred Contracts” has the meaning set forth in Section 2.01(d).

“Transferred Intellectual Property” has the meaning set forth in Section 2.01(h).

“Transferred Permits” has the meaning set forth in Section 2.01(e).

“Transmission Assets” has the meaning set forth in Section 2.02(a).

(b) Interpretation. In this Agreement, unless otherwise specified or where the context otherwise requires:

(i) a reference, without more, to a recital is to the relevant recital to this Agreement, to an Article or Section is to the relevant Article or Section of this Agreement, and to a Schedule or Exhibit is to the relevant Schedule or Exhibit to this Agreement;

(ii) words importing any gender shall include other genders;

(iii) words importing the singular only shall include the plural and vice versa;

(iv) the words “include,” “includes” or “including” shall be deemed to be followed by the words “without limitation;”

(v) reference to any agreement, document or instrument means such agreement, document or instrument as amended or modified and in effect from time to time in accordance with the terms thereof;

(vi) reference to any applicable Law means, if applicable, such Law as amended, modified, codified, replaced or reenacted, in whole or in part, and in effect from time to time, including rules and regulations promulgated thereunder,

(vii) "or" is used in the inclusive sense of "and/or";

(viii) references to documents, instruments or agreements shall be deemed to refer as well to all addenda, exhibits, schedules or amendments thereto;

(ix) the words “hereof,” “herein” and “herewith” and words of similar import shall, unless otherwise stated, be construed to refer to this Agreement as a whole and not to any particular provision of this Agreement; and

(x) references to any party hereto or any other agreement or document shall include such party's successors and permitted assigns, but, if applicable, only if such successors and assigns are not prohibited by this Agreement.

ARTICLE II

TRANSFER OF ASSETS

Section 2.01. Transfer of Assets. Upon the terms and conditions set forth in this Agreement, at the Closing, Transferor shall transfer, convey, assign and deliver to Transferee, and Transferee shall acquire and assume from Transferor, free and clear of all Encumbrances, other than Permitted Encumbrances, all of Transferor's right, title and interest in, to and under the real and personal property, tangible and intangible, constituting, or used in connection with or ancillary to the ownership or operation of, the East Bend Station, except as otherwise provided in Section 2.02, each as of the Closing Date, including all of Transferor's right, title and interest in, to and under the following assets (collectively, the “Transferred Assets”):

(a) the Real Property, as described on Schedule 4.01(e);

(b) the buildings, structures and other Improvements, machinery, equipment (including communications equipment), vehicles, furniture and other personal property located on the Real Property, including those items listed on Schedule 2.01(b), but excluding any property used or primarily usable as part of the Transmission Assets or otherwise constituting part of the Excluded Assets;

(c) all Inventories;

(d) subject to the receipt of any necessary consents and approvals, the contracts or agreements (including any licenses or real or personal property leases, other than any thereof constituting Transferred Permits or Transferred Intellectual Property) listed on Schedule 2.01(d) (the “Transferred Contracts”);

(e) subject to the receipt of any necessary consents and approvals, the permits, licenses, certificates (including without limitation all pollution control certificates and pending applications therefor), certifications, orders and other governmental authorizations listed on Schedule 2.01(e) (the “Transferred Permits”);

(f) all unexpired, transferable warranties and guarantees from manufacturers, vendors and other third parties with respect to any Improvement or item of real or tangible personal property constituting part of the Transferred Assets;

(g) all books, expired purchase orders, operating records, operating, safety and maintenance manuals, engineering design plans, blueprints and as-built plans, specifications, procedures, studies, reports, equipment repair, safety, maintenance or service records, and similar items (subject to the right of Transferor to retain copies of same for its use), other than such items that are proprietary to third parties and accounting records (to the extent that any of the foregoing is contained in an electronic format, Transferor shall reasonably cooperate with Transferee to transfer such items to Transferee in a format that is reasonably acceptable to Transferee);

(h) subject to the receipt of any necessary consents and approvals, any Intellectual Property (the "Transferred Intellectual Property"); and

(i) the Emissions Allowances, solely to the extent provided in Schedule 2.01(i).

Notwithstanding the foregoing, the transfer of the Transferred Assets pursuant to this Agreement shall not include the assumption of any Liability related to the Transferred Assets unless Transferee expressly assumes that Liability pursuant to Section 2.03.

Section 2.02. Excluded Assets. Notwithstanding anything to the contrary contained in Section 2.01 or elsewhere in this Agreement, nothing in this Agreement shall constitute or be construed as conferring on Transferee, and Transferee is not acquiring, any right, title or interest in and to (x) any properties, assets, business, operation, or division of Transferor or any of its Affiliates (other than Transferee) not expressly set forth in Section 2.01, or (y) the following specific assets of Transferor (or as to which Transferor has an undivided ownership interest therein, as tenant in common) that are associated with the Transferred Assets, but which are specifically excluded from the transfer contemplated hereunder, are excluded from the Transferred Assets and shall remain the property of Transferor after the Closing (collectively, the "Excluded Assets"):

(a) the electrical transmission facilities (as distinguished from generation facilities) located at or forming part of East Bend Station (whether or not regarded as a "transmission" or "generation" asset for regulatory or accounting purposes), including all energized switchyard facilities and real property directly associated therewith, all substation facilities and support equipment, as well as all permits, contracts and warranties related thereto, including those certain assets and facilities specifically identified on Schedule 2.02(a) (the "Transmission Assets"); *provided, further*, that without limitation of the foregoing, Transferor is not transferring to Transferee any of Transferor's right, title and interest in and to any generation step-up transformers or any other equipment or facilities connected or appurtenant to East Bend Station classified as

“Station Equipment” under Account No. 353 of the Federal Energy Regulatory Commission’s Uniform System of Accounts Prescribed for Public Utilities and Licensees Subject to Provisions of the Federal Power Act, 18 C.F.R. § 101;

- (b) the Transferor’s Real Property, other than the portion thereof comprised of the Real Property and to be conveyed by the Deed (the “Transferor’s Retained Real Property”);
- (c) all cash, cash equivalents, bank deposits, accounts and notes receivables (trade or otherwise), prepaid expenses relating to the Transferred Assets and any income, sales, payroll or other Tax receivables;
- (d) all minute books, stock transfer books, corporate seals and other corporate records;
- (e) any refund, credit, penalty, payment, adjustment or reconciliation (i) related to Taxes paid prior to the Closing Date in respect of the Transferred Assets, whether such refund, credit, penalty, payment, adjustment or reconciliation is received as a payment or, subject to Section 3.03, as a credit against future Taxes payable, or (ii) arising under any Transferred Contract and relating to a period before the Closing Date (including any payment received after the Closing Date for electricity sold and delivered from East Bend Station prior to the Closing Date);
- (f) the rights of Transferor in, to and under all contracts, agreements, arrangements, permits or licenses of any nature, of which the obligations of Transferor thereunder are not expressly assumed by Transferee pursuant to Section 2.03;
- (g) any insurance policies;
- (h) certificates of deposit, shares of stock, securities, bonds, debentures, evidences of indebtedness, and interests in joint ventures, partnerships, limited liability companies and other entities;
- (i) all tariffs, agreements and arrangements to which Transferor is a party for the purchase or sale of electric capacity and/or energy or for the purchase or sale of transmission or ancillary services involving the Transferred Assets or otherwise;
- (j) all personnel records together with all deferred compensation, profit-sharing, retirement and pension plans and all bonus, fringe benefit and other employee benefit plans maintained or with respect to which contributions are made by Transferor or any of its Affiliates (other than Transferee) in respect of the current employees of Transferor or any of its Affiliates (other than Transferee) providing services for or otherwise associated with the Transferred Assets;
- (k) except in respect of Assumed Liabilities, the rights of Transferor in and to any causes of action against third parties relating to the Transferred Assets or any

part thereof, including any claim for refunds (other than those Tax refunds that are covered by Section 2.02(e) above), prepayments, offsets, recoupment, insurance proceeds, condemnation awards, judgments and the like, whether received as a payment or credit against future liabilities, relating specifically to East Bend Station and relating to any period ending on or prior to the Closing Date;

(l) all other assets and properties owned by Transferor or any of its Affiliates (other than Transferee) that are not used in the operation of East Bend Station;

(m) the rights of Transferor under this Agreement and the Ancillary Agreements; and

(n) any Emissions Allowances, except to the extent included as part of the Transferred Assets, as set forth in Schedule 2.01(i).

Section 2.03. Assumed Liabilities. On the Closing Date, Transferee shall execute and deliver the Assumption Agreement, pursuant to which, among other things, Transferee shall assume and agree to perform and discharge, without recourse to Transferor (except with respect to the Liabilities described in Section 2.03(e) below), the following Liabilities of Transferor, solely to the extent such Liabilities accrue or arise from and after the Closing and would otherwise constitute Liabilities (in whole or in part) of Transferor (as opposed to any other joint owner of East Bend Station), other than Excluded Liabilities (as defined below), in accordance with the respective terms and subject to the respective conditions thereof (collectively, the “Assumed Liabilities”):

(a) all Liabilities of Transferor under the Transferred Contracts, Transferred Permits and Transferred Intellectual Property, in each case in accordance with the terms thereof, except to the extent that such Liabilities, but for a breach or default by Transferor, would have been paid, performed or otherwise discharged on or prior to the Closing Date or to the extent the same arise out of any such breach or default or out of any event which after the giving of notice would constitute a default by Transferor;

(b) all Liabilities with respect to East Bend Station arising under or relating to Environmental Laws or relating to any claim in respect of Environmental Conditions or Hazardous Substances, including settlements, judgments, costs and expenses, including reasonable attorneys fees, whether based on common law or Environmental Laws (collectively, “Environmental Liabilities”), but in each case solely to the extent accruing or arising from and after the Closing Date, with respect to (i) any violation or alleged violation of Environmental Laws with respect to the ownership, lease, maintenance or operation of any of the Transferred Assets, including any fines or penalties that arise in connection with the ownership, lease, maintenance or operation of the Transferred Assets, and the costs associated with correcting any such violations; (ii) loss of life, injury to persons or property or damage to natural resources caused (or allegedly caused) by any Environmental Condition or the presence or Release of

Hazardous Substances at, on, in, under, adjacent to or migrating from the Transferred Assets, including any Environmental Condition or Hazardous Substances contained in building materials at or adjacent to the Transferred Assets or in the soil, surface water, sediments, groundwater, landfill cells, or in other environmental media at or near the Transferred Assets; (iii) any Remediation of any Environmental Condition or Hazardous Substances that are present or have been Released at, on, in, under, adjacent to or migrating from, the Transferred Assets or in the soil, surface water, sediments, groundwater, landfill cells or in other environmental media at or adjacent to the Transferred Assets; (iv) any bodily injury, loss of life, property damage, or natural resource damage arising from the storage, transportation, treatment, disposal, discharge, recycling or Release, at any Off-Site Location, or arising from the arrangement for such activities, of Hazardous Substances generated in connection with the ownership, lease, maintenance or operation of the Transferred Assets; (v) any Remediation of any Environmental Condition or Release of Hazardous Substances arising from the storage, transportation, treatment, disposal, discharge, recycling or Release, at any Off-Site Location, or arising from the arrangement for such activities, of Hazardous Substances generated in connection with the ownership, lease, maintenance or operation of the Transferred Assets; and (vi) any obligation to repower, replace, decommission, deactivate, dismantle, demolish or close the Transferred Assets or any portion thereof, or any surface impoundments or other waste or effluent handling or storage units on owned or leased adjacent properties used in connection with the operation of the Transferred Assets;

(c) all liabilities or obligations to third parties for personal injury or tort, or similar causes of action arising solely out of the ownership, lease, maintenance or operation of the Transferred Assets (collectively, "Tort Liabilities"), but in each case solely to the extent accruing or arising from and after the Closing Date;

(d) any Tax that may be imposed by any federal, state or local government on the ownership, sale, operation or use of the Transferred Assets on or after the Closing Date, except for any income Taxes attributable to income received by Transferor; and

(e) all liabilities or obligations of Transferor with respect to the Pollution Control Refunding Bonds Obligations, the Assumed Payables and the Short-Term Debt.

Section 2.04. Excluded Liabilities. Except for the Assumed Liabilities, Transferee shall not assume by virtue of this Agreement, the Assumption Agreement or any other Ancillary Agreement, or the transactions contemplated hereby or thereby, or otherwise, and shall have no liability for, any Liabilities of Transferor (the "Excluded Liabilities"), including any of the following Liabilities:

(a) any Liabilities of Transferor in respect of any Excluded Assets or other assets of Transferor that are not Transferred Assets, except to the extent caused by

the acts or omissions of Transferee or Transferee's ownership, lease, maintenance or operation of the Transferred Assets;

(b) any Liabilities in respect of Taxes attributable to the Transferred Assets for taxable periods ending before the Closing Date;

(c) any Liabilities of Transferor (i) arising from the breach or default by Transferor, prior to the Closing Date, of any Transferred Contract, Transferred Permit or Transferred Intellectual Property or (ii) in respect of any other contract, agreement, personal property lease, permit, license or other arrangement or instrument entered into by Transferor;

(d) subject to Section 3.03, any payment obligations of Transferor or its Affiliates (other than Transferee) for goods delivered or services rendered prior to the Closing Date;

(e) any fines and penalties imposed by any Governmental Authority resulting from any act or omission by Transferor that occurred prior to the Closing Date;

(f) any income Taxes attributable to income received by Transferor;

(g) any Liability of Transferor arising as a result of its execution and delivery of this Agreement or any Ancillary Agreement, the performance of its obligations hereunder or thereunder, or the consummation by Transferor of the transactions contemplated hereby or thereby;

(h) any Liability of Transferor based on Transferor's acts or omissions after the Closing; and

(i) any and all Environmental Liabilities and Tort Liabilities accruing, arising, existing or occurring prior to the Closing Date.

ARTICLE III

ASSET TRANSFER; CLOSING

Section 3.01. Asset Transfer. Transferor shall transfer the Transferred Assets to Transferee at Net Book Value on the Closing Date, which is equal to \$ _____. The Parties agree and acknowledge that, in conjunction with this transfer, Transferee will assume certain liabilities of Transferor and issue equity of Transferee to Transferor in such amount as Transferor and Transferee shall mutually agree. Transferor shall also transfer all related construction work in progress at its Net Book Value. The Net Book Value is hereinafter referred to as the "Transfer Consideration". Additional

liabilities of Transferor will be assumed by Transferee in connection herewith and with the Related Asset Transfer Agreements as commemorated by the three Assumption Agreements executed contemporaneously with this Agreement and the Related Asset Transfer Agreements.

Section 3.02. Inventory; Transaction Costs. At Closing, Transferor shall also transfer its Closing Inventory to Transferee at Net Book Value. Further, Transferee shall reimburse Transferor for all transaction costs incurred by Transferor or any of its affiliates in connection with the transactions contemplated by this Agreement.

Section 3.03. Proration. (a) Transferee and Transferor agree that all of the items normally prorated, including those listed below, relating to the business and operation of the Transferred Assets shall be prorated as of the Closing Date, with Transferor liable to the extent such items relate to any time period through the Closing Date, and Transferee liable to the extent such items relate to periods subsequent to the Closing Date:

(i) personal property, real estate, occupancy and any other Taxes, assessments and other charges, if any, on or with respect to the business and operation of the Transferred Assets;

(ii) rent, Taxes and other items payable by or to Transferor under any of the Transferor Agreements to be assigned to and assumed by the Transferee hereunder;

(iii) any permit, license or registration fees with respect to any Environmental Permit or other Permit; and

(iv) sewer rents and charges for water, telephone, electricity and other utilities.

(b) In connection with such proration, in the event that actual figures are not available at the Closing Date, the proration shall be based upon the actual amount of such Taxes or fees for the preceding year (or appropriate period) for which actual Taxes or fees are available and such Taxes or fees shall be re prorated upon request of either the Transferor or the Transferee made within 60 days of the date that the actual amounts become available. Transferor and Transferee agree to furnish each other with such documents and other records as may be reasonably requested in order to confirm all adjustment and proration calculations made pursuant to this Section 3.03.

Section 3.04. Closing. The transfer, assignment, conveyance and delivery of the Transferred Assets, and the consummation of the other transactions contemplated by this Agreement shall take place at a closing (the "Closing"), to be held at the offices of Cinergy Corp., 139 East Fourth Street, Cincinnati Ohio 45201 at 10:00 a.m. eastern

standard time (or another mutually acceptable time and location), on the date of execution and delivery of this Agreement by each of the Parties (or on such other date as may be mutually agreed upon by the Parties) (the "Closing Date"). The Closing shall be effective for all purposes as of the close of business on the Closing Date.

Section 3.05. Closing Deliveries. (a) At the Closing, Transferor will deliver, or cause to be delivered, to Transferee:

- (i) the Deed, duly executed and acknowledged by Transferor and in recordable form;
- (ii) the Bill of Sale, duly executed by Transferor;
- (iii) the Debt Assumption Agreement, duly executed by Transferor;
- (iv) the Facilities Operation Agreement, duly executed by Transferor;
- (v) the PSOA, duly executed by Transferor;
- (vi) the Coal and Lime Supply and Transportation Agreement, duly executed by Transferor;
- (vii) copies of all Transferor's Required Consents obtained by Transferor; and
- (viii) such other documents as are contemplated by this Agreement or as the Transferee may reasonably request to carry out the purposes of this Agreement.

(b) At the Closing, Transferee will provide the Transfer Consideration as well as reimbursement or compensation for the Closing Inventory and transaction costs. In addition, Transferee will deliver, or cause to be delivered, to Transferor:

- (i) the Assumption Agreement, duly executed by Transferee;
- (ii) the Debt Assumption Agreement, duly executed by Transferee;
- (iii) the Facilities Operation Agreement, duly executed by Transferee;
- (iv) the PSOA, duly executed by Transferee;
- (v) the Coal and Lime Supply and Mangement Agreement, duly executed by Transferee;
- (vi) copies of all Transferee's Required Consents obtained by Transferee; and

(vii) such other documents as are contemplated by this Agreement or as the Transferor may reasonably request to carry out the purposes of this Agreement.

ARTICLE IV

REPRESENTATIONS AND WARRANTIES

Section 4.01. Representations and Warranties of Transferor. Transferor represents and warrants to Transferee, except as otherwise set forth in Transferor's most recent report filed with the Securities and Exchange Commission on Form 10K and any other current or periodic reports filed thereafter and prior to the date hereof, as follows:

(a) Organization and Good Standing; Qualification. Transferor is a corporation duly formed, validly existing and in good standing under the laws of the State of Ohio. Transferor has all requisite power and authority to own, lease or operate the Transferred Assets and to carry on its business as it is now being conducted. Transferor is duly qualified or licensed to do business as a foreign corporation and is in good standing as a foreign corporation in each jurisdiction in which the character or location of the properties owned or used by it or the nature of the business conducted by it makes such qualification or license necessary, except for jurisdictions in which the failure to be so qualified, licensed or in good standing would not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect.

(b) Authority and Enforceability. Transferor has full corporate power and authority to execute and deliver, and carry out its obligations under, this Agreement and each Ancillary Agreement to which it is a party and to consummate the transactions contemplated hereby and thereby. The execution, delivery and performance by Transferor of this Agreement and each Ancillary Agreement to which it is a party, and the consummation of the transactions contemplated hereby and thereby, have been duly and validly authorized by all necessary corporate action on the part of Transferor. Assuming the due authorization, execution and delivery of this Agreement and each Ancillary Agreement to which it is a party by Transferee, and subject to the receipt of Transferor's Required Consents, each of this Agreement and each such Ancillary Agreement constitutes a legal, valid and binding obligation of Transferor, enforceable against it in accordance with its terms, except as such enforceability may be limited by applicable bankruptcy, insolvency and other similar laws affecting the rights and remedies of creditors generally and by general principles of equity.

(c) No Violation; Consents and Approvals. (i) Subject to obtaining Transferor's Required Consents, neither the execution, delivery and performance by Transferor of this Agreement and each Ancillary Agreement to which it is a party, nor the consummation by Transferor of the transactions contemplated hereby and thereby, will (A) conflict with or result in any breach of any provision of the Organizational

Documents of Transferor; (B) result in a default (or give rise to any right of termination, cancellation or acceleration), or require a consent, under any of the terms, conditions or provisions of any note, bond, mortgage, indenture, material agreement or other instrument or obligation to which Transferor is a party or by which it or any of the Transferred Assets may be bound, except for any such defaults or consents (or rights of termination, cancellation or acceleration) as to which requisite waivers or consents have been obtained or which would not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect; or (C) constitute a violation of any law, regulation, order, judgment or decree applicable to Transferor, except for any such violations as would not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect.

(ii) Except as set forth in Section I of Schedule 4.01(c)(ii) (listing each of Transferor's Required Governmental Consents) or Section II thereof (listing each of Transferor's Required Third-Party Consents), no consent or approval of, filing with, or notice to, any Governmental Authority or other Person is necessary for the execution, delivery and performance of this Agreement by Transferor or of any Ancillary Agreement to which Transferor is a party, or the consummation by Transferor of the transactions contemplated hereby and thereby, other than such consents, approvals, filings or notices which, if not obtained or made, would not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect.

(d) Insurance. All material policies of fire, liability, workers' compensation and other forms of insurance owned or held by, or on behalf of, Transferor and insuring the Transferred Assets are in full force and effect, all premiums with respect thereto covering all periods up to and including the date hereof have been paid (other than retroactive premiums which may be payable with respect to comprehensive general liability and workers' compensation insurance policies), and no notice of cancellation or termination has been received with respect to any such policy which was not replaced on substantially similar terms prior to the date of such cancellation.

(e) Real Property. Schedule 4.01(e) sets forth a description of the real property owned and to be transferred as contemplated herein (whether on a tenancy in common basis or otherwise), by Transferor and associated with East Bend Station (the "Real Property"), including a description of all land, and all encumbrances, easements or rights of way of record (or, if not of record, of which Transferor has Knowledge) granted on or appurtenant to or otherwise affecting such Real Property and specifically excluding the Transferor's Retained Real Property.

(f) Conveyance of Real Property. To the knowledge of Transferor, no state, municipal, or other governmental approval regarding the division, platting, or mapping of real estate is required as a prerequisite to the conveyance by Transferor to Transferee (or as a prerequisite to the recording of any conveyance document) of any Real Property pursuant to the terms hereof.

(g) Improvements. Neither Transferor nor any Affiliate thereof has received any written notices from any Governmental Authority stating or alleging that any Improvements constituting part of the Transferred Assets have not been constructed in compliance with applicable Laws.

(h) Title; Condition of Assets. (i) Subject to Permitted Encumbrances, Transferor is the holder of record title to the Real Property and has good and valid title to the other Transferred Assets that it purports to own, free and clear of all Encumbrances.

(ii) The tangible assets (real and personal) at, related to, or used in connection with East Bend Station, taken as a whole, (A) are in good operating and usable condition and repair, free from any defects (except for ordinary wear and tear, in light of their respective ages and historical usages, and except for such defects as do not materially interfere with the use thereof in the conduct of the normal operation and maintenance of the Transferred Assets taken as a whole) and (B) have been maintained consistent with Good Utility Practice.

(i) Environmental Matters. (i) Transferor holds, and is in compliance with, all permits, certificates, certifications, licenses and other authorizations issued by Governmental Authorities under Environmental Laws (collectively, “Environmental Permits”) that are required for Transferor to conduct the business and operations of the Transferred Assets, and Transferor is otherwise in compliance with all applicable Environmental Laws with respect to the business and operations of the Transferred Assets, except for any such failures to hold or comply with required Environmental Permits, or such failures to be in compliance with applicable Environmental Laws, as would not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect;

(ii) Transferor has not received any written request for information, or been notified of any violation, or that it is a potentially responsible party, under CERCLA or any other Environmental Law for contamination or air emissions at East Bend Station or the Real Property, except for any such requests or notices that would result in liabilities under such laws as would not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect, and there are no claims, actions, proceedings or investigations pending or, to the Knowledge of Transferor, threatened against Transferor before any Governmental Authority or body acting in an adjudicative capacity relating in any way to any Environmental Laws or against Transferor or Parent concerning contamination or air emissions at East Bend Station or the Real Property; and

(iii) there are no outstanding judgments, decrees or judicial orders relating to the Transferred Assets regarding compliance with any Environmental Law or to the investigation or cleanup of Hazardous Substances under any Environmental Law relating to the Purchase Assets, except for such outstanding judgments, decrees or judicial orders as would not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect.

(iv) Section I of Schedule 4.01(m) lists all Environmental Permits.

The representations and warranties made in this Section 4.01(i) are the exclusive representations and warranties of Transferor relating to environmental matters.

(j) Condemnation. There are no pending or, to the Knowledge of Transferor, threatened proceedings or governmental actions to condemn or take by power of eminent domain all or any part of the Transferred Assets.

(k) Contracts and Leases. (i) Schedule 4.01(k) lists all written contracts, agreements, licenses (other than Environmental Permits, Permits or Intellectual Property) or personal property leases of Transferor that are material to the business or operations of the Transferred Assets, other than any such agreements, licenses, or personal property leases that are expected to expire or terminate on or prior to the Closing Date.

(ii) Except as disclosed in Schedule 4.01(k), each Transferred Contract (A) constitutes a legal, valid and binding obligation of Transferor and, to Transferor's Knowledge, constitutes a valid and binding obligation of the other parties thereto, (B) is in full force and effect and Transferor has not delivered or received any written notice of termination thereunder, and (C) may be transferred to Transferee pursuant to this Agreement without the consent of the other parties thereto and will continue in full force and effect thereafter, in each case without breaching the terms thereof or resulting in the forfeiture or impairment of any rights thereunder.

(iii) Except as set forth in Schedule 4.01(k), there is not under any Transferred Contract any default or event which, with notice or lapse of time or both, (A) would constitute a default by Transferor or, to Transferor's Knowledge, any other party thereto, (B) would constitute a default by Transferor or, to Transferor's Knowledge, any other party thereto which would give rise to an automatic termination, or the right of discretionary termination, thereof, or (C) would cause the acceleration of any of Transferor's obligations thereunder or result in the creation of any Encumbrance (other than any Permitted Encumbrance) on any of the Transferred Assets. There are no claims, actions, proceedings or investigations pending or, to the Knowledge of Transferor, threatened against Transferor or any other party to any Transferred Contract before any Governmental Authority or body acting in an adjudicative capacity relating in any way to any Transferred Contract or the subject matter thereof. Transferor has no Knowledge of any defense, offset or counterclaim arising under any Transferred Contract.

(l) Legal Proceedings. There are no actions or proceedings pending or, to the Knowledge of Transferor, threatened against Transferor before any court, arbitrator or Governmental Authority, which, individually or in the aggregate, would reasonably be expected to have a Material Adverse Effect. Transferor is not subject to any outstanding judgments, rules, orders, writs, injunctions or decrees of any court, arbitrator or Governmental Authority that, individually or in the aggregate, would reasonably be expected to have a Material Adverse Effect.

(m) Permits. (i) Transferor has all permits, licenses, franchises and other governmental authorizations, consents and approvals (other than Environmental Permits, which are addressed in Section 4.01(i)) (collectively, "Permits") necessary to own and operate the Transferred Assets, except where any failures to have such Permits would not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect. Transferor has not received any written notification that Transferor is in violation, nor does Transferor have Knowledge of any violations, of any such Permits, or any Law or judgment of any Government Authority applicable to Transferor with respect to the Transferred Assets, except for violations that would not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect.

(ii) Section II of Schedule 4.01(m) lists all material Permits (other than Environmental Permits).

(n) Taxes. To the best of Transferor's knowledge and belief, Transferor has filed all Tax Returns that are required to be filed by it with respect to any Tax relating to the Transferred Assets, and Transferor has paid all Taxes that have become due as indicated thereon, except where such Tax is being contested in good faith by appropriate proceedings, or where any failures to so file or pay would not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect. There are no Encumbrances for Taxes on the Transferred Assets that are not Permitted Encumbrances.

(o) Intellectual Property. Transferor has such ownership of or such rights by license or other agreement to use all Intellectual Property necessary to permit Transferor to conduct its business with respect to the Transferred Assets as currently conducted, except where any failures to have such ownership, license or right to use would not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect. Transferor is not, nor has Transferor received any notice that Transferor is, in default (or with the giving of notice or lapse of time or both, would be in default) under any contract to use such Intellectual Property, and there are no material restrictions on the transfer of any material contract, or any interest therein, held by Transferor in respect of such Intellectual Property. Transferor has not received notice that it is infringing any Intellectual Property of any other Person in connection with the operation or business of the Transferred Assets.

(p) Compliance with Laws. Transferor is in compliance with all applicable Laws with respect to the ownership or operation of the Transferred Assets, except where any such failures to be in compliance would not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect.

(q) Limitation of Representations and Warranties. EXCEPT FOR THE REPRESENTATIONS AND WARRANTIES SET FORTH IN THIS AGREEMENT AND IN ANY ANCILLARY AGREEMENT, TRANSFEROR IS NOT MAKING, AND HEREBY DISCLAIMS, ANY OTHER REPRESENTATIONS AND WARRANTIES,

WRITTEN OR ORAL, STATUTORY, EXPRESS OR IMPLIED, CONCERNING TRANSFEROR, EAST BEND STATION OR THE TRANSFERRED ASSETS OR ANY PART THEREOF.

Section 4.02. Representations and Warranties of Transferee. Transferee represents and warrants to Transferor as follows:

(a) Organization and Good Standing. Transferee is a corporation duly formed, validly existing and in good standing under the laws of the State of Kentucky and has all requisite power and authority to own, lease or operate its properties and to carry on its business as it is now being conducted.

(b) Authority and Enforceability. Transferee has full corporate power and authority to execute and deliver and carry out its obligations under this Agreement and each Ancillary Agreement to which it is a party, and to consummate the transactions contemplated hereby and thereby. The execution, delivery and performance by Transferee of this Agreement and each such Ancillary Agreement, and the consummation of the transactions contemplated hereby and thereby, have been duly and validly authorized by all necessary corporate action by Transferee. Assuming the due authorization, execution and delivery of this Agreement and each such Ancillary Agreement by the other party or parties thereto, and subject to the receipt of Transferee's Required Consents, each of this Agreement and each such Ancillary Agreement constitutes a legal, valid and binding obligation of Transferee, enforceable against Transferee in accordance with its terms, except as such enforceability may be limited by applicable bankruptcy, insolvency and other similar laws affecting the rights and remedies of creditors generally and by general principles of equity.

(c) No Violation; Consents and Approvals. (i) Subject to obtaining Transferee's Required Consents, neither the execution, delivery and performance by Transferee of this Agreement and each Ancillary Agreement to which Transferee is a party, nor the consummation by Transferee of the transactions contemplated hereby and thereby, will (A) conflict with or result in any breach of any provision of the Organizational Documents of Transferee; (B) result in a default (or give rise to any right of termination, cancellation or acceleration), or require a consent, under any of the terms, conditions or provisions of any note, bond, mortgage, indenture, material agreement or other instrument or obligation to which Transferee is a party or by which any of their respective material properties or assets may be bound, except for any such defaults or consents (or rights of termination, cancellation or acceleration) as to which requisite waivers or consents have been obtained or which would not, individually or in the aggregate, reasonably be expected to have a material adverse effect on the ability of Transferee to perform its obligations under this Agreement and the Ancillary Agreements; or (C) constitute a violation of any law, regulation, order, judgment or decree applicable to Transferee, except for any such violations as would not, individually or in the aggregate, reasonably be expected to have a material adverse effect on the

ability of Transferee to perform its obligations under this Agreement and the Ancillary Agreements.

(ii) Except as set forth in Section I of Schedule 4.02(c)(ii) (listing each of Transferee's Required Governmental Consents) or Section II thereof (listing each of Transferee's Required Third-Party Consents), no consent or approval of, filing with, or notice to, any Governmental Authority or other Person is necessary for the execution and delivery of this Agreement or any Ancillary Agreement by Transferee, or the consummation by Transferee or Company of the transactions contemplated hereby and thereby, except for any such consents, approvals, filings or notices which, if not obtained or made, would not, individually or in the aggregate, reasonably be expected to have a material adverse effect on the ability of Transferee to perform its obligations under this Agreement and the Ancillary Agreements.

(d) Legal Proceedings. There are no actions or proceedings pending or, to the Knowledge of Transferee, threatened against Transferee before any court, arbitrator or Governmental Authority, which, individually or in the aggregate, would reasonably be expected to have a material adverse effect on the ability of Transferee to perform its obligations under this Agreement and the Ancillary Agreements. Transferee is not subject to any outstanding judgments, rules, orders, writs, injunctions or decrees of any court, arbitrator or Governmental Authority which, individually or in the aggregate, would reasonably be expected to have a material adverse effect on the ability of Transferee to perform its obligations under this Agreement and the Ancillary Agreements.

ARTICLE V

COVENANTS

Section 5.01. Books and Records. For a period of 7 years after the Closing Date (or such other date as the Parties may mutually determine), each Party and its Representatives shall have reasonable access to all books and records of the Transferred Assets, to the extent that such access may reasonably be required by such Party in connection with the Assumed Liabilities or the Excluded Liabilities, or other matters affected by the operation of the Transferred Assets. Such access shall be afforded by the Party in possession of any such books and records upon receipt of reasonable advance notice and during normal business hours. The Party exercising this right of access shall be solely responsible for any costs or expenses incurred by it or the other Party with respect to such access pursuant to this Section 5.01. If the Party in possession of such books and records desires to dispose of any such books and records upon or prior to the expiration of such seven-year period, such Party shall, prior to such disposition, give the other Party a reasonable opportunity, at such other Party's expense, to segregate and remove such books and records as such other Party may select.

Section 5.02. Finder's Fees. Transferor, on the one hand, and Transferee, on the other hand, represent and warrant to the other that no broker, finder or other Person is entitled to any brokerage fees, commissions or finder's fees in connection with the transactions contemplated hereby by reason of any action taken by the Party making such representation. Transferor, on the one hand, and Transferee, on the other hand, will pay to the other or otherwise discharge, and will indemnify and hold the other harmless from and against, any and all claims or liabilities for all brokerage fees, commissions and finder's fees incurred by reason of any action taken by the indemnifying party.

Section 5.03. Tax Matters. All transfer, use, stamp, sales and similar Taxes incurred in connection with this Agreement and the transactions contemplated hereby shall be the sole responsibility of Transferor and, to the extent paid by Transferee, Transferor shall promptly reimburse Transferee upon request.

Section 5.04. Further Assurances. (a) Subject to the terms and conditions of this Agreement, each of Transferor, on the one hand, and Transferee, on the other hand, shall use commercially reasonable efforts to take, or cause to be taken, all actions, and to do, or cause to be done, all things necessary, proper or advisable under applicable Laws to consummate and make effective the transfer of the Transferred Assets pursuant to this Agreement and the assumption of the Assumed Liabilities, including using commercially reasonable efforts with a view to obtaining all necessary consents, approvals and authorizations of, and making all required notices or filings with, third parties required to be obtained or made in order to consummate the transactions hereunder, including the transfer of the Transferred Permits to Transferee. Neither Transferor, on the one hand, nor Transferee, on the other hand, shall, without prior written consent of the other, take or fail to take any action which might reasonably be expected to prevent or materially impede, interfere with or delay the transactions contemplated by this Agreement.

(b) In the event that any portion of the Transferred Assets shall not have been conveyed to Transferee at the Closing, Transferor shall, subject to paragraphs (c) and (d) immediately below, convey such asset to Transferee as promptly as practicable after the Closing.

(c) To the extent, if any, that Transferor's rights under any Transferred Contract may not be assigned without the consent of any other party thereto, which consent has not been obtained by the Closing Date, this Agreement shall not constitute an agreement to assign the same if an attempted assignment would constitute a breach thereof or be unlawful. Transferor and Transferee agree that if any consent to an assignment of any Transferred Contract has not been obtained at the Closing Date, or if any attempted assignment would be ineffective or would impair Transferee's rights and obligations under the Transferred Contract in question, so that Transferee would not in effect acquire the benefit of all such rights and obligations, Transferor, at its option and to the maximum extent permitted by law and such Transferred Contract, shall, after the Closing Date, (i) appoint Transferee to be Transferor's agent with respect to such Transferred Contract or (ii) to the maximum extent permitted by law and such

Transferred Contract, enter into such reasonable arrangements with Transferee or take such other commercially reasonable actions to provide Transferee with the same or substantially similar rights and obligations of such Transferred Contract. From and after the Closing Date, Transferor and Transferee shall cooperate and use commercially reasonable efforts to obtain an assignment to Transferee of any such Transferred Contract.

(d) To the extent that Transferor's rights under any warranty or guaranty described in Section 2.01(f) may not be assigned without the consent of another Person, which consent has not been obtained by the Closing Date, this Agreement shall not constitute an agreement to assign the same, if an attempted assignment would constitute a breach thereof or be unlawful. The Parties agree that if any consent to an assignment of any such warranty or guaranty has not been obtained or if any attempted assignment would be ineffective or would impair Transferee's rights and obligations under the warranty or guaranty in question, so that Transferee would not in effect acquire the benefit of all such rights and obligations, Transferor shall use commercially reasonable efforts to the extent permitted by law and such warranty or guaranty, to enforce such warranty or guaranty for the benefit of Transferee to the maximum extent possible so as to provide Transferee with the benefits and obligations of such warranty or guaranty. Notwithstanding the foregoing, Transferor shall not be obligated to bring or file suit against any third party, provided that if Transferor determines not to bring or file suit after being requested by Transferee to do so, Transferor shall assign, to the extent permitted by law or any applicable agreement, its rights in respect of the claims so that Transferee may bring or file such suit.

Section 5.05. Site Access. The Parties acknowledge and agree that pursuant to the transactions contemplated hereby, and in light of the ongoing business operations and imperatives of Transferor, Transferor is not conveying to Transferee all of Transferor's ownership interest in the real property associated with Transferor's ownership interest in the generating station located in Boone County, Kentucky near the Village of Rabbit Hash, of which East Bend Station comprises a part (the "Transferor's Real Property") (and further that such portion of the Transferor's Real Property being conveyed by Transferor pursuant to the Deed is subject to the terms and conditions set forth therein, including any reservations or restrictions in favor of Transferor), but rather solely the Real Property, which comprises that portion of the Transferor's Real Property anticipated to be necessary or appropriate for Transferee's full enjoyment of its ownership interest in East Bend Station as presently configured for the expected useful life thereof and does not include the Transferor's Retained Real Property. The foregoing notwithstanding, and in addition to the rights granted with respect thereto under the Deed, each of Transferor and Transferee confirms that it may have legitimate needs for rights of access and use, from time to time after the Closing, on reasonable terms and conditions, with respect to the Real Property or the Transferor's Retained Real Property, respectively, and the Parties agree to cooperate with each other in good faith to accommodate such legitimate needs (taking into account rights of any other owners of assets or real property associated with the Transferor's Real Property), including, without limitation, developing written

protocols and if necessary or appropriate legal instruments embodying the terms and conditions of such mutual accommodation in respect of access and use.

ARTICLE VI

INDEMNIFICATION

Section 6.01. Survival. (a) The representations and warranties of the Parties contained herein shall survive the Closing for a period of one year and thereafter shall be of no further force and effect, except that (i) the representations and warranties set forth in Section 4.01(i) shall survive the Closing for a period of three years, (ii) the representations and warranties set forth in Section 4.01(n) shall survive the Closing for the period of the applicable statute of limitations, (iii) the representations and warranties set forth in Section 4.01(a), (b) and (c) and Section 4.02(a), (b) and (c) shall survive indefinitely, and (iv) any representation or warranty as to which a claim has been asserted during the survival period shall continue in effect with respect to such claim until such claim has been finally resolved or settled.

(b) The covenants and agreements of the Parties contained in this Agreement shall survive the Closing in accordance with their respective terms.

Section 6.02. Indemnification. (a) From and after the Closing, Transferee shall indemnify, defend and hold harmless Transferor and its Representatives (each, a "Transferor Indemnitee") from and against any and all claims, demands, suits, losses, liabilities, penalties, damages, obligations, payments, costs and expenses (including, without limitation, the costs and expenses of any and all actions, suits, proceedings, assessments, judgments, settlements and compromises relating thereto and reasonable attorneys' fees and reasonable disbursements in connection therewith) (each, an "Indemnifiable Loss") asserted against or suffered by any Transferor Indemnitee relating to, resulting from or arising out of (i) any breach by Transferee of any representation, warranty, covenant or agreement of Transferee contained in this Agreement or the Ancillary Agreements, or (ii) the Assumed Liabilities.

(b) From and after the Closing, Transferor shall indemnify, defend and hold harmless Transferee and its Representatives (each, a "Transferee Indemnitee") from and against any and all Indemnifiable Losses asserted against or suffered by any Transferee Indemnitee relating to, resulting from or arising out of (i) any breach by Parent or Transferor of any of their representations, warranties, covenants or agreements contained in this Agreement or the Ancillary Agreements, (ii) the Excluded Liabilities, or (iii) noncompliance with any bulk sales or transfer laws as provided in Section 7.06.

(c) The amount of any Indemnifiable Loss shall be reduced (i) to the extent that any Person entitled to receive indemnification under this Agreement (an "Indemnitee") receives any insurance proceeds with respect to such Indemnifiable Loss,

and (ii) to take into account any net Tax benefit realized by the Indemnitee arising from the recognition of such Indemnifiable Loss (but only to the extent that the Parties, following good faith negotiations for a period of 30 days, jointly agree that such Tax benefit would be realized by the Indemnitee).

(d) The expiration or termination of any covenant, agreement, representation or warranty shall not affect the Parties' obligations under this Section 6.02 if the Indemnitee provided the Person required to provide indemnification under this Agreement (the "Indemnifying Party") with proper notice of the claim or event for which indemnification is sought prior to such expiration, termination or extinguishment.

(e) Subject to Section 7.10 and subparagraph (f) immediately below, the rights and remedies of the Parties under this Article VI are exclusive and in lieu of any and all other rights and remedies which the Parties may have under this Agreement or otherwise in respect of any breach of or failure to perform any representation, warranty, covenant or agreement set forth in this Agreement, after the occurrence of the Closing.

(f) Each Party waives any provision of law to the extent that it would limit or restrict the agreements contained in this Section 6.02. Notwithstanding any provisions in this Agreement to the contrary, each Party retains its remedies at law or in equity with respect to willful, knowing or intentional misrepresentations or breaches of this Agreement.

(g) Notwithstanding anything to the contrary herein, no Party (including an Indemnitee) shall be entitled to recover from any other Party (including an Indemnifying Party) for any liabilities, damages, obligations, payments, losses, costs, or expenses under this Agreement or any amount in excess of the actual compensatory damages, court costs and reasonable attorney's fees suffered by such party. The Parties waive any right to recover punitive, special, exemplary and consequential damages arising in connection with or with respect to this Agreement. The provisions of this Section 6.02(g) shall not apply to indemnification for a Third Party Claim.

(h) An Indemnitee shall use commercially reasonable efforts to mitigate all Indemnifiable Losses, including availing itself of any defenses, limitations, rights of contribution, claims against third parties and other rights at law or equity. Commercially reasonable efforts shall include the reasonable expenditure of money to mitigate or otherwise reduce or eliminate any losses or expenses for which indemnification would otherwise be due hereunder, and, in addition to its other obligations hereunder, the Indemnifying Party shall reimburse the Indemnitee for the Indemnitee's reasonable expenditures in undertaking such mitigation.

(i) The rights and obligations of indemnification under this Section 6.02 shall not be limited or subject to set-off based on any violation or alleged violation of any obligation under this Agreement or otherwise, including but not limited to breach or alleged breach by the Indemnitee of any representation, warranty, covenant or agreement contained in this Agreement.

(j) Transferee shall indemnify Transferor for any Tax Liability of Transferor to the extent that such Tax Liability results from an increase in the Tax basis of the Transferred Assets in the hands of the Transferee.

Section 6.03. Procedure for Indemnification. (a) If any Indemnitee receives notice of the assertion of any claim or of the commencement of any claim, action, or proceeding made or brought by any Person who is not a party to this Agreement or any Affiliate of a Party to this Agreement (a "Third Party Claim") with respect to which indemnification is to be sought from an Indemnifying Party, the Indemnitee shall give such Indemnifying Party reasonably prompt written notice thereof, but in any event such notice shall not be given later than 20 days after the Indemnitee's receipt of notice of such Third Party Claim. Such notice shall describe the nature of the Third Party Claim in reasonable detail and shall indicate the estimated amount, if practicable, of the Indemnifiable Loss that has been or may be sustained by the Indemnitee. The Indemnifying Party will have the right to participate in or, by giving written notice to the Indemnitee, to elect to assume the defense of any Third Party Claim at such Indemnifying Party's expense and by such Indemnifying Party's own counsel, provided that the counsel for the Indemnifying Party who shall conduct the defense of such Third Party Claim shall be reasonably satisfactory to the Indemnitee. The Indemnitee shall cooperate in good faith in such defense at such Indemnitee's own expense. If an Indemnifying Party elects not to assume the defense of any Third Party Claim, the Indemnitee may compromise or settle such Third Party Claim over the objection of the Indemnifying Party, which settlement or compromise shall conclusively establish the Indemnifying Party's liability pursuant to this Agreement.

(b) If, within 20 days after an Indemnitee provides written notice to the Indemnifying Party of any Third Party Claims, the Indemnitee receives written notice from the Indemnifying Party that such Indemnifying Party has elected to assume the defense of such Third Party Claim as provided in Section 6.03(a), the Indemnifying Party will not be liable for any legal expenses subsequently incurred by the Indemnitee in connection with the defense thereof; provided, however, that if the Indemnifying Party shall fail to take reasonable steps necessary to defend diligently such Third Party Claim within 20 days after receiving notice from the Indemnitee that the Indemnitee believes the Indemnifying Party has failed to take such steps, the Indemnitee may assume its own defense and the Indemnifying Party shall be liable for all reasonable expenses thereof. Without the prior written consent of the Indemnitee, the Indemnifying Party shall not enter into any settlement of any Third Party Claim which would lead to liability or create any financial or other obligation on the part of the Indemnitee for which the Indemnitee is not entitled to indemnification hereunder. If a firm offer is made to settle a Third Party Claim without leading to liability or the creation of a financial or other obligation on the part of the Indemnitee for which the Indemnitee is not entitled to indemnification hereunder and the Indemnifying Party desires to accept and agree to such offer, the Indemnifying Party shall give written notice to the Indemnitee to that effect. If the Indemnitee fails to consent to such firm offer within 10 days after its receipt of such notice, the Indemnifying Party shall be relieved of its obligations to defend such Third

Party Claim and the Indemnitee may contest or defend such Third Party Claim. In such event, the maximum liability of the Indemnifying Party as to such Third Party Claim will be the amount of such settlement offer plus reasonable costs or expenses paid or incurred by Indemnitee up to the date of said notice.

(c) Any claim by an Indemnitee on account of an Indemnifiable Loss which does not result from a Third Party Claim (a "Direct Claim") shall be asserted by giving the Indemnifying Party reasonably prompt written notice thereof, stating the nature of such claim in reasonable detail and indicating the estimated amount, if practicable, but in any event such notice shall not be given later than 30 days after the Indemnitee becomes aware of such Direct Claim, and the Indemnifying Party shall have a period of 30 days within which to respond to such Direct Claim. If the Indemnifying Party does not respond within such thirty 30 day period, the Indemnifying Party shall be deemed to have accepted such claim. If the Indemnifying Party rejects such claim, the Indemnitee will be free to seek enforcement of its right to indemnification under this Agreement.

(d) If the amount of any Indemnifiable Loss, at any time subsequent to the making of an indemnity payment in respect thereof, is reduced by recovery, settlement or otherwise under or pursuant to any insurance coverage, or pursuant to any claim, recovery, settlement or payment by, from or against any other entity, the amount of such reduction, less any costs, expenses or premiums incurred in connection therewith (together with interest thereon from the date of payment thereof at the Prime Rate) shall promptly be repaid by the Indemnitee to the Indemnifying Party. Upon making any indemnity payment, the Indemnifying Party, to the extent of such indemnity payment, shall be subrogated to all rights of the Indemnitee against any third party in respect of the Indemnifiable Loss to which the indemnity payment relates; provided, however, that (i) the Indemnifying Party shall then be in compliance with its obligations under this Agreement in respect of such Indemnifiable Loss and (ii) until the Indemnitee recovers full payment of its Indemnifiable Loss, any and all claims of the Indemnifying Party against such third party on account of said indemnity payment are hereby made subordinate in right of payment to the Indemnitee's rights against such third party. Without limiting the generality or effect of any other provision hereof, each such Indemnitee and Indemnifying Party shall duly execute upon request all instruments reasonably necessary to evidence and perfect the above-described subrogation and subordination rights, and otherwise cooperate in the prosecution of such claims at the direction of the Indemnifying Party. Nothing in this Section 6.03(d) shall require any Party hereto to obtain or maintain any insurance coverage.

(e) A failure to give timely notice as provided in this Section 6.03 shall not affect the rights or obligations of any Party hereunder except if, and only to the extent that, as a result of such failure, the Party which was entitled to receive such notice was actually and materially prejudiced as a result of such failure.

ARTICLE VII

MISCELLANEOUS PROVISIONS

Section 7.01 Notices. All notices and other communications hereunder shall be in writing and shall be deemed given (i) on the day when delivered personally or by e-mail (with confirmation) or facsimile transmission (with confirmation), (ii) on the next business day when delivered to a nationally recognized overnight delivery service, or (iii) 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 e-mail and facsimile numbers for a Party as shall be specified by like notice; provided, however, that any notice of a change of address or e-mail or facsimile number shall be effective only upon receipt thereof):

If to Transferor, to:

The Cincinnati Gas & Electric Company
139 East Fourth Street
Cincinnati, OH 45202
Attn: President
Facsimile No.: 513-287-2433

If to Transferee, to:

The Union Light, Heat and Power Company
139 East Fourth Street
Cincinnati, OH 45202
Attn: President
Facsimile No: 513-287-4031

Section 7.02. Waiver. The rights and remedies of the Parties are cumulative and not alternative. Neither the failure nor any delay by any Party in exercising any right, power, or privilege under this Agreement or the documents referred to in this Agreement will operate as a waiver of such right, power, or privilege, and no single or partial exercise of any such right, power, or privilege will preclude any other or further exercise of such right, power, or privilege or the exercise of any other right, power, or privilege. To the maximum extent permitted by applicable Law, (a) no claim or right arising out of this Agreement or the documents referred to in this Agreement can be discharged by one Party, in whole or in part, by a waiver or renunciation of the claim or right unless in writing signed by each other Party; (b) no waiver that may be given by a Party will be applicable except in the specific instance for which it is given; and (c) no notice to or demand on one Party will be deemed to be a waiver of any obligation of such Party or of the right of the Party giving such notice or demand to take further action without notice or demand as provided in this Agreement or the documents referred to in this Agreement.

Section 7.03. Entire Agreement; Amendment etc.

(a) This Agreement and the Ancillary Agreements, including the Schedules, Exhibits, documents, certificates and instruments referred to herein or therein, embody the entire agreement and understanding of the Parties hereto in respect of the transactions contemplated by this Agreement. There are no restrictions, promises, representations, warranties, covenants or undertakings, other than those expressly set forth or referred to herein or therein. This Agreement supersedes all prior or contemporaneous agreements, understandings or statements or agreements between the Parties, whether written or oral, with respect to the transactions contemplated hereby. Each Party acknowledges and agrees that no employee, officer, agent or representative of the other Party has the authority to make any representations, statements or promises in addition to or in any way different than those contained in this Agreement and the Ancillary Agreements, and that it is not entering into this Agreement or the Ancillary Agreements in reliance upon any reliance upon an representation, statement or promise of the other Party except as expressly stated herein or therein.

(b) This Agreement may not be amended, supplemented, terminated or otherwise modified except by a written agreement executed by Transferor, Parent and Transferee.

(c) This Agreement shall be binding upon and inure solely to the benefit of each Party hereto and nothing in this Agreement, express or implied, is intended to or shall confer upon any other Person any right, benefit or remedy of any nature whatsoever under or by reason of this Agreement.

Section 7.04. Assignment. This Agreement and all the of the provisions hereof shall be binding upon and inure to the benefit of the Parties hereto and their respective successors and permitted assigns, but neither this Agreement nor any of the rights, interests or obligations hereunder may be assigned by, on the one hand, Transferor, and on the other hand, Transferee, in whole or in part (whether by operation of law or otherwise), without the prior written consent of the other Party, and any attempt to make any such assignment without such consent will be null and void. Notwithstanding the foregoing, Transferor or Transferee may assign or otherwise transfer its rights hereunder and under any Ancillary Agreement to any bank, financial institution or other lender providing financing to Transferor or Transferee, as applicable, as collateral security for such financing; provided, however, that no such assignment shall (x) impair or materially delay the consummation of the transactions contemplated hereby or (y) relieve or discharge Transferor or Transferee, as the case may be, from any of its obligations hereunder and thereunder.

Section 7.05. Severability. If any term or other provision of this Agreement is invalid, illegal or incapable of being enforced by any law or public policy, all other terms and provisions of this Agreement will nevertheless remain in full force and effect so long

as the economic or legal substance of the transactions contemplated hereby is not affected in any manner materially adverse to any party hereto. Upon such determination that any term or other provision is invalid, illegal or incapable of being enforced, the Parties will negotiate in good faith to modify this Agreement so as to effect the original intent of the Parties as closely as possible in an acceptable manner in order that the transactions contemplated hereby are consummated as originally contemplated to the greatest extent possible.

Section 7.06. Bulk Sales Laws. Transferee hereby acknowledges that, notwithstanding anything in this Agreement to the contrary, Transferor will not comply with the provisions of the bulk sales laws of any jurisdiction in connection with the transactions contemplated by this Agreement; and Transferee hereby irrevocably waives compliance by Transferor with the provisions of the bulk sales laws of all applicable jurisdictions.

Section 7.07. Governing Law. This Agreement, the construction of this Agreement, all rights obligations between the Parties to this Agreement, and any and all claims arising out of or relating to the subject matter of this Agreement (including all tort and contract claims) will be governed by and construed in accordance with the laws of the State of Ohio, without giving effect to choice of law principles thereof.

Section 7.08. Counterparts; Facsimile Execution. This Agreement may be executed in one or more counterparts, all of which will be considered one and the same agreement and will become effective when one or more counterparts have been signed by each of the Parties and delivered to each other Party, it being understood that the Parties need not sign the same counterpart. This Agreement may be executed by facsimile signature(s).

Section 7.09. Schedules. The Schedules to this Agreement are intended to be and hereby are specifically made a part of this Agreement

Section 7.10 Specific Performance. The Parties hereto agree that irreparable damage would occur in the event any of the provisions of this Agreement were not to be performed in accordance with the terms hereof and that the Parties will be entitled to specific performance of the terms hereof in addition to any other remedies at law or in equity.

Section 7.11. Dispute Resolution. (a) If a dispute arises between the Parties relating to this Agreement, the Parties agree to use the following alternative dispute resolution (“ADR”) procedures prior to any Party pursuing other available remedies:

(i) A meeting shall be held promptly between the Parties, attended by individuals with decision-making authority regarding the dispute, to attempt in good faith to negotiate a resolution of the dispute.

(ii) If, within 30 days after such meeting, the Parties have not succeeded in negotiating a resolution of the dispute, they will jointly appoint a mutually acceptable neutral person not affiliated with either Party (the "Neutral") to act as a mediator. If the Parties are unable to agree on the Neutral within 20 days, they shall seek assistance in such regard from the Center for Resolution of Disputes, Inc., which has an office in downtown Cincinnati ("CRD"). The Parties shall share the fees of the Neutral and all other common fees and expenses equally.

(iii) The mediation may proceed in accordance with CRD's Model Procedure for Mediation of Business Disputes, or the Parties may establish their own procedure.

(iv) The Parties shall pursue mediation in good faith and in a timely manner. In the event the mediation does not result in resolution of the dispute within 60 days, then, upon 7 days' written notice to the other Party, either Party may propose another form of ADR (e.g., arbitration, a mini-trial, or a summary jury trial) or may pursue other available remedies.

(b) All ADR proceedings shall be strictly confidential and used solely for the purposes of settlement. Any materials prepared by one Party for the ADR proceedings shall not be used as evidence by the other Party in any subsequent litigation; provided, however, that the underlying facts supporting such materials may be subject to discovery.

(c) Each Party fully understands its specific obligations under the ADR provisions of this Agreement. Neither Party considers such obligations to be vague or in any way unenforceable, and neither Party will contend to the contrary at any future time or in any future proceeding.

[REMAINDER OF PAGE LEFT INTENTIONALLY BLANK]

IN WITNESS WHEREOF, each of the Parties has caused this Asset Transfer Agreement 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: _____

THE UNION LIGHT HEAT AND POWER COMPANY

By: _____

SCHEDULES TO EAST BEND ATA

Exhibit A

Form of Deed

See Attached

CORPORATE WARRANTY DEED

KNOW ALL MEN BY THESE PRESENTS: THAT THE CINCINNATI GAS & ELECTRIC COMPANY, a corporation organized and existing under the laws of the State of Ohio ("Grantor"), for and in consideration of _____ (\$_____) and other good and valuable considerations paid by THE UNION LIGHT, HEAT AND POWER COMPANY organized and existing under the laws of the Commonwealth of Kentucky ("Grantee"), whose tax-mailing address is _____, the receipt hereof is hereby acknowledged, for itself, its successors and assigns does hereby **Grant, Bargain, Sell and Convey** to the said THE UNION LIGHT, HEAT AND POWER COMPANY, its successors and assigns forever, its undivided sixty-nine percent (69%) ownership interest (which is held jointly as tenants in common with The Dayton Power & Light Company) in 708.086 acres at the **East Bend Generating Station**, further described herein below; further Grantor, for itself, its successors and assigns does hereby **Grant, Bargain, Sell and Convey** to Grantee, its one hundred percent (100%) ownership interest in 2.104 acres; to wit: Grantor's total conveyance to Grantee of its respective interests is 710.190 acres as further described herein below ("**REAL ESTATE**"):

A tract of land being part of Parcel 1 recorded in Deed Book 303, Page 253, and being a 1509.062 acre tract of land lying generally south of Kentucky State Route 338 and Rabbit Hash-Big Bone Road in Boone County, Commonwealth of Kentucky.

The corner points between the courses embracing the tract of land are numbered for reference, convenience and clarity of describing said parcel. The coordinate values of said points are based on the State Plane Coordinate Grid System, Kentucky North Zone. The coordinate values of each point and the bearing and distance of each course between the points are shown in a tabular form on sheet 2 of the plat of survey.

The parcel of land is more particularly described as follows:

Commencing at Point 42 as shown on the plat of survey, said point marks the intersection of the southerly right of way line of Kentucky State Route 338, as now improved, with the westerly boundary line of the property conveyed to The Cincinnati Gas & Electric Company and The Dayton Power and Light Company by deed recorded in Deed Book 229, Page 225, Boone County Clerk's Office; thence along the southerly right-of-way line of Kentucky State Route 338, the following eleven (11) courses: 1) along the arc of a curve deflecting to the left 137.63 feet to Point 43 (said curve has a radius of 2,895.00 feet and is subtended by a chord which bears South 62°08'40" East for a distance of 137.62 feet); 2) South 63°30'07" East 42.14 feet to Point 44; 3) South 26°29'17" West 10.00 feet to Point 45; 4) South 63°30'43" East 90.00 feet to Point 46; 5) North 26°29'17" East 10.00 feet to Point 47; 6) South 63°30'22" East 255.82 feet to Point 48; 7) along the arc of a curve deflecting to the left 197.23 feet to Point 49 (said curve has a

radius of 1,940.00 feet and is subtended by a chord which bears South 66°25'04" East for a distance of 197.14 feet); 8) South 20°39'32" West 15.00 feet to Point 50; 9) along the arc of a curve deflecting to the left 153.53 feet to Point 51 (said curve has a radius of 1,955.00 feet and is subtended by a chord which bears South 71°34'49" East for a distance of 153.49 feet); 10) North 16°12'19" East 10.00 feet to Point 52; and 11) along the arc of a curve deflecting to the left 79.08 feet to Point 5023, a set concrete monument, the **Real Point of Beginning** of this description (said curve has a radius of 1,945.00 feet and is subtended by a chord which bears South 74°59'43" East for a distance of 79.08 feet);

Thence continuing along the southerly right-of-way line of Kentucky State Route 338, as now improved, the following fifty eight (58) courses: 1) along the arc of a curve deflecting to the left 8.36 feet to Point 53 (said curve has a radius of 1,945.00 feet and is subtended by a chord which bears South 76°19'57" East for a distance of 8.36 feet); 2) South 76°24'26" East 252.32 feet to Point 54; 3) along the arc of a curve deflecting to the right 59.92 feet to Point 55 (said curve has a radius of 1,111.00 feet and is subtended by a chord which bears South 74°51'59" East 59.91 feet); 4) South 16°37'21" West 5.00 feet to Point 56; 5) along the arc of a curve deflecting to the right 264.84 feet to Point 57 (said curve has a radius of 1,106.00 feet and is subtended by a chord which bears South 66°27'20" East for a distance of 264.20 feet); 6) South 59°35'55" East 275.58 feet to Point 58; 7) North 30°24'48" East 5.00 feet to Point 59; 8) South 59°36'08" East 23.62 feet to Point 60; 9) along the arc of a curve deflecting to the left 493.28 feet to Point 62 (said curve has a radius of 1,181.00 feet and is subtended by a chord which bears South 71°34'04" East for a distance of 489.70 feet); 10) South 83°32'01" East 257.59 feet to Point 63; 11) North 06°25'43" East 5.00 feet to Point 64; 12) South 83°31'53" East 131.99 feet to Point 65; 13) along the arc of a curve deflecting to the left 277.34 feet to Point 66 (said curve has a radius of 603.00 feet and is subtended by a chord which bears North 83°18'18" East for a distance of 274.90 feet); 14) North 70°06'58" East 17.26 feet to Point 67; 15) along the arc of a curve deflecting to the right 91.85 feet to Point 68 (said curve has a radius of 490.90 feet and is subtended by a chord which bears North 75°30'11" East for a distance of 91.72 feet); 16) South 09°07'46" East 15.00 feet to Point 69; 17) along the arc of curve deflecting to the right 411.23 feet to Point 70 (said curve has a radius of 475.90 feet and is subtended by a chord which bears South 74°23'24" East for a distance of 398.55 feet); 18) South 40°20'02" West 10.00 feet to Point 71; 19) along the arc of a curve deflecting to the right 39.34 feet to Point 72 (said curve has a radius of 465.90 feet and is subtended by a chord which bears South 47°13'55" East for a distance of 39.33 feet); 20) South 44°48'56" East 224.18 feet to Point 73; 21) South 44°49'08" East 131.94 feet to Point 74; 22) North 45°12'10" East 10.00 feet to Point 75; 23) South 44°49'04" East 300.01 feet to Point 76; 24) South 45°11'21" West 30.00 feet to Point 77; 25) South 44°49'04" East 144.13 feet to Point 78; 26) along the arc of a curve deflecting to the left 6.64 feet to Point 79 (said curve has a radius of 648.00 feet and is subtended by a chord which bears South 45°03'40" East for a distance of 6.64 feet); 27) North 44°35'41" East 30.00 feet to Point 80; 28) along the arc of a curve to the left 161.78 feet to Point 81 (said curve has a radius of 618.00 feet and is subtended by a chord which bears South 52°54'13" East for a distance of 161.32 feet); 29) South 29°36'10" West 20.00 feet to Point 82; 30) along the arc of a curve deflecting to the left 44.80 feet to Point 83 (said curve has a radius of 638.00 feet and is subtended by a chord which bears South 62°25'21" East for a distance of 44.79 feet); 31) South 64°25'33" East 289.82 feet to Point 85; 32) North 25°33'56" East 20.00 feet to Point 86; 33) South 64°25'43" East 91.28 feet to Point 87; 34) along the arc of a curve deflecting to the right 192.33 feet to Point 88 (said curve has a radius of 528.00 feet and is subtended by a chord which bears South 53°59'26" East for a distance of 191.27 feet); 35) South 46°27'38" West 5.00 feet to Point 89; 36) along the arc of a curve deflecting to the right 107.75 feet to Point 90 (said curve has a radius of 523.00 feet and is subtended by a chord which bears South 37°38'59" East for a distance of 107.56 feet); 37) South 31°45'13" East 81.99 feet to Point 91; 38) North 58°14'59" East 5.00 feet to Point 92; 39) South 31°45'13" East

187.87 feet to Point 93; 40) along the arc of a curve deflecting to the left 235.41 feet to Point 94 (said curve has a radius of 454.31 feet and is subtended by a chord which bears South 46°35'40" East for a distance of 232.79 feet); 41) North 28°32'14" East 10.00 feet to Point 95; 42) along the arc of a curve deflecting to the left 249.67 feet to Point 96 (said curve has a radius of 444.31 feet and is subtended by a chord which bears South 77°32'17" East for a distance of 246.40 feet); 43) South 03°38'26" East 20.00 feet to Point 97; 44) along the arc of a curve deflecting to the left 142.96 feet to Point 98 (said curve has a radius of 464.31 feet and is subtended by a chord which bears North 77°32'34" East for a distance of 142.40 feet); 45) North 68°43'18" East 143.95 feet to Point 99; 46) North 21°16'49" West 20.00 feet to Point 100; 47) North 68°43'18" East 159.74 feet to Point 101; 48) along the arc of a curve deflecting to the right 201.96 feet to Point 102 (said curve has a radius of 537.92 feet and is subtended by a chord which bears North 79°28'35" East for a distance of 200.78 feet); 49) North 01°08'45" East 5.00 feet to Point 103; 50) along the arc of a curve deflecting to the right 116.45 feet to Point 104 (said curve has a radius of 542.92 feet and is subtended by a chord which bears South 83°37'34" East for a distance of 116.22 feet); 51) South 77°28'11" East 39.13 feet to Point 105; 52) South 12°28'27" West 25.00 feet to Point 106; 53) South 77°29'36" East 300.02 feet to Point 107; 54) North 12°28'27" East 25.00 feet to Point 108; 55) South 77°29'54" East 213.56 feet to Point 109; 56) along a curve deflecting to the right 186.70 feet to Point 110 (said curve has a radius of 788.32 feet and is subtended by a chord which bears South 70°42'25" East for a distance of 186.26 feet); 57) South 26°06'14" West 15.00 feet to Point 111; and 58) along the arc of a curve deflecting to the right 305.00 feet to Point 112 at the northeast corner of the property conveyed to The Cincinnati Gas & Electric Company and The Dayton Power and Light Company by deed recorded in Deed Book 229, Page 186, said clerk's office (said curve has a radius of 773.30 feet and is subtended by a chord which bears South 52°37'24" East for a distance of 303.03 feet);

Thence along boundary lines of the property conveyed to The Cincinnati Gas & Electric Company and The Dayton Power and Light Company by deed recorded in Deed Book 229, Page 186, said clerk's office, the following two (2) courses: 1) South 46°30'42" West 203.44 feet to Point 113; and 2) South 15°46'10" East 110.02 feet to Point 114 in Lick Creek;

Thence along the meanders of Lick Creek the following twenty four (24) courses: 1) South 37°18'24" East 118.00 feet to Point 9023; 2) South 12°12'46" East 184.00 feet to Point 9022; 3) South 10° 00'00" West 173.00 feet to Point 9021; 4) South 01°58'00" East 290.00 feet to Point 9020; 5) South 64°22'00" West 139.00 feet to Point 9019; 6) South 78°17'00" East 202.00 feet to Point 9018; 7) South 69°00'00" West 115.00 feet to Point 9017; 8) South 18°48'00" West 248.00 feet to Point 9016; 9) South 18°06'00" West 204.00 feet to Point 9015; 10) South 42°15'00" West 144.00 feet to Point 9014; 11) South 19°06'00" West 138.00 feet to Point 9013; 12) South 13°27'00" West 132.00 feet to Point 9012; 13) South 25°14'00" East 133.00 feet to Point 9011; 14) South 29°45'00" West 254.00 feet to Point 9010; 15) South 06°53'00" West 292.00 feet to Point 9009; 16) South 30°06'00" East 138.00 feet to Point 9008; 17) South 82°10'00" East 299.00 to Point 9007; 18) South 56°58'00" East 70.30 feet to Point 9006; 19) South 21°14'00" East 44.98 feet to Point 9005; 20) South 26°34'00" West 123.00 feet to Point 9004; 21) South 50°06'00" West 259.00 feet to Point 9003; 22) South 34°44'00" West 248.00 feet to Point 9002; 23) South 27°47'00" West 182.00 feet to Point 9001; and 24) South 50°54'00" West 111.00 feet to Point 244 in the northerly, normal low water line of the Ohio River;

Thence along the normal low water line of the Ohio River (Normal Pool Elevation is 455.00, more or less, National Geodetic Survey Data), the following four (4) courses: 1) North 88°36'04" West 2,815.00 feet to Point 243; 2) South 85°05'08" West 2,588.50 feet to Point 242; 3) North 84°59'44" West 2,249.15 feet to Point 241; and 4) North

80°00'28" West 31.86 feet to Point 5002 at the intersection of the normal low water line of the Ohio River and a new division line;

Thence with new division lines the following eighteen (18) courses: 1) North 38°11'59" East 353.59 feet to a set concrete monument, Point 5003; 2) South 72°51'39" East 319.65 feet to a set concrete monument, Point 5020; 3) North 68°28'19" East 648.00 feet to a set concrete monument, Point 5019; 4) North 37°18'31" East 317.73 feet to a set concrete monument, Point 5018; 5) North 00°00'00" West 963.02 feet to a set iron pin and cap, Point 5017; 6) North 90°00'00" West 116.49 feet to a set iron pin and cap, Point 5016; 7) North 00°00'00" West 147.45 feet to a set iron pin and cap, Point 5015; 8) North 90°00'00" East 116.55 feet to a set iron pin and cap, Point 5014; 9) North 00°00'00" West 275.55 feet to a set railroad spike, Point 5013; 10) North 90°00'00" West 314.57 feet to a set railroad spike, Point 5012; 11) North 00°00'00" West 358.41 feet to a set concrete monument, Point 5011; 12) North 90°00'00" West 54.58 feet to a set concrete monument, Point 5010; 13) North 00°00'00" East 471.31 feet to a set concrete monument, Point 5009; 14) North 90°00'00" East 609.48 feet to a point of curve, a set iron pin and cap, Point 5008; 15) along a curve to the left 886.29 feet to a point of tangency, a set iron pin, Point 5007, said curve has a radius of 725.25 feet and subtended by a chord length of 832.16 feet bearing North 54°59'27" East; 16) North 19°58'53" East 1,862.36 feet to a set concrete monument, Point 5005, passing a set concrete monument @ 93.00 feet, Point 5006; 17) North 29°43'18" West 474.17 feet to a set concrete monument, Point 5004; and 18) North 11°59'07" East 154.59 feet to Point 5023, the Point of Beginning, containing 710.190 acres, more or less, and subject to all legal easements of record.

Included within the above described Real Estate is the 2.104 acre parcel of real estate, designated as the East Bend Generating Station Substation, conveyed by deed recorded in Deed Book 307, Page 15, Parcel "B," Boone County Clerk's Office.

Being the same real estate conveyed to The Cincinnati Gas & Electric Company and The Dayton Power and Light Company as follows: 1) by deed recorded in Deed Book 229, Page 166, Boone County Clerk's Office, and corrected by a deed recorded in Deed Book 229, Page 172, said clerk's office; 2) by deed recorded in Deed Book 229, Page 179, said clerk's office; 3) by deed recorded in Deed Book 229, Page 186, said clerk's office; 4) by deed recorded in Deed Book 229, Page 195, said clerk's office; 5) by deed recorded in Deed Book 229, Page 209, said clerk's office; and 6) by deed recorded in Deed Book 237, Page 317, said clerk's office.

And also being part of the same real estate conveyed to The Cincinnati Gas & Electric Company and The Dayton Power and Light Company as follows: 1) by deed recorded in Deed Book 229, Page 201, said clerk's office; 2) by deed recorded in Deed Book 229, Page 216, said clerk's office; and 3) by deed recorded in Deed Book 229, Page 225, said clerk's office.

The above description is the result of a field survey performed in 2004 under the direct supervision of Edward J. Schwegman, Licensed Land Surveyor No. 2759, Commonwealth of Kentucky

subject to all covenants, restrictions, reservations, easements, conditions, and rights appearing of record, and all the **Estate, Right, Title and Interest** of said Grantor in and to said premises; **To Have and To Hold** the same, with all the privileges and appurtenances thereunto belonging, to said Grantee, its successors and assigns forever; and Grantor does hereby **Covenant and Warrant** that the title so

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conveyed is **Clear, Free and Unencumbered**, except as set forth herein, and that it will **Defend** the same against all lawful claims of all persons whomsoever.

Grantor shall be responsible for the real estate taxes, which are due and payable up to the date of this deed. Grantee shall be responsible for the real estate taxes, which become due and payable on the date of this deed and thereafter; and for any real estate assessments, which become due and payable on and after the date of this deed.

The undersigned persons executing this deed on behalf of Grantor represent and certify that they are duly elected officers of Grantor and have been fully empowered, by proper resolution of the Board of Directors of Grantor, to execute and deliver this deed; that Grantor has full corporate capacity to convey the Real Estate described herein; and that all necessary corporate action for the making of such conveyance has been performed.

IN WITNESS WHEREOF, THE CINCINNATI GAS & ELECTRIC COMPANY and THE DAYTON, POWER AND LIGHT COMPANY, as Grantor, has caused this Corporate Warranty Deed to be signed in its proper corporate name, and attested and sealed by its proper corporate officers thereunto duly authorized; and to be duly acknowledged, all as of this ___ day of _____, 2005.

Signed and acknowledged
in the presence of:

THE CINCINNATI GAS & ELECTRIC COMPANY

By _____
Its

By _____
Its

STATE OF OHIO }
 }
 } SS:
COUNTY OF HAMILTON }

Before me, a Notary Public in and for said State, personally appeared _____, the _____ and _____, the _____ of **THE CINCINNATI GAS & ELECTRIC COMPANY**, the corporation that executed the foregoing instrument, who acknowledged the signing thereof to be their voluntary act and deed for and on behalf of said corporation and by authority of its Board of Directors.

IN TESTIMONY WHEREOF, I have hereunto set my hand and affixed my Notarial Seal, on this _____ day of _____, 2005.

Signature of Notary

Printed Name of Notary

Commission Expiration Date of Notary

This instrument prepared by:
Amy B. Spiller
Attorney at Law
139 East Fourth Street
Cincinnati, Ohio 45202

Note: The Dayton Power and Light Company, as a tenant in common with The Cincinnati Gas & Electric Company ("CG&E") with respect to the above-described real estate, is required to consent to the transfer of CG&E's assets related to the East Bend Generating Station. This conveyance is pending the receipt of such approval.

Exhibit B

Form of Bill of Sale

See Attached

Bill of Sale

The Cincinnati Gas & Electric Company, an Ohio corporation (the "Seller"), hereby executes and delivers this Bill of Sale ("Bill of Sale") to The Union Light, Heat & Power Company, a Kentucky corporation (the "Purchaser"), in accordance with the following provisions:

1. Sale and Transfer of Assets. For good and valuable consideration, the receipt, adequacy and legal sufficiency of which are hereby acknowledged, and as contemplated by Section 3.01(a)(ii) of that certain Asset Transfer Agreement by and between Seller and Purchaser, dated as of _____, 200__ (the "Agreement"), Seller hereby transfers, conveys, assigns and delivers to Purchaser, effective as of the Closing (as such term is defined in the Agreement) all of Seller's right, title and interest in and to all of the Transferred Assets (as such term is defined in the Agreement).

2. Terms of the Purchase Agreement. The terms of the Agreement, including but not limited to Seller's representations, warranties, covenants, agreements and indemnities relating to the Transferred Assets, are incorporated herein by this reference. Seller acknowledges and agrees that the representations, warranties, covenants, agreements and indemnities contained in the Agreement shall not be superseded hereby but shall remain in full force and effect to the full extent provided therein. In the event of any conflict or inconsistency between the terms of the Agreement and the terms hereof, the terms of the Agreement shall govern.

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

IN WITNESS WHEREOF, Seller has caused this Bill of Sale to be duly executed as of _____, 200__.

THE CINCINNATI GAS & ELECTRIC COMPANY

By: _____

Its: _____

SCHEDULE A

Transferred Assets

- Unit 2, a 648 MW (name plate rating) Base Load Power Plant
- Plant administration and training buildings
- Waste stabilization plant
- Cooling tower
- CEMS equipment building
- Coal conveyor and crusher house
- Babcock & Wilcox wall-fired boiler
- Steam turbine
- Turbine-Generator 743.7 MVA - Westinghouse
- Foster Wheeler Selective Catalytic Reduction System
- Electrostatic Precipitator
- Water treatment system
- DC power supply system
- AC uninterruptible power supply system
- Wet lime Flue Gas Desulfurization System
- River intake water supply pumps
- Barge unloading systems (coal & lime)
- Coal barge platform
- Guard house
- Landfill
- Boone vessel (B6469) (tug)
- Head barge (#1419)

- Landing barge (#1420)
- Harbor boat
- Jon boat
- East Bend Unit 2 Operation Agreement, between The Cincinnati Gas & Electric Company and the Dayton Power and Light Company, dated March 24, 1981.
- Farm License Agreement, by and between The Cincinnati Gas & Electric Company and Schwenke Bros. Farm, December 29, 2003.
- Synfuels plant documents:
 - a) Lease Agreement, by and between The Cincinnati Gas & Electric Company and Tyrone Synfuels, L.P., dated March 11, 2004.
 - b) Supply Agreement, by and between The Cincinnati Gas & Electric Company and Tyrone Synfuels, L.P., dated March 11, 2004.
 - c) Coal and Synthetic Fuel Handling Agreement, by and between The Cincinnati Gas & Electric Company and Tyrone Synfuels, L.P., dated March 11, 2004.
 - d) Environmental Indemnity Agreement, by and between The Cincinnati Gas & Electric Company and Tyrone Synfuels, L.P., dated March 11, 2004.
- Agreement of Representation for East Bend Unit 2, by and between The Cincinnati Gas & Electric Company and The Dayton Power and Light Company, dated December 31, 1992.
- Agreement of Representation for East Bend Unit 2, by and between The Cincinnati Gas & Electric Company and The Dayton Power and Light Company, dated October 29, 2001.
- Title V Operating Permit (No. V-97-015) with revision date of May 1, 2001
- Title IV Acid Rain Permit dated 1/1/2000
- Kentucky Pollutant Discharge Elimination System Permit, effective October 1, 1999 (No. KY0040444)
- Solid Waste Disposal Facility Permit, issued 3/1/1996 (issued by Kentucky Department of Environmental Protection, Division of Waste Management).
- Certificate of Documentation for Boone Vessel, issued 11/4/2004 (issued by U.S. Department of Homeland Security)
- Licenses from U.S. Federal Communications Commission:
 - 2-way Radio License, call sign KA69074, expires 5/1/2005.
 - 2-way Radio License, call sign KNAX509, expires 2/21/2011.

- Marine License, call sign WHW361, expires 3/16/2014.
- 2-way Radio License, call sign WNPM724, expires 3/21/2011.
- Analog MW License, call sign WNTE348, expires 5/16/2010.
- Digital MW License, call sign WPSZ804, expires 8/15/2011.
- Marine License, call sign WQZ8272, expires 12/8/2004.

Exhibit C(1)

Form of Assumption Agreement

See Attached

Assumption Agreement

This Assumption Agreement (this "Assumption Agreement") is made as of the ___ day of _____, 200__, by and between The Cincinnati Gas & Electric Company, an Ohio corporation ("Transferor"), and The Union Light, Heat and Power Company, a Kentucky corporation ("Transferee").

WITNESSETH:

WHEREAS, Transferor, and Transferee, are parties to an Asset Transfer Agreement dated _____, 200__ (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);

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, the Transfer Agreement contemplates in Section 2.03 thereof that, on the Closing Date, in consideration of the foregoing, Transferee shall also execute this instrument in favor of Transferor, agreeing to assume the Assumed Liabilities (as defined in the Transfer Agreement).

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 or Parent, the Assumed Liabilities (excluding, however, for the avoidance of doubt, for all purposes whatsoever any Excluded Liabilities), solely to the extent such liabilities accrue or arise from and after the Closing (as defined in the Transfer Agreement), 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:
Title:

TRANSFEEE:

THE UNION LIGHT, HEAT AND POWER COMPANY

By: _____
Name:
Title:

Exhibit C(2)

Form of Debt Assumption Agreement

See Attached

DEBT ASSUMPTION AGREEMENT

THIS DEBT ASSUMPTION AGREEMENT (this "Agreement") is made and entered into as of the ___ day of May, 2005, by and between THE CINCINNATI GAS & ELECTRIC COMPANY, a corporation organized and existing under the laws of the State of Ohio ("CG&E"), and THE UNION LIGHT, HEAT AND POWER COMPANY, a corporation organized and existing under the laws of the Commonwealth of Kentucky ("ULH&P"), under the following circumstances:

A. The County of Boone, Kentucky (the "Issuer") has previously issued and sold \$16,000,000 in aggregate principal amount of its Floating Rate Monthly Demand Pollution Control Revenue Refunding Bonds, 1985 Series A (The Cincinnati Gas & Electric Company Project) (the "1985 Series A Bonds") pursuant to a trust indenture, dated as of February 1, 1985 between the Issuer and The Fifth Third Bank (as trustee). The Issuer has loaned the proceeds of the sale of the 1985 Series A Bonds to CG&E pursuant to a loan agreement dated as of February 1, 1985 (the "1985 Series A Loan Agreement") between the Issuer and CG&E for use in refunding bonds previously issued to pay the cost of acquiring, constructing, installing and equipping certain facilities for CG&E. The 1985 Series A Loan Agreement obligates CG&E to make payments to the Issuer in such amounts and at such times as will provide for the payment of the principal and interest on the Bonds as the same become due and payable.

B. The County of Boone, Kentucky has previously issued and sold \$48,000,000 in aggregate principal amount of its 5½% Collateralized Pollution Control Revenue Refunding Bonds, 1994 Series A (The Cincinnati Gas & Electric Company Project) (the "1994 Series A Bonds") pursuant to a trust indenture, dated as of January 1, 1994 between the Issuer and The Bank of New York (as trustee). The Issuer has loaned the proceeds of the sale of the 1994 Series A Bonds to CG&E pursuant to a loan agreement dated as of January 1, 1994 (the "1994 Series A Loan Agreement") between the Issuer and CG&E for use in refunding bonds previously issued to pay the cost of acquiring, constructing, installing and equipping certain facilities for CG&E. The 1994 Series A Loan Agreement obligates CG&E to make payments to the Issuer in such amounts and at such times as will provide for the payment of the principal and interest on the Bonds as the same become due and payable.

C. The County of Boone, Kentucky has previously issued and sold \$48,000,000 in aggregate principal amount of its 6.5% Collateralized Pollution Control Revenue Refunding Bonds, 1992 Series A (The Dayton Power and Light Company Project) (the "1992 Series A Bonds") pursuant to an indenture of trust, dated as of November 15, 1992 between the Issuer and The Bank of New York (as trustee). The Issuer has loaned the proceeds of the sale of the 1992 Series A Bonds to The Dayton Power and Light Company ("DP&L") pursuant to a loan agreement dated as of November 15, 1992 (the "1992 Series A Loan Agreement") between the Issuer and DP&L for use in refunding bonds previously issued to pay the cost of acquiring, constructing, installing and equipping certain facilities for DP&L. The 1992 Series A Loan Agreement obligates DP&L to make payments to the Issuer in such amounts and at such times as will provide for the payment of the principal and interest on the 1992 Series A Bonds as the same

become due and payable. CG&E and DP&L entered into a Repayment Agreement dated as of December 23, 1992 (the "Repayment Agreement") under which CG&E agreed, among other matters, to pay to DP&L a portion of the amounts due from time to time as debt service on the 1992 Series A Bonds and to pay the costs of redemption, as appropriate, of the 1992 Series A Bonds in the principal amount of \$12,720,663 (the "Specified Bonds").

D. CG&E owes payables to certain affiliate companies in the amount of \$_____ (the "Payables").

E. Pursuant to and consistent with Cinergy Corp.'s intercompany "Money Pool" arrangement, as approved by the Securities and Exchange Commission by order dated August 1, 2001, CG&E owes short-term debt to Cinergy Corp. in the amount of _____ (the "Short-Term Debt").

F. Pursuant to those three certain Asset Transfer Agreements by and between CG&E and ULH&P dated as of _____, 2005 (the "Transfer Agreements"), CG&E and ULH&P desire that CG&E assign to ULH&P and that ULH&P assume all of CG&E's obligations under the 1985 Series A Loan Agreement, the 1994 Series A Loan Agreement, the Repayment Agreement, and further that CG&E assign to ULH&P and ULH&P assume a portion of CG&E's obligations with respect to the Payables in the amount of \$_____ (a schedule of which is attached hereto as Exhibit A) and a portion of CG&E obligations with respect to the Short-Term Debt in the amount of \$_____, for a combined amount of \$_____ of CG&E's Payables and Short-Term Debt (the "Assumed Payables and Short-Term Debt").

G. ULH&P is agreeable to and is expected to satisfy all liabilities thereby assumed, whether or not CG&E has been relieved of such liability.

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

Section 1 Representations by CG&E. CG&E makes the following representations:

(a) Corporate Organization and Power. CG&E is a corporation duly authorized, validly existing and in good standing under the laws of the State of Ohio, and is duly qualified to transact business as a foreign corporation in the Commonwealth of Kentucky.

(b) Agreements Are Legal and Authorized. The execution and delivery by CG&E of this Agreement and the compliance by CG&E with all of the provisions hereof and with respect to the 1985 Series A Loan Agreement, the 1994 Series A Loan Agreement, the Repayment Agreement and CG&E's obligations with respect to the Assumed Payables and Short-Term Debt are within the purposes, corporate powers and authority of CG&E and have been duly authorized by all necessary corporate action on the part of the CG&E.

(c) Governmental Consent. Neither CG&E nor any of its business or properties, nor any relationship between CG&E and any other person, nor any circumstances in connection with the execution, delivery and performance by CG&E of this Agreement is such as to require the consent, approval or authorization of, or the filing, registration or qualification with, any governmental authority on the part of CG&E (other than any governmental approvals previously obtained).

(d) No Defaults. To CG&E's knowledge, no event has occurred and no condition exists with respect to CG&E that would constitute an event of default under the 1985 Series A Loan Agreement, the 1994 Series A Loan Agreement, the Repayment Agreement or CG&E's obligations with respect to the Assumed Payables and Short-Term Debt.

Section 2 Representations by ULH&P. ULH&P makes the following representations as the basis for the undertakings on its part herein contained:

(a) Corporate Organization and Power. ULH&P is a corporation duly organized, validly existing and in good standing under the laws of the Commonwealth of Kentucky.

(b) Agreements are Legal and Authorized. The execution and delivery by ULH&P of this Agreement and the compliance by ULH&P with all of the provisions hereof and with respect to the 1985 Series A Loan Agreement, the 1994 Series A Loan Agreement, the Repayment Agreement and ULH&P's obligations with respect to the Assumed Payables and Short-Term Debt are within the purposes, corporate powers and authority of ULH&P and have been duly authorized by all necessary corporate action on the part of ULH&P.

(c) Governmental Consent. Neither ULH&P nor any of its business or properties, nor any relationship between ULH&P and any other person, nor any circumstances in connection with the execution, delivery and performance by ULH&P of this Agreement is such as to require the consent, approval or authorization of, or the filing, registration or qualification with, any governmental authority on the part of ULH&P (other than any governmental approvals previously obtained).

Section 3 Assignment and Assumption of Debt. Effective as of the date hereof, CG&E assigns all of its rights, duties and obligations under the 1985 Series A Loan Agreement, the 1994 Series A Loan Agreement, the Repayment Agreement and with respect to the Assumed Payables and Short-Term Debt to ULH&P (collectively, the "Assumed Obligations"), including, but not limited to, the obligation to make the remaining payments due with respect to the Assumed Obligations, and ULH&P assumes all rights, and agrees to perform all duties and obligations of CG&E with respect to the Assumed Obligations and otherwise in connection with the 1985 Series A Bonds, the 1994 Series A Bonds, and the Specified Bonds, including, but not limited to, the obligation to make the remaining payments due with respect to the Assumed Obligations. ULH&P acknowledges that it has agreed to, and is expected to, satisfy the liabilities thereby assumed, whether or not CG&E has been relieved of such liability.

Section 4 Cooperation By CG&E. CG&E agrees to promptly provide to ULH&P copies of all notices and communications received with respect to the Assumed Obligations, and to cooperate with ULH&P to the extent necessary to enable ULH&P to perform all of the rights, duties and obligations with respect to the Assumed Obligations.

Section 5 Indemnification by ULH&P. ULH&P shall indemnify, defend and hold CG&E harmless from and against all losses, damages and expenses (including, without limitation, reasonable attorneys' fees) imposed upon or incurred by it as a result of any failure by ULH&P to perform its obligations under this Agreement.

Section 6 Counterparts. This Agreement may be simultaneously executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

Section 7 Captions. The captions or headings in this Agreement are for convenience only and in no way define, limit or describe the scope or intent of any provision of this Agreement.

Section 8 Notices. Notice hereunder shall be given to:

The Cincinnati Gas & Electric Company
221 East Fourth Street, Suite 2500
Cincinnati, Ohio 45202
Attention: Treasurer

The Union Light, Heat and Power Company
221 East Fourth Street, Suite 2500
Cincinnati, OH 45202
Attention: Treasurer

Section 9 Applicable Law. This Agreement shall be construed in accordance with the laws of the State of Ohio.

IN WITNESS WHEREOF, CG&E and ULH&P have caused this Agreement to be executed in their respective corporate names all as of the date first written above.

THE CINCINNATI GAS & ELECTRIC COMPANY

By: _____
Name:
Title:

THE UNION LIGHT, HEAT AND POWER COMPANY

By: _____
Name:
Title:

Schedule A
List of Assumed Payables

Schedule A
List of Assumed Payables

Exhibit D

Form of Facilities Operation Agreement

See Attached

Exhibit E

Form of PSOA

See Attached

Exhibit F

Coal and Lime Supply and Transportation Agreement

See Attached

Schedule 1.01

Pollution Control Refunding Bonds Obligations, Assumed Payables and Short-Term Debt

See Attached

Schedule 2.01 (b)

Improvements and Tangible Personal Property

- Unit 2, a 648 MW (name plate rating) Base Load Power Plant
- Plant administration and training buildings
- Waste stabilization plant
- Cooling tower
- CEMS equipment building
- Coal conveyor and crusher house
- Babcock & Wilcox wall-fired boiler
- Steam turbine
- Turbine-Generator 743.7 MVA - Westinghouse
- Foster Wheeler Selective Catalytic Reduction System
- Electrostatic Precipitator
- Water treatment system
- DC power supply system
- AC uninterruptible power supply system
- Wet lime Flue Gas Desulfurization System
- River intake water supply pumps
- Barge unloading systems (coal & lime)
- Coal barge platform
- Guard house
- Landfill
- Boone vessel (B6469) (tug)
- Head barge (#1419)
- Landing barge (#1420)
- Harbor boat
- Jon boat

Schedule 2.01 (d)

Transferred Contracts

1. East Bend Unit 2 Operation Agreement, between The Cincinnati Gas & Electric Company and the Dayton Power and Light Company, dated March 24, 1981.
2. Farm License Agreement, by and between The Cincinnati Gas & Electric Company and Schwenke Bros. Farm, December 29, 2003.
3. Synfuels plant documents:
 - a) Lease Agreement, by and between The Cincinnati Gas & Electric Company and Tyrone Synfuels, L.P., dated March 11, 2004.
 - b) Supply Agreement, by and between The Cincinnati Gas & Electric Company and Tyrone Synfuels, L.P., dated March 11, 2004.
 - c) Coal and Synthetic Fuel Handling Agreement, by and between The Cincinnati Gas & Electric Company and Tyrone Synfuels, L.P., dated March 11, 2004.
 - d) Environmental Indemnity Agreement, by and between The Cincinnati Gas & Electric Company and Tyrone Synfuels, L.P., dated March 11, 2004.
4. Agreement of Representation for East Bend Unit 2, by and between The Cincinnati Gas & Electric Company and The Dayton Power and Light Company, dated December 31, 1992.
5. Agreement of Representation for East Bend Unit 2, by and between The Cincinnati Gas & Electric Company and The Dayton Power and Light Company, dated October 29, 2001.

Schedule 2.01 (e)

Transferred Permits

- Title V Operating Permit (No. V-97-015) with revision date of May 1, 2001
- Title IV Acid Rain Permit dated 1/1/2000
- Kentucky Pollutant Discharge Elimination System Permit, effective October 1, 1999 (No. KY0040444)
- Solid Waste Disposal Facility Permit, issued 3/1/1996 (issued by Kentucky Department of Environmental Protection, Division of Waste Management).
- *Boiler Inspection Certificate for Unit 2, issued 3/31/2004 (Issued by Kentucky Office of Building and Construction)
- *Elevator Inspection Certificates for Service Building (#5315), Crusher House (#5314), Lime Silo (#5654), Stack (#11233), issued 5/14/2003 (issued by Kentucky Department of Housing, Buildings and Construction)
- *Boiler and Pressure Vessel Inspection Certificate, issued 3/28/2003 (issued by Kentucky Office of Building and Construction)
- *Certificate of Self Insurance, issued 1/2/2002 (issued by Ohio BMV re: financial responsibility for company vehicles)
- *East Bend Coal Barge Cleaning Permit DA ID#199790078-pjl, issued 3/4/2004 (issued by Department of the Army, US Army Corps of Engineers, Louisville District)
- *Sales and Use Tax Permit, issued 2/14/2002 (issued by Kentucky Revenue Cabinet)
- Certificate of Documentation for Boone Vessel, issued 11/4/2004 (issued by U.S. Department of Homeland Security)
- Licenses from U.S. Federal Communications Commission:
 - 2-way Radio License, call sign KA69074, expires 5/1/2005.
 - 2-way Radio License, call sign KNAX509, expires 2/21/2011.
 - Marine License, call sign WHW361, expires 3/16/2014.
 - 2-way Radio License, call sign WNPM724, expires 3/21/2011.
 - Analog MW License, call sign WNTE348, expires 5/16/2010.
 - Digital MW License, call sign WPSZ804, expires 8/15/2011.
 - Marine License, call sign WQZ8272, expires 12/8/2004.

*These permits were originally issued in the name of Cinergy Corp. or an affiliate thereof other than Transferor or Transferee and will be transferred to Transferee in accordance with Section 5.04.

Schedule 2.01 (i)

Transfer of Emissions Allowances

In conjunction with and simultaneous to the transfer of East Bend Station from Transferor to Transferee, the Transferor shall transfer an equivalent number of Transferor's share of SO₂ and NO_x emission allowances in inventory allocated to or otherwise assigned by the applicable regulatory agency to East Bend Station ("East Bend Emission Allowances") in accordance with this Schedule 2.01(i).

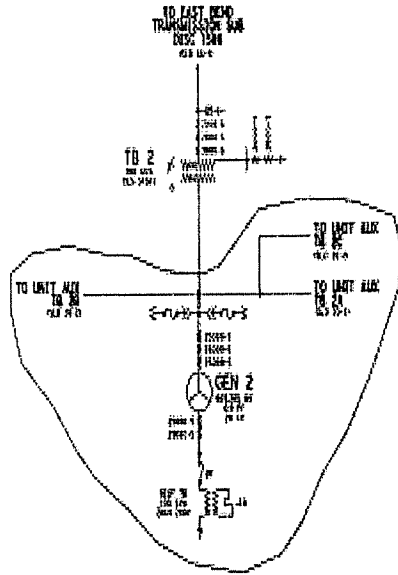
1. East Bend Emission Allowances for all years prior to the year in which the Closing occurs ("Closing Year") shall remain the property of Transferor, and shall not be transferred to Transferee. Further, notwithstanding anything to the contrary herein, Transferor shall retain a quantity of East Bend Emission Allowances equal to the number of associated early reduction credits obtained by Transferor.
2. All East Bend Emission Allowances for the years subsequent to the year in which the Closing occurs shall be transferred to Transferee at zero cost.
3. All East Bend Emission Allowances for the year in which the Closing occurs shall be apportioned to Transferor and Transferee based on the percentage of the applicable allowance season that each Party owns East Bend Station. The SO₂ allowance season shall be deemed to be January 1 through December 31 of the Closing Year. The NO_x allowance season shall be deemed to be May 1 through September 30 of the Closing Year.
 - a. Transferor shall retain a percentage of East Bend Emission Allowances for the Closing Year equal to the percentage of the Closing Year that Transferor owns East Bend Station;
 - b. Transferor shall transfer to Transferee at zero cost all remaining East Bend Emission Allowances for the Closing Year.

Schedule 2.02 (a)

Transmission Assets

See Attached

CIRCLED FACILITIES, INCLUDING PROTECTION EQUIPMENT, WILL BE TRANSFERRED TO UNIT 2. FACILITIES NOT CIRCLED, STARTING AT THE CSU TO R LOW SIDE, WILL REMAIN WITH CORE.



ELECTRIC OPERATIONS - C. O. A. E. CO.
EAST BEND SUBSTATION 201

Schedule 4.01 (c)(ii)

Transferor's Required Governmental and Third Party Consents

Section I

Securities and Exchange Commission under the Public Utility Holding Company Act of 1935

Section II

Consent of The Dayton Power and Light Company for assignment of East Bend Unit 2 Operation Agreement, between The Cincinnati Gas & Electric Company and the Dayton Power and Light Company, dated March 24, 1981.

Schedule 4.01 (e)

Real Property

A tract of land being part of Parcel 1 recorded in Deed Book 303, Page 253, and being a 1509.062 acre tract of land lying generally south of Kentucky State Route 338 and Rabbit Hash-Big Bone Road in Boone County, Commonwealth of Kentucky.

The corner points between the courses embracing the tract of land are numbered for reference, convenience and clarity of describing said parcel. The coordinate values of said points are based on the State Plane Coordinate Grid System, Kentucky North Zone. The coordinate values of each point and the bearing and distance of each course between the points are shown in a tabular form on sheet 2 of the plat of survey.

The parcel of land is more particularly described as follows:

Commencing at Point 42 as shown on the plat of survey, said point marks the intersection of the southerly right of way line of Kentucky State Route 338, as now improved, with the westerly boundary line of the property conveyed to The Cincinnati Gas & Electric Company and The Dayton Power and Light Company by deed recorded in Deed Book 229, Page 225, Boone County Clerk's Office; thence along the southerly right-of-way line of Kentucky State Route 338, the following eleven (11) courses: 1) along the arc of a curve deflecting to the left 137.63 feet to Point 43 (said curve has a radius of 2,895.00 feet and is subtended by a chord which bears South 62°08'40" East for a distance of 137.62 feet); 2) South 63°30'07" East 42.14 feet to Point 44; 3) South 26°29'17" West 10.00 feet to Point 45; 4) South 63°30'43" East 90.00 feet to Point 46; 5) North 26°29'17" East 10.00 feet to Point 47; 6) South 63°30'22" East 255.82 feet to Point 48; 7) along the arc of a curve deflecting to the left 197.23 feet to Point 49 (said curve has a radius of 1,940.00 feet and is subtended by a chord which bears South 66°25'04" East for a distance of 197.14 feet); 8) South 20°39'32" West 15.00 feet to Point 50; 9) along the arc of a curve deflecting to the left 153.53 feet to Point 51 (said curve has a radius of 1,955.00 feet and is subtended by a chord which bears South 71°34'49" East for a distance of 153.49 feet); 10) North 16°12'19" East 10.00 feet to Point 52; and 11) along the arc of a curve deflecting to the left 79.08 feet to Point 5023, a set concrete monument, the **Real Point of Beginning** of this description (said curve has a radius of 1,945.00 feet and is subtended by a chord which bears South 74°59'43" East for a distance of 79.08 feet);

Thence continuing along the southerly right-of-way line of Kentucky State Route 338, as now improved, the following fifty eight (58) courses: 1) along the arc of a curve deflecting to the left 8.36 feet to Point 53 (said curve has a radius of 1,945.00 feet and is subtended by a chord which bears South 76°19'57" East for a distance of 8.36 feet); 2) South 76°24'26" East 252.32 feet to Point 54; 3) along the arc of a curve deflecting to the right 59.92 feet to Point 55 (said curve has a radius of 1,111.00 feet and is subtended by a chord which bears South 74°51'59" East 59.91 feet); 4) South 16°37'21" West 5.00 feet to Point 56; 5) along the arc of a curve deflecting to the right 264.84 feet to Point 57 (said curve has a radius of 1,106.00 feet and is subtended by a chord which bears South 66°27'20" East for a distance of 264.20 feet); 6) South 59°35'55" East 275.58 feet to Point 58; 7) North 30°24'48" East 5.00 feet to Point 59; 8) South 59°36'08" East 23.62 feet to Point 60; 9) along the arc of a curve deflecting to the left 493.28 feet to Point 62 (said curve has a radius of 1,181.00 feet and is subtended by a chord which bears South 71°34'04" East for a distance of 489.70 feet); 10) South 83°32'01" East 257.59 feet to Point 63; 11) North 06°25'43" East 5.00 feet to Point 64; 12) South 83°31'53" East 131.99 feet to Point 65; 13) along the arc of a curve deflecting to the left 277.34 feet to Point 66 (said curve has a radius of 603.00 feet and is subtended by a chord which bears

North 83°18'18" East for a distance of 274.90 feet); 14) North 70°06'58" East 17.26 feet to Point 67; 15) along the arc of a curve deflecting to the right 91.85 feet to Point 68 (said curve has a radius of 490.90 feet and is subtended by a chord which bears North 75°30'11" East for a distance of 91.72 feet); 16) South 09°07'46" East 15.00 feet to Point 69; 17) along the arc of curve deflecting to the right 411.23 feet to Point 70 (said curve has a radius of 475.90 feet and is subtended by a chord which bears South 74°23'24" East for a distance of 398.55 feet); 18) South 40°20'02" West 10.00 feet to Point 71; 19) along the arc of a curve deflecting to the right 39.34 feet to Point 72 (said curve has a radius of 465.90 feet and is subtended by a chord which bears South 47°13'55" East for a distance of 39.33 feet); 20) South 44°48'56" East 224.18 feet to Point 73; 21) South 44°49'08" East 131.94 feet to Point 74; 22) North 45°12'10" East 10.00 feet to Point 75; 23) South 44°49'04" East 300.01 feet to Point 76; 24) South 45°11'21" West 30.00 feet to Point 77; 25) South 44°49'04" East 144.13 feet to Point 78; 26) along the arc of a curve deflecting to the left 6.64 feet to Point 79 (said curve has a radius of 648.00 feet and is subtended by a chord which bears South 45°03'40" East for a distance of 6.64 feet); 27) North 44°35'41" East 30.00 feet to Point 80; 28) along the arc of a curve to the left 161.78 feet to Point 81 (said curve has a radius of 618.00 feet and is subtended by a chord which bears South 52°54'13" East for a distance of 161.32 feet); 29) South 29°36'10" West 20.00 feet to Point 82; 30) along the arc of a curve deflecting to the left 44.80 feet to Point 83 (said curve has a radius of 638.00 feet and is subtended by a chord which bears South 62°25'21" East for a distance of 44.79 feet); 31) South 64°25'33" East 289.82 feet to Point 85; 32) North 25°33'56" East 20.00 feet to Point 86; 33) South 64°25'43" East 91.28 feet to Point 87; 34) along the arc of a curve deflecting to the right 192.33 feet to Point 88 (said curve has a radius of 528.00 feet and is subtended by a chord which bears South 53°59'26" East for a distance of 191.27 feet); 35) South 46°27'38" West 5.00 feet to Point 89; 36) along the arc of a curve deflecting to the right 107.75 feet to Point 90 (said curve has a radius of 523.00 feet and is subtended by a chord which bears South 37°38'59" East for a distance of 107.56 feet); 37) South 31°45'13" East 81.99 feet to Point 91; 38) North 58°14'59" East 5.00 feet to Point 92; 39) South 31°45'13" East 187.87 feet to Point 93; 40) along the arc of a curve deflecting to the left 235.41 feet to Point 94 (said curve has a radius of 454.31 feet and is subtended by a chord which bears South 46°35'40" East for a distance of 232.79 feet); 41) North 28°32'14" East 10.00 feet to Point 95; 42) along the arc of a curve deflecting to the left 249.67 feet to Point 96 (said curve has a radius of 444.31 feet and is subtended by a chord which bears South 77°32'17" East for a distance of 246.40 feet); 43) South 03°38'26" East 20.00 feet to Point 97; 44) along the arc of a curve deflecting to the left 142.96 feet to Point 98 (said curve has a radius of 464.31 feet and is subtended by a chord which bears North 77°32'34" East for a distance of 142.40 feet); 45) North 68°43'18" East 143.95 feet to Point 99; 46) North 21°16'49" West 20.00 feet to Point 100; 47) North 68°43'18" East 159.74 feet to Point 101; 48) along the arc of a curve deflecting to the right 201.96 feet to Point 102 (said curve has a radius of 537.92 feet and is subtended by a chord which bears North 79°28'35" East for a distance of 200.78 feet); 49) North 01°08'45" East 5.00 feet to Point 103; 50) along the arc of a curve deflecting to the right 116.45 feet to Point 104 (said curve has a radius of 542.92 feet and is subtended by a chord which bears South 83°37'34" East for a distance of 116.22 feet); 51) South 77°28'11" East 39.13 feet to Point 105; 52) South 12°28'27" West 25.00 feet to Point 106; 53) South 77°29'36" East 300.02 feet to Point 107; 54) North 12°28'27" East 25.00 feet to Point 108; 55) South 77°29'54" East 213.56 feet to Point 109; 56) along a curve deflecting to the right 186.70 feet to Point 110 (said curve has a radius of 788.32 feet and is subtended by a chord which bears South 70°42'25" East for a distance of 186.26 feet); 57) South 26°06'14" West 15.00 feet to Point 111; and 58) along the arc of a curve deflecting to the right 305.00 feet to Point 112 at the northeast corner of the property conveyed to The Cincinnati Gas & Electric Company and The Dayton Power and Light Company by deed recorded in Deed Book 229, Page 186, said clerk's office (said curve has a radius of 773.30 feet and is subtended by a chord which bears South 52°37'24" East for a distance of 303.03 feet);

Thence along boundary lines of the property conveyed to The Cincinnati Gas & Electric Company and The Dayton Power and Light Company by deed recorded in Deed Book 229, Page 186, said clerk's office, the following two (2) courses: 1) South 46°30'42" West 203.44 feet to Point 113; and 2) South 15°46'10 East 110.02 feet to Point 114 in Lick Creek;

Thence along the meanders of Lick Creek the following twenty four (24) courses: 1) South 37°18'24" East 118.00 feet to Point 9023; 2) South 12°12'46" East 184.00 feet to Point 9022; 3) South 10° 00'00" West 173.00 feet to Point 9021; 4) South 01°58'00" East 290.00 feet to Point 9020; 5) South 64°22'00" West 139.00 feet to Point 9019; 6) South 78°17'00" East 202.00 feet to Point 9018; 7) South 69°00'00" West 115.00 feet to Point 9017; 8) South 18°48'00" West 248.00 feet to Point 9016; 9) South 18°06'00" West 204.00 feet to Point 9015; 10) South 42°15'00" West 144.00 feet to Point 9014; 11) South 19°06'00" West 138.00 feet to Point 9013; 12) South 13°27'00" West 132.00 feet to Point 9012; 13) South 25°14'00" East 133.00 feet to Point 9011; 14) South 29°45'00" West 254.00 feet to Point 9010; 15) South 06°53'00" West 292.00 feet to Point 9009; 16) South 30°06'00" East 138.00 feet to Point 9008; 17) South 82°10'00" East 299.00 to Point 9007; 18) South 56°58'00" East 70.30 feet to Point 9006; 19) South 21°14'00" East 44.98 feet to Point 9005; 20) South 26°34'00" West 123.00 feet to Point 9004; 21) South 50°06'00" West 259.00 feet to Point 9003; 22) South 34°44'00" West 248.00 feet to Point 9002; 23) South 27°47'00" West 182.00 feet to Point 9001; and 24) South 50°54'00" West 111.00 feet to Point 244 in the northerly, normal low water line of the Ohio River;

Thence along the normal low water line of the Ohio River (Normal Pool Elevation is 455.00, more or less, National Geodetic Survey Data), the following four (4) courses: 1) North 88°36'04" West 2,815.00 feet to Point 243; 2) South 85°05'08" West 2,588.50 feet to Point 242; 3) North 84°59'44" West 2,249.15 feet to Point 241; and 4) North 80°00'28" West 31.86 feet to Point 5002 at the intersection of the normal low water line of the Ohio River and a new division line;

Thence with new division lines the following eighteen (18) courses: 1) North 38°11'59" East 353.59 feet to a set concrete monument, Point 5003; 2) South 72°51'39" East 319.65 feet to a set concrete monument, Point 5020; 3) North 68°28'19" East 648.00 feet to a set concrete monument, Point 5019; 4) North 37°18'31" East 317.73 feet to a set concrete monument, Point 5018; 5) North 00°00'00" West 963.02 feet to a set iron pin and cap, Point 5017; 6) North 90°00'00" West 116.49 feet to a set iron pin and cap, Point 5016; 7) North 00°00'00" West 147.45 feet to a set iron pin and cap, Point 5015; 8) North 90°00'00" East 116.55 feet to a set iron pin and cap, Point 5014; 9) North 00°00'00" West 275.55 feet to a set railroad spike, Point 5013; 10) North 90°00'00" West 314.57 feet to a set railroad spike, Point 5012; 11) North 00°00'00" West 358.41 feet to a set concrete monument, Point 5011; 12) North 90°00'00" West 54.58 feet to a set concrete monument, Point 5010; 13) North 00°00'00" East 471.31 feet to a set concrete monument, Point 5009; 14) North 90°00'00" East 609.48 feet to a point of curve, a set iron pin and cap, Point 5008; 15) along a curve to the left 886.29 feet to a point of tangency, a set iron pin, Point 5007, said curve has a radius of 725.25 feet and subtended by a chord length of 832.16 feet bearing North 54°59'27" East; 16) North 19°58'53" East 1,862.36 feet to a set concrete monument, Point 5005, passing a set concrete monument @ 93.00 feet, Point 5006; 17) North 29°43'18" West 474.17 feet to a set concrete monument, Point 5004; and 18) North 11°59'07" East 154.59 feet to Point 5023, the Point of Beginning, containing 710.190 acres, more or less, and subject to all legal easements of record.

Included within the above described Real Estate is the 2.104 acre parcel of real estate, designated as the East Bend Generating Station Substation, conveyed by deed recorded in Deed Book 307, Page 15, Parcel "B," Boone County Clerk's Office.

Being the same real estate conveyed to The Cincinnati Gas & Electric Company and The Dayton Power and Light Company as follows: 1) by deed recorded in Deed Book 229, Page 166, Boone County Clerk's Office, and corrected by a deed recorded in Deed Book 229, Page 172, said clerk's office; 2) by deed recorded in Deed Book 229, Page 179, said clerk's office; 3) by deed recorded in Deed Book 229, Page 186, said clerk's office; 4) by deed recorded in Deed Book 229, Page 195, said clerk's office; 5) by deed recorded in Deed Book 229, Page 209, said clerk's office; and 6) by deed recorded in Deed Book 237, Page 317, said clerk's office.

And also being part of the same real estate conveyed to The Cincinnati Gas & Electric Company and The Dayton Power and Light Company as follows: 1) by deed recorded in Deed Book 229, Page 201, said clerk's office; 2) by deed recorded in Deed Book 229, Page 216, said clerk's office; and 3) by deed recorded in Deed Book 229, Page 225, said clerk's office.

The above description is the result of a field survey performed in 2004 under the direct supervision of Edward J. Schwegman, Licensed Land Surveyor No. 2759, Commonwealth of Kentucky

Schedule 4.01 (k)

Transferor Contracts

(see Schedule 2.01(d))

Schedule 4.01 (m)

Permits

Section I

See Schedule 2.01(e)

Section II

See Schedule 2.01(e)

Schedule 4.02 (c)(ii)

Transferee Required Governmental and Third Party Consents

Section I – Governmental

Kentucky Public Service Commission

Section II – Third Party

None

ASSET TRANSFER AGREEMENT

BY AND BETWEEN

THE CINCINNATI GAS & ELECTRIC COMPANY

AND

THE UNION LIGHT, HEAT AND POWER COMPANY

Dated as of _____

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ASSET TRANSFER AGREEMENT

This ASSET TRANSFER AGREEMENT (this "Agreement"), dated as of _____, is by and between The Cincinnati Gas & Electric Company, an Ohio corporation ("Transferor"), and The Union Light, Heat and Power Company, a Kentucky corporation ("Transferee"). Collectively, Transferee and Transferor may be referred to herein as the "Parties" and each, individually, as a "Party".

W I T N E S S E T H

WHEREAS, Transferor owns Unit 6 of the Miami Fort Generating Station ("Miami Fort 6"), a coal-fired electric generating station with a nameplate rating of 168 megawatts located in Hamilton County, Ohio near the Village of North Bend, such generating station being comprised of a boiler and steam turbine generator, together with certain other improvements, equipment, assets, properties (both tangible, including real property, and intangible), facilities and rights associated therewith or ancillary thereto;

WHEREAS, Transferor desires to transfer and assign to Transferee, and Transferee desires to acquire and assume from Transferor, the Transferred Assets (as hereinafter defined) and certain associated liabilities, upon the terms and conditions hereinafter set forth;

WHEREAS, concurrently with, and as a condition to, the execution and delivery of this Agreement, Transferor and Transferee are executing and delivering two additional asset transfer agreements (the "Related Asset Transfer Agreements"), pursuant to which, and subject to the terms and conditions thereof, Transferor has agreed to transfer and Transferee has agreed to acquire, concurrently with the closing of the transactions contemplated herein, the Woodsdale Generating Station, located in Trenton, Ohio, and Unit 2 of the East Bend Generating Station, located near Rabbit Hash, Kentucky, together in each case with certain other assets, properties, facilities and rights associated therewith or ancillary thereto;

WHEREAS, concurrent with, and as a condition to, the execution and delivery of this Agreement, Transferor and Transferee are executing and delivering an Assumption Agreement and a Debt Assumption Agreement pursuant to which, and subject to the terms and conditions thereof, Transferor has agreed to assign and Transferee has agreed to assume, concurrently with the closing of the transactions contemplated herein, the liabilities respectively described therein;

WHEREAS, Transferor and Transferee intend that the transfer of the Transferred Assets contemplated herein in conjunction with the transfers effected pursuant to the Related Asset Transfer Agreements and the assignments effected by the Assumption Agreement associated with each Related Asset Transfer Agreement and by the Debt Assumption Agreement qualify, collectively, under Section 351 of the Internal Revenue Code of 1986, as amended; and

WHEREAS, Cinergy Corp., a Delaware corporation, owns directly or indirectly all of the outstanding common stock of Transferor and Transferee.

NOW, THEREFORE, in consideration of the premises and the mutual covenants, agreements, representations and warranties hereinafter set forth, the Parties, intending to be legally bound, hereby agree as follows:

ARTICLE I

DEFINITIONS

SECTION 1.01. Definitions. (a) As used in this Agreement, the following terms have the following meanings:

“Affiliate” means a Person that directly, or indirectly through one or more intermediaries, controls, or is controlled by, or is under common control with, the Person specified. The term “control” (including the terms “controlling,” “controlled by” and “under common control with”) means the possession, direct or indirect, of the power to direct or cause the direction of the management and policies of a Person, whether through the ownership of voting securities, by contract or otherwise.

“Ancillary Agreements” means the Assumption Agreement, the Bill of Sale, the Deed, the Facilities Operation Agreement, the PSOA, the Coal and Lime Supply and Transportation Agreement, the Lease of Miami Fort Units 5, 6, 7 and 8 Common Facilities, the Sublease of Miami Fort Units 5, 6, 7 and 8 Common Facilities, the Lease of Miami Forts Units 5 and 6 Common Facilities, and any other agreements or instruments entered into between the Parties with respect to the transactions contemplated by this Agreement.

“Assumption Agreement” means that certain Assumption Agreement to be entered into by and between Transferor and Transferee at Closing, in substantially the form attached hereto as Exhibit C(1).

“Assumed Liabilities” has the meaning set forth in Section 2.03.

“Assumed Payables” means a certain amount of those payables owed by Transferor to certain of its Affiliates, as set forth in Schedule 1.01.

“Bill of Sale” means that certain Bill of Sale to be executed and delivered at Closing by Transferor to Transferee, in substantially the form attached hereto as Exhibit B.

“CERCLA” means the Comprehensive Environmental Response, Compensation, and Liability Act of 1980, as amended from time to time.

“Closing” has the meaning set forth in Section 3.04.

“Closing Date” has the meaning set forth in Section 3.04.

“Closing Inventory” means an amount in dollars equal to Transferor’s ownership interest in all Inventories on the Closing Date.

“Coal and Lime Supply and Transportation Agreement” means that certain Coal and Lime Supply and Transportation Agreement to be entered into between Transferor and Transferee, in substantially the form attached hereto as Exhibit F.

“CRD” has the meaning set forth in Section 7.11.

“Debt Assumption Agreement” means that certain Assignment and Assumption Agreement with respect to the Pollution Control Refunding Bonds, the Assumed Payables and the Short-Term Debt to be entered into by and between Transferor and Transferee at Closing, in substantially the form attached hereto as Exhibit C(2).

“Deed” means that certain Warranty Deed and Assignment of Adjoining Easement and License Interests to be executed and delivered at Closing by Transferor to Transferee, in substantially the form attached hereto as Exhibit A.

“Direct Claim” has the meaning set forth in Section 6.03(c).

“Emissions Allowances” means an authorization issued by a Governmental Authority pursuant to a statutory or regulatory program promulgated by a Governmental Authority pursuant to which air emissions sources subject to the program are authorized to make a prescribed quantity of air emissions.

“Encumbrance” means any security interest, pledge, mortgage, lien, charge, option to purchase, lease, claim, restriction, covenant, title defect, hypothecation, assignment, deposit arrangement or other encumbrance of any kind or any preference, priority or other security agreement or preferential arrangement of any kind or nature whatsoever (including any conditional sale or title retention agreement).

“Environmental Condition” means the presence or Release to the environment, whether at the Real Property or otherwise, of Hazardous Substances, including any migration of Hazardous Substances through air, soil or groundwater at, to or from the Real Property or at, to or from any Off-Site Location, regardless of when such presence or Release occurred or is discovered.

“Environmental Laws” means all (a) Laws relating to pollution or protection of the environment, natural resources or human health and safety, including Laws relating to Releases or threatened Releases of Hazardous Substances or otherwise relating to the manufacture, formulation, generation, processing, distribution, use, treatment, storage,

Release, transport, Remediation, abatement, cleanup or handling of Hazardous Substances, (b) Laws with regard to recordkeeping, notification, disclosure and reporting requirements respecting Hazardous Substances and (c) Laws relating to the management or use of natural resources.

“Environmental Liabilities” has the meaning set forth in Section 2.03(b).

“Environmental Permit” has the meaning set forth in Section 4.01(i).

“Excluded Assets” has the meaning set forth in Section 2.02.

“Excluded Liabilities” has the meaning set forth in Section 2.04.

“Facilities Operation Agreement” means that certain Facilities Operation Agreement to be effective at Closing by and between Transferor and Transferee, in substantially the form attached as Exhibit D.

“5/6 Common Facilities” has the meaning set forth in Section 2.01(j).

“GAAP” means United States generally accepted accounting principles as in effect from time to time, applied on a consistent basis.

“Good Utility Practice” means any of the practices, methods and acts engaged in or approved by a significant portion of the electric utility industry during the relevant time period, or any of the practices, methods or acts which, in the exercise of reasonable judgment in light of the facts known at the time the decision was made, could have been expected to accomplish the desired result at a reasonable cost consistent with good business practices, reliability, safety and expedition.

“Governmental Authority” means any: (a) nation, state, county, city, town, village, district, or other jurisdiction of any nature; (b) federal, state, local, municipal, foreign, or other government; (c) governmental or quasi-governmental authority of any nature (including any governmental agency, branch, department, official, or entity and any court or other tribunal); (d) multi-national organization or body; or (e) body exercising, or entitled to exercise, any administrative, executive, judicial, legislative, police, regulatory, or taxing authority or power of any nature.

“Hazardous Substances” means (a) any petrochemical or petroleum products, oil or coal ash, radioactive materials, radon gas, asbestos in any form that is or could become friable, urea formaldehyde foam insulation and transformers or other equipment that contain dielectric fluid which may contain levels of polychlorinated biphenyls; (b) any chemicals, materials or substances defined as or included in the definition of “hazardous substances,” “hazardous wastes,” “hazardous materials,” “hazardous constituents,” “restricted hazardous materials,” “extremely hazardous substances,” “toxic substances,” “contaminants,” “pollutants,” “toxic pollutants,” or words of similar meaning and regulatory effect under any applicable Environmental Law; and (c) any other chemical,

material or substance, exposure to which is prohibited, limited or regulated by any applicable Environmental Law.

"Improvements" means all buildings, structures, machinery and equipment (including all fuel handling and storage facilities), fixtures, construction in progress, and other improvements, including all piping, cables and similar equipment forming part of the mechanical, electrical, plumbing or HVAC infrastructure of any building, structure or equipment, located on and affixed to the Real Property.

"Indemnifiable Loss" has the meaning set forth in Section 6.02(a).

"Indemnifying Party" has the meaning set forth in Section 6.02(d).

"Indemnitee" has the meaning set forth in Section 6.02(c).

"Inventories" means (i) all inventories of fuels owned or leased by Transferor for use at Miami Fort 6 (including, with respect to coal, only (A) 21.94% of coal inventory in the high-sulfur coal pile designated for Units 5, 6 and 7 and (B) those coal inventories that have arrived at the number 14 conveyor serving Miami Fort 6, both as of the close of business on the Closing Date), which, as of the Closing Date, have a value of \$ _____ and (ii) all materials and supplies, including, without limitation, spare parts, owned by Transferor for use at Miami Fort 6, which, as of the Closing Date, have a value of \$ _____.

"Knowledge" means the actual knowledge of the corporate officer or officers of the specified Person charged with responsibility for the particular function as of the date of this Agreement, or, with respect to any certificate delivered pursuant to this Agreement, the date of delivery of the certificate, after reasonable inquiry by each such officer of selected employees of the specified Person whom such officer believes, in good faith, to be the persons generally responsible for the subject matters to which the knowledge is pertinent.

"Laws" means all laws, statutes, rules, regulations, ordinances and other pronouncements having the effect of law of the United States, any foreign country and any domestic or foreign state, county, city or other political subdivision or of any Governmental Authority.

"Lease of Miami Fort Units 5, 6, 7 and 8 Common Facilities" means that certain lease of certain facilities common to Units 5, 6, 7 and 8 of the Miami Fort Generating Station from The Cincinnati Gas & Electric Company to The Union Light, Heat & Power Company, to be executed and delivered at Closing by Transferor and Transferee, in substantially the form attached hereto as Exhibit G.

"Lease of Miami Fort Units 5 and 6 Common Facilities" means that certain lease of the facilities common solely to Units 5 and 6 and set forth on Schedule 2.01(i) hereto by and between The Union Light Heat & Power Company, as Lessor, and The Cincinnati

Gas & Electric Company, as Lessee, to be executed and delivered at Closing by Transferor and Transferee, in substantially the form attached hereto as Exhibit I.

“Liability” means any liability or obligation, whether known or unknown, whether asserted or unasserted, whether absolute or contingent, whether accrued or unaccrued, whether liquidated or unliquidated, whether incurred or consequential, and whether due or to become due.

“Material Adverse Effect” means (i) any event, circumstance or condition materially impairing the ability of Transferor to perform its obligations under this Agreement or any Ancillary Agreement, or (ii) any change in or effect on Transferor or the Transferred Assets that is materially adverse to the Transferred Assets, other than (a) any change resulting from changes in the international, national, regional or local wholesale or retail markets for electricity, (b) any change resulting from changes in the international, national, regional or local markets for fuel used at Miami Fort 6, (c) any change resulting from changes in the North American, national, regional or local electric transmission system, and (d) any change in Law generally applicable to similarly situated Persons.

“Miami Fort 6” has the meaning set forth in the recitals to this Agreement.

“Net Book Value” means an amount in dollars, as reflected in the corresponding line item or items of the balance sheet of Transferor as of the applicable date, equal to total fixed assets net of accumulated depreciation.

“Off-Site Location” means any real property other than the Real Property.

“Operation Agreement” means that certain operation agreement by and between The Cincinnati Gas & Electric Company and The Union Light, Heat and Power Company to be executed and delivered at Closing by Transferor and Transferee.

“Organizational Documents” means (a) the articles or certificate of incorporation and the bylaws of a corporation; (b) the limited liability company or operating agreement and certificate of formation of a limited liability company; (c) the partnership agreement and any statement of partnership of a general partnership; (d) the limited partnership agreement and the certificate of limited partnership of a limited partnership; (e) any charter or similar document adopted or filed in connection with the creation, formation, or organization of a Person; and (f) any amendment to any of the foregoing.

“PSOA” means that certain Purchase, Sales and Operation Agreement to be effective at Closing by and between Transferor and Transferee, in substantially the form attached hereto as Exhibit E.

“Parent” has the meaning set forth in the first paragraph of this Agreement.

“Party” has the meaning set forth in the first paragraph of this Agreement.

“Permits” has the meaning set forth in Section 4.01(m).

“Permitted Encumbrances” means (i) the respective rights and obligations of the Parties under this Agreement and the Ancillary Agreements; (ii) all matters that would be disclosed in a current title commitment or title policy or survey for the Real Property; (iii) Encumbrances for Taxes not yet due or which are being contested in good faith by appropriate proceedings and that would not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect; (iv) carriers’, warehousemen’s, materialmen’s, mechanics’, repairman’s or other like Encumbrances arising in the ordinary course of business that would not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect; (v) zoning, planning, conservation restriction and other land use and environmental regulations by Governmental Authorities; (vi) Encumbrances resulting from legal proceedings being contested in good faith by appropriate proceedings that would not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect; and (vii) other Encumbrances that would not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect.

“Person” means any individual, corporation (including any non-profit corporation), general or limited partnership, limited liability company, joint venture, estate, trust, association, organization, labor union, or other entity or Governmental Authority.

“Pollution Control Refunding Bonds Obligations” means those certain obligations owed by Transferor with respect to certain Pollution Control Revenue Refunding Bonds, all as set forth on Schedule 1.01.

“Prime Rate” means as of any date, the prime rate as published in The Wall Street Journal on such date or, if not published on such date, on the most recent date of publication.

“Real Property” has the meaning set forth in Section 4.01(e).

“Release” means any release, spill, leak, discharge, disposal of, pumping, pouring, emitting, emptying, injecting, leaching, dumping or allowing to escape into or through the environment.

“Remediation” means an action of any kind to address an Environmental Condition or a Release of Hazardous Substances or the presence of Hazardous Substances at the Real Property or an Off-Site Location, including the following activities to the extent they relate to, result from or arise out of the presence of a Hazardous Substance at the Real Property or an Off-Site Location: (a) monitoring, investigation, assessment, treatment, cleanup, containment, removal, mitigation, response or restoration work; (b) obtaining any permits, consents, approvals or authorizations of any Governmental Authority necessary to conduct any such activity; (c) preparing and

implementing any plans or studies for any such activity; (d) obtaining a written notice from a Governmental Authority with jurisdiction over the Real Property or an Off-Site Location under Environmental Laws that no material additional work is required by such Governmental Authority; (e) the use, implementation, application, installation, operation or maintenance of removal actions on the Real Property or an Off-Site Location, remedial technologies applied to the surface or subsurface soils, excavation and treatment or disposal of soils at an Off-Site Location, systems for long-term treatment of surface water or groundwater, engineering controls or institutional controls; and (f) any other activities reasonably determined by a Party to be necessary or appropriate or required under Environmental Laws to address an Environmental Condition or a Release of Hazardous Substances or the presence of Hazardous Substances at the Real Property or an Off-Site Location.

“Representatives” means, with respect to a Party, such respective directors (or parties performing similar functions), officers, employees, representatives, agents and advisors (including accountants, legal counsel, environmental consultants and financial advisors).

“Short-Term Debt” means a certain amount of the amounts owed by Transferor to Parent pursuant to Parent’s intercompany “Money Pool” arrangement, as approved by the Securities and Exchange Commission by order dated August 1, 2001, Release No. 35-27429 and 70-9879, as set forth on Schedule 1.01.

“Sublease of Miami Fort Units 5, 6, 7 and 8 Common Facilities” means that certain sublease of certain facilities common to Units 5, 6, 7 and 8 of the Miami Fort Generating Station from The Cincinnati Gas & Electric Company to The Union Light, Heat & Power Company, to be executed and delivered at Closing by Transferor and Transferee, in substantially the form attached hereto as Exhibit H.

“Tax” means any tax, charge, fee, levy, penalty or other assessment imposed by any federal, state, local or foreign taxing authority, including, but not limited to, any income, gross receipts, excise, property, sales, transfer, use, franchise, payroll, withholding, social security or other tax, including any interest, penalty or addition attributable thereto.

“Third Party Claim” has the meaning set forth in Section 6.03(a).

“Transfer Consideration” has the meaning set forth in Section 3.01.

“Transferee” has the meaning set in the first paragraph of this Agreement.

“Transferee Indemnatee” has the meaning set forth in Section 6.02(b).

“Transferee’s Required Consents” means Transferee’s Required Governmental Consents and Transferee’s Required Third-Party Consents.

“Transferee’s Required Governmental Consents” means the consents, approvals, filings and/or notices of, with, from or to Governmental Authorities listed in Section I of Schedule 4.02(c)(ii).

“Transferee’s Required Third-Party Consents” means the consents, approvals, filings and/or notices of, with, from or to Third Parties (other than Governmental Authorities) listed in Section II of Schedule 4.02(c)(ii).

“Transferred Assets” has the meaning set forth in Section 2.01.

“Transferor” has the meaning set forth in the first paragraph of this Agreement.

“Transferor Indemnitee” has the meaning set forth in Section 6.02(a).

“Transferor’s Real Property” has the meaning set forth in Section 5.05.

“Transferor’s Required Consents” means Transferor's Required Governmental Consents and Transferor's Required Third-Party Consents.

“Transferor’s Required Governmental Consents” means the consents, approvals, filings and/or notices of, with, from or to Governmental Authorities listed in Section I of Schedule 4.01(c)(ii).

“Transferor’s Required Third-Party Consents” means the consents, approvals, filings and/or notices of, with, from or to Third Parties (other than Governmental Authorities) listed in Section II of Schedule 4.01(c)(ii).

“Transferor’s Retained Real Property” has the meaning set forth in Section 2.02(b).

“Transferred Contracts” has the meaning set forth in Section 2.01(d).

“Transferred Intellectual Property” has the meaning set forth in Section 2.01(h).

“Transferred Permits” has the meaning set forth in Section 2.01(e).

“Transmission Assets” has the meaning set forth in Section 2.02(a).

(b) Interpretation. In this Agreement, unless otherwise specified or where the context otherwise requires:

(i) a reference, without more, to a recital is to the relevant recital to this Agreement, to an Article or Section is to the relevant Article or Section of this Agreement, and to a Schedule or Exhibit is to the relevant Schedule or Exhibit to this Agreement;

- (ii) words importing any gender shall include other genders;
- (iii) words importing the singular only shall include the plural and vice versa;
- (iv) the words “include,” “includes” or “including” shall be deemed to be followed by the words “without limitation;”
- (v) reference to any agreement, document or instrument means such agreement, document or instrument as amended or modified and in effect from time to time in accordance with the terms thereof;
- (vi) reference to any applicable Law means, if applicable, such Law as amended, modified, codified, replaced or reenacted, in whole or in part, and in effect from time to time, including rules and regulations promulgated thereunder,
- (vii) "or" is used in the inclusive sense of "and/or";
- (viii) references to documents, instruments or agreements shall be deemed to refer as well to all addenda, exhibits, schedules or amendments thereto;
- (ix) the words “hereof,” “herein” and “herewith” and words of similar import shall, unless otherwise stated, be construed to refer to this Agreement as a whole and not to any particular provision of this Agreement; and
- (x) references to any party hereto or any other agreement or document shall include such party's successors and permitted assigns, but, if applicable, only if such successors and assigns are not prohibited by this Agreement.

ARTICLE II

TRANSFER OF ASSETS

Section 2.01. Transfer of Assets. Upon the terms and conditions set forth in this Agreement, at the Closing, Transferor shall transfer, convey, assign and deliver to Transferee, and Transferee shall acquire and assume from Transferor, free and clear of all Encumbrances, other than Permitted Encumbrances, all of Transferor's right, title and interest in, to and under the real and personal property, tangible and intangible, constituting, or used in connection with or ancillary to the ownership or operation of, the Miami Fort 6, except as otherwise provided in Section 2.02, each as of the Closing Date, including all of Transferor's right, title and interest in, to and under the following assets (collectively, the “Transferred Assets”):

- (a) the Real Property, as described on Schedule 4.01(e);

(b) the buildings, structures and other Improvements, machinery, equipment (including communications equipment), vehicles, furniture and other personal property located on the Real Property, including those items listed on Schedule 2.01(b), but excluding any property used or primarily usable as part of the Transmission Assets or otherwise constituting part of the Excluded Assets;

(c) all Inventories;

(d) subject to the receipt of any necessary consents and approvals, the contracts or agreements (including any licenses or real or personal property leases, other than any thereof constituting Transferred Permits or Transferred Intellectual Property) listed on Schedule 2.01(d) (the "Transferred Contracts");

(e) subject to the receipt of any necessary consents and approvals, the permits (excluding any and all Environmental Permits), licenses, certificates (including without limitation all pollution control certificates and pending applications therefor), certifications, orders and other governmental authorizations listed on Schedule 2.01(e) (the "Transferred Permits");

(f) all unexpired, transferable warranties and guarantees from manufacturers, vendors and other third parties with respect to any Improvement or item of real or tangible personal property constituting part of the Transferred Assets;

(g) all books, expired purchase orders, operating records, operating, safety and maintenance manuals, engineering design plans, blueprints and as-built plans, specifications, procedures, studies, reports, equipment repair, safety, maintenance or service records, and similar items (subject to the right of Transferor to retain copies of same for its use), other than such items that are proprietary to third parties and accounting records (to the extent that any of the foregoing is contained in an electronic format, Transferor shall reasonably cooperate with Transferee to transfer such items to Transferee in a format that is reasonably acceptable to Transferee);

(h) subject to the receipt of any necessary consents and approvals, any Intellectual Property (the "Transferred Intellectual Property"); and

(i) the Emissions Allowances, solely to the extent provided in Schedule 2.01(i); and

(j) those facilities common solely to both Miami Fort 6 and to Unit 5 of the Miami Fort Generating Station listed on Schedule 2.01(j) (the "5/6 Common Facilities").

Notwithstanding the foregoing, the transfer of the Transferred Assets pursuant to this Agreement shall not include the assumption of any Liability related to the

Transferred Assets unless Transferee expressly assumes that Liability pursuant to Section 2.03.

Section 2.02. Excluded Assets. Notwithstanding anything to the contrary contained in Section 2.01 or elsewhere in this Agreement, nothing in this Agreement shall constitute or be construed as conferring on Transferee, and Transferee is not acquiring, any right, title or interest in and to (x) any properties, assets, business, operation, or division of Transferor or any of its Affiliates (other than Transferee) not expressly set forth in Section 2.01, or (y) the following specific assets of Transferor (or as to which Transferor has an undivided ownership interest therein, as tenant in common) that are associated with the Transferred Assets, but which are specifically excluded from the transfer contemplated hereunder, are excluded from the Transferred Assets and shall remain the property of Transferor after the Closing (collectively, the “Excluded Assets”):

(a) the electrical transmission facilities (as distinguished from generation facilities) located at or forming part of Miami Fort Generating Station (whether or not regarded as a “transmission” or “generation” asset for regulatory or accounting purposes), including all energized switchyard facilities and real property directly associated therewith, all substation facilities and support equipment, as well as all permits, contracts and warranties related thereto, including those certain assets and facilities specifically identified on Schedule 2.02(a) (the “Transmission Assets”); *provided, further*, that without limitation of the foregoing, Transferor is not transferring to Transferee any of Transferor’s right, title and interest in and to any generation step-up transformers or any other equipment or facilities connected or appurtenant to Miami Fort Generating Station classified as “Station Equipment” under Account No. 353 of the Federal Energy Regulatory Commission’s Uniform System of Accounts Prescribed for Public Utilities and Licensees Subject to Provisions of the Federal Power Act, 18 C.F.R. § 101;

(b) the Transferor’s Real Property, other than the portion thereof comprised of the Real Property and to be conveyed by the Deed (the “Transferor’s Retained Real Property”);

(c) all cash, cash equivalents, bank deposits, accounts and notes receivables (trade or otherwise), prepaid expenses relating to the Transferred Assets and any income, sales, payroll or other Tax receivables;

(d) all minute books, stock transfer books, corporate seals and other corporate records;

(e) any refund, credit, penalty, payment, adjustment or reconciliation (i) related to Taxes paid prior to the Closing Date in respect of the Transferred Assets, whether such refund, credit, penalty, payment, adjustment or reconciliation is received as a payment or, subject to Section 3.03, as a credit against future Taxes payable, or (ii) arising under any Transferred Contract and relating to a period before the Closing Date

(including any payment received after the Closing Date for electricity sold and delivered from Miami Fort 6 prior to the Closing Date);

(f) the rights of Transferor in, to and under all contracts, agreements, arrangements, permits (including any and all Environmental Permits) or licenses of any nature, of which the obligations of Transferor thereunder are not expressly assumed by Transferee pursuant to Section 2.03;

(g) any insurance policies;

(h) certificates of deposit, shares of stock, securities, bonds, debentures, evidences of indebtedness, and interests in joint ventures, partnerships, limited liability companies and other entities;

(i) all tariffs, agreements and arrangements to which Transferor is a party for the purchase or sale of electric capacity and/or energy or for the purchase or sale of transmission or ancillary services involving the Transferred Assets or otherwise;

(j) all personnel records together with all deferred compensation, profit-sharing, retirement and pension plans and all bonus, fringe benefit and other employee benefit plans maintained or with respect to which contributions are made by Transferor or any of its Affiliates (other than Transferee) in respect of the current employees of Transferor or any of its Affiliates (other than Transferee) providing services for or otherwise associated with the Transferred Assets;

(k) except in respect of Assumed Liabilities, the rights of Transferor in and to any causes of action against third parties relating to the Transferred Assets or any part thereof, including any claim for refunds (other than those Tax refunds that are covered by Section 2.02(e) above), prepayments, offsets, recoupment, insurance proceeds, condemnation awards, judgments and the like, whether received as a payment or credit against future liabilities, relating specifically to Miami Fort 6 and relating to any period ending on or prior to the Closing Date;

(l) all other assets and properties owned by Transferor or any of its Affiliates (other than Transferee) that are not used solely in the operation of Miami Fort 6;

(m) the rights of Transferor under this Agreement and the Ancillary Agreements; and

(n) any Emissions Allowances, except to the extent included as part of the Transferred Assets, as set forth in Schedule 2.01(i).

Section 2.03. Assumed Liabilities. On the Closing Date, Transferee shall execute and deliver the Assumption Agreement, pursuant to which, among other things,

Transferee shall assume and agree to perform and discharge, without recourse to Transferor (except with respect to the Liabilities described in Section 2.03(e) below), the following Liabilities of Transferor, solely to the extent such Liabilities accrue or arise from and after the Closing and would otherwise constitute Liabilities (in whole or in part) of Transferor (as opposed to any other joint owner of Miami Fort Generating Station), other than Excluded Liabilities (as defined below), in accordance with the respective terms and subject to the respective conditions thereof (collectively, the “Assumed Liabilities”):

(a) all Liabilities of Transferor under the Transferred Contracts, Transferred Permits and Transferred Intellectual Property, in each case in accordance with the terms thereof, except to the extent that such Liabilities, but for a breach or default by Transferor, would have been paid, performed or otherwise discharged on or prior to the Closing Date or to the extent the same arise out of any such breach or default or out of any event which after the giving of notice would constitute a default by Transferor;

(b) all Liabilities with respect to Miami Fort 6 arising under or relating to Environmental Laws or relating to any claim in respect of Environmental Conditions or Hazardous Substances, including settlements, judgments, costs and expenses, including reasonable attorneys fees, whether based on common law or Environmental Laws (collectively, “Environmental Liabilities”), but in each case solely to the extent accruing or arising from and after the Closing Date, with respect to (i) any violation or alleged violation of Environmental Laws with respect to the ownership, lease, maintenance or operation of any of the Transferred Assets, including any fines or penalties that arise in connection with the ownership, lease, maintenance or operation of the Transferred Assets, and the costs associated with correcting any such violations; (ii) loss of life, injury to persons or property or damage to natural resources caused (or allegedly caused) by any Environmental Condition or the presence or Release of Hazardous Substances at, on, in, under, adjacent to or migrating from the Transferred Assets, including any Environmental Condition or Hazardous Substances contained in building materials at or adjacent to the Transferred Assets or in the soil, surface water, sediments, groundwater, landfill cells, or in other environmental media at or near the Transferred Assets; (iii) any Remediation of any Environmental Condition or Hazardous Substances that are present or have been Released at, on, in, under, adjacent to or migrating from, the Transferred Assets or in the soil, surface water, sediments, groundwater, landfill cells or in other environmental media at or adjacent to the Transferred Assets; (iv) any bodily injury, loss of life, property damage, or natural resource damage arising from the storage, transportation, treatment, disposal, discharge, recycling or Release, at any Off-Site Location, or arising from the arrangement for such activities, of Hazardous Substances generated in connection with the ownership, lease, maintenance or operation of the Transferred Assets; (v) any Remediation of any Environmental Condition or Release of Hazardous Substances arising from the storage, transportation, treatment, disposal, discharge, recycling or Release, at any Off-Site Location, or arising from the arrangement for such activities, of Hazardous Substances generated in connection with the ownership, lease, maintenance or operation of the

Transferred Assets; and (vi) any obligation to repower, replace, decommission, deactivate, dismantle, demolish or close the Transferred Assets or any portion thereof, or any surface impoundments or other waste or effluent handling or storage units on owned or leased adjacent properties used in connection with the operation of the Transferred Assets;

(c) all liabilities or obligations to third parties for personal injury or tort, or similar causes of action arising solely out of the ownership, lease, maintenance or operation of the Transferred Assets (collectively, "Tort Liabilities"), but in each case solely to the extent accruing or arising from and after the Closing Date;

(d) any Tax that may be imposed by any federal, state or local government on the ownership, sale, operation or use of the Transferred Assets on or after the Closing Date, except for any income Taxes attributable to income received by Transferor; and

(e) all liabilities or obligations of Transferor with respect to the Pollution Control Refunding Bonds Obligations, the Assumed Payables and the Short-Term Debt.

Section 2.04. Excluded Liabilities. Except for the Assumed Liabilities, Transferee shall not assume by virtue of this Agreement, the Assumption Agreement or any other Ancillary Agreement, or the transactions contemplated hereby or thereby, or otherwise, and shall have no liability for, any Liabilities of Transferor (the "Excluded Liabilities"), including any of the following Liabilities:

(a) any Liabilities of Transferor in respect of any Excluded Assets or other assets of Transferor that are not Transferred Assets, except to the extent caused by the acts or omissions of Transferee or Transferee's ownership, lease, maintenance or operation of the Transferred Assets;

(b) any Liabilities in respect of Taxes attributable to the Transferred Assets for taxable periods ending before the Closing Date;

(c) any Liabilities of Transferor (i) arising from the breach or default by Transferor, prior to the Closing Date, of any Transferred Contract, Transferred Permit or Transferred Intellectual Property or (ii) in respect of any other contract, agreement, personal property lease, permit, license or other arrangement or instrument entered into by Transferor;

(d) subject to Section 3.03, any payment obligations of Transferor or its Affiliates (other than Transferee) for goods delivered or services rendered prior to the Closing Date;

(e) any fines and penalties imposed by any Governmental Authority resulting from any act or omission by Transferor that occurred prior to the Closing Date;

(f) any income Taxes attributable to income received by Transferor;

(g) any Liability of Transferor arising as a result of its execution and delivery of this Agreement or any Ancillary Agreement, the performance of its obligations hereunder or thereunder, or the consummation by Transferor of the transactions contemplated hereby or thereby;

(h) any Liability of Transferor based on Transferor's acts or omissions after the Closing; and

(i) any and all Environmental Liabilities and Tort Liabilities accruing, arising, existing or occurring prior to the Closing Date.

ARTICLE III

ASSET TRANSFER; CLOSING

Section 3.01. Asset Transfer. Transferor shall transfer the Transferred Assets to Transferee at Net Book Value on the Closing Date, which is equal to \$ _____. The Parties agree and acknowledge that, in conjunction with this transfer, Transferee will assume certain liabilities of Transferor and issue equity of Transferee to Transferor in such amount as Transferor and Transferee shall mutually agree. Transferor shall also transfer all related construction work in progress at its Net Book Value. The Net Book Value is hereinafter referred to as the "Transfer Consideration". Additional liabilities of Transferor will be assumed by Transferee in connection herewith and with the Related Asset Transfer Agreements as commemorated by the three Assumption Agreements executed contemporaneously with this Agreement and the Related Asset Transfer Agreements.

Section 3.02. Inventory; Transaction Costs. At Closing, Transferor shall also transfer its Closing Inventory to Transferee at Net Book Value. Further, Transferee shall reimburse Transferor for all transaction costs incurred by Transferor or any of its affiliates in connection with the transactions contemplated by this Agreement.

Section 3.03. Proration. (a) Transferee and Transferor agree that all of the items normally prorated, including those listed below, relating to the business and operation of the Transferred Assets shall be prorated as of the Closing Date, with Transferor liable to the extent such items relate to any time period through the Closing

Date, and Transferee liable to the extent such items relate to periods subsequent to the Closing Date:

(i) personal property, real estate, occupancy and any other Taxes, assessments and other charges, if any, on or with respect to the business and operation of the Transferred Assets;

(ii) rent, Taxes and other items payable by or to Transferor under any of the Transferor Agreements to be assigned to and assumed by the Transferee hereunder;

(iii) any permit, license or registration fees with respect to any Environmental Permit or other Permit; and

(iv) sewer rents and charges for water, telephone, electricity and other utilities.

(b) In connection with such proration, in the event that actual figures are not available at the Closing Date, the proration shall be based upon the actual amount of such Taxes or fees for the preceding year (or appropriate period) for which actual Taxes or fees are available and such Taxes or fees shall be re prorated upon request of either the Transferor or the Transferee made within 60 days of the date that the actual amounts become available. Transferor and Transferee agree to furnish each other with such documents and other records as may be reasonably requested in order to confirm all adjustment and proration calculations made pursuant to this Section 3.03.

Section 3.04. Closing. The transfer, assignment, conveyance and delivery of the Transferred Assets, and the consummation of the other transactions contemplated by this Agreement shall take place at a closing (the "Closing"), to be held at the offices of Cinergy Corp., 139 East Fourth Street, Cincinnati Ohio 45201 at 10:00 a.m. eastern standard time (or another mutually acceptable time and location), on the date of execution and delivery of this Agreement by each of the Parties (or on such other date as may be mutually agreed upon by the Parties) (the "Closing Date"). The Closing shall be effective for all purposes as of the close of business on the Closing Date.

Section 3.05. Closing Deliveries. (a) At the Closing, Transferor will deliver, or cause to be delivered, to Transferee:

(i) the Deed, duly executed and acknowledged by Transferor and in recordable form;

(ii) the Bill of Sale, duly executed by Transferor;

(iii) the Debt Assumption Agreement, duly executed by Transferor;

- (iv) the Facilities Operation Agreement, duly executed by Transferor;
- (v) the PSOA, duly executed by Transferor;
- (vi) the Coal and Lime Supply and Transportation Agreement, duly executed by Transferor;
- (vii) the Lease of Miami Fort Units 5, 6, 7 and 8 Common Facilities, duly executed by Transferor;
- (viii) the Sublease of Miami Fort Units 5, 6, 7 and 8 Common Facilities, duly executed by Transferor;
- (ix) the Operation Agreement, duly executed by Transferor;
- (x) the Lease of Miami Fort Units 5 and 6 Common Facilities, duly executed by Transferor;
- (xi) copies of all Transferor's Required Consents obtained by Transferor; and
- (xii) such other documents as are contemplated by this Agreement or as the Transferee may reasonably request to carry out the purposes of this Agreement.

(b) At the Closing, Transferee will provide the Transfer Consideration as well as reimbursement or compensation for the Closing Inventory and transaction costs. In addition, Transferee will deliver, or cause to be delivered, to Transferor:

- (i) the Assumption Agreement, duly executed by Transferee;
- (ii) the Debt Assumption Agreement, duly executed by Transferee;
- (iii) the Facilities Operation Agreement, duly executed by Transferee;
- (iv) the PSOA, duly executed by Transferee;
- (v) the Coal and Lime Supply and Management Agreement, duly executed by Transferee;
- (vi) the Lease of Miami Fort Units 5, 6, 7 and 8 Common Facilities, duly executed by Transferee;
- (vii) the Sublease of Miami Fort Units 5, 6, 7 and 8 Common Facilities, duly executed by Transferee;
- (viii) the Operation Agreement, duly executed by Transferee;

- (ix) the Lease of Miami Fort Units 5 and 6 Common Facilities, duly executed by Transferee;
- (x) copies of all Transferee's Required Consents obtained by Transferee; and
- (xi) such other documents as are contemplated by this Agreement or as the Transferor may reasonably request to carry out the purposes of this Agreement.

ARTICLE IV

REPRESENTATIONS AND WARRANTIES

Section 4.01. Representations and Warranties of Transferor. Transferor represents and warrants to Transferee, except as otherwise set forth in Transferor's most recent report filed with the Securities and Exchange Commission on Form 10K and any other current or periodic reports filed thereafter and prior to the date hereof, as follows:

(a) Organization and Good Standing; Qualification. Transferor is a corporation duly formed, validly existing and in good standing under the laws of the State of Ohio. Transferor has all requisite power and authority to own, lease or operate the Transferred Assets and to carry on its business as it is now being conducted. Transferor is duly qualified or licensed to do business as a foreign corporation and is in good standing as a foreign corporation in each jurisdiction in which the character or location of the properties owned or used by it or the nature of the business conducted by it makes such qualification or license necessary, except for jurisdictions in which the failure to be so qualified, licensed or in good standing would not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect.

(b) Authority and Enforceability. Transferor has full corporate power and authority to execute and deliver, and carry out its obligations under, this Agreement and each Ancillary Agreement to which it is a party and to consummate the transactions contemplated hereby and thereby. The execution, delivery and performance by Transferor of this Agreement and each Ancillary Agreement to which it is a party, and the consummation of the transactions contemplated hereby and thereby, have been duly and validly authorized by all necessary corporate action on the part of Transferor. Assuming the due authorization, execution and delivery of this Agreement and each Ancillary Agreement to which it is a party by Transferee, and subject to the receipt of Transferor's Required Consents, each of this Agreement and each such Ancillary Agreement constitutes a legal, valid and binding obligation of Transferor, enforceable against it in accordance with its terms, except as such enforceability may be limited by applicable bankruptcy, insolvency and other similar laws affecting the rights and remedies of creditors generally and by general principles of equity.

(c) No Violation; Consents and Approvals. (i) Subject to obtaining Transferor's Required Consents, neither the execution, delivery and performance by Transferor of this Agreement and each Ancillary Agreement to which it is a party, nor the consummation by Transferor of the transactions contemplated hereby and thereby, will (A) conflict with or result in any breach of any provision of the Organizational Documents of Transferor; (B) result in a default (or give rise to any right of termination, cancellation or acceleration), or require a consent, under any of the terms, conditions or provisions of any note, bond, mortgage, indenture, material agreement or other instrument or obligation to which Transferor is a party or by which it or any of the Transferred Assets may be bound, except for any such defaults or consents (or rights of termination, cancellation or acceleration) as to which requisite waivers or consents have been obtained or which would not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect; or (C) constitute a violation of any law, regulation, order, judgment or decree applicable to Transferor, except for any such violations as would not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect.

(ii) Except as set forth in Section I of Schedule 4.01(c)(ii) (listing each of Transferor's Required Governmental Consents) or Section II thereof (listing each of Transferor's Required Third-Party Consents), no consent or approval of, filing with, or notice to, any Governmental Authority or other Person is necessary for the execution, delivery and performance of this Agreement by Transferor or of any Ancillary Agreement to which Transferor is a party, or the consummation by Transferor of the transactions contemplated hereby and thereby, other than such consents, approvals, filings or notices which, if not obtained or made, would not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect.

(d) Insurance. All material policies of fire, liability, workers' compensation and other forms of insurance owned or held by, or on behalf of, Transferor and insuring the Transferred Assets are in full force and effect, all premiums with respect thereto covering all periods up to and including the date hereof have been paid (other than retroactive premiums which may be payable with respect to comprehensive general liability and workers' compensation insurance policies), and no notice of cancellation or termination has been received with respect to any such policy which was not replaced on substantially similar terms prior to the date of such cancellation.

(e) Real Property. Schedule 4.01(e) sets forth a description of the real property owned and to be transferred as contemplated herein (whether on a tenancy in common basis or otherwise), by Transferor and associated with Miami Fort 6 (the "Real Property"), including a description of all land, and all encumbrances, easements or rights of way of record (or, if not of record, of which Transferor has Knowledge) granted on or appurtenant to or otherwise affecting such Real Property and specifically excluding the Transferor's Retained Real Property.

(f) Conveyance of Real Property. To the knowledge of Transferor, no state, municipal, or other governmental approval regarding the division, platting, or mapping of real estate is required as a prerequisite to the conveyance by Transferor to Transferee (or as a prerequisite to the recording of any conveyance document) of any Real Property pursuant to the terms hereof.

(g) Improvements. Neither Transferor nor any Affiliate thereof has received any written notices from any Governmental Authority stating or alleging that any Improvements constituting part of the Transferred Assets have not been constructed in compliance with applicable Laws.

(h) Title; Condition of Assets. (i) Subject to Permitted Encumbrances, Transferor is the holder of record title to the Real Property and has good and valid title to the other Transferred Assets that it purports to own, free and clear of all Encumbrances.

(ii) The tangible assets (real and personal) at, related to, or used in connection with Miami Fort 6, taken as a whole, (A) are in good operating and usable condition and repair, free from any defects (except for ordinary wear and tear, in light of their respective ages and historical usages, and except for such defects as do not materially interfere with the use thereof in the conduct of the normal operation and maintenance of the Transferred Assets taken as a whole) and (B) have been maintained consistent with Good Utility Practice.

(i) Environmental Matters. (i) Transferor holds, and is in compliance with, all permits, certificates, certifications, licenses and other authorizations issued by Governmental Authorities under Environmental Laws (collectively, "Environmental Permits") that are required for Transferor to conduct the business and operations of the Transferred Assets, and Transferor is otherwise in compliance with all applicable Environmental Laws with respect to the business and operations of the Transferred Assets, except for any such failures to hold or comply with required Environmental Permits, or such failures to be in compliance with applicable Environmental Laws, as would not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect;

(ii) Transferor has not received any written request for information, or been notified of any violation, or that it is a potentially responsible party, under CERCLA or any other Environmental Law for contamination or air emissions at Miami Fort 6 or the Real Property, except for any such requests or notices that would result in liabilities under such laws as would not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect, and there are no claims, actions, proceedings or investigations pending or, to the Knowledge of Transferor, threatened against Transferor before any Governmental Authority or body acting in an adjudicative capacity relating in any way to any Environmental Laws or against Transferor or Parent concerning contamination or air emissions at Miami Fort 6 or the Real Property; and