

**BEFORE THE
PUBLIC UTILITIES COMMISSION OF OHIO**

In the Matter of The Dayton Power	:	
and Light Company's Planned	:	Case No. 14-1084-EL-UNC
Sale of East Bend Unit 2	:	

**APPLICATION OF
THE DAYTON POWER AND LIGHT COMPANY
FOR APPROVAL OF EAST BEND TRANSACTION**

Pursuant to Ohio Rev. Code § 4928.17(E), The Dayton Power and Light Company ("DP&L") applies to the Public Utilities Commission of Ohio ("PUCO" or "Commission") for approval of the transaction under which it would sell to Duke Energy Kentucky, Inc. ("DEK") its interest in the power plant and related facilities known as East Bend Unit 2. The sale would be made pursuant to a Purchase and Sale Agreement that is attached as Exhibit 1. The First Amendment to the Purchase and Sale Agreement is attached as Exhibit 2.

I. BACKGROUND

1. DP&L currently owns a 31% share of East Bend Unit 2, located in Rabbit Hash, Kentucky. The other 69% share is owned by DEK, which is a vertically integrated utility operating in Kentucky. DP&L's 31% share corresponds to approximately 186 MW of capacity. East Bend Unit 2 is a coal-fired power plant.

2. Ohio Rev. Code § 4928.17(E) provides that:

"No electric distribution utility shall sell or transfer any generating asset it wholly or partly owns at any time without obtaining prior commission approval."

3. On September 6, 2013, in Case No. 12-426-EL-SSO, et al., the Commission issued an order providing in pertinent part that DP&L is required by May 31, 2017, to divest

itself of its existing generation facilities (“2013 SSO Order”). On March 19, 2014, in a Second Entry on Rehearing, the Commission revised that date and ordered divestiture to take place as determined in a separate proceeding, Case No. 13-2420-EL-UNC, but in no case later than January 1, 2016. On June 4, 2014, in its Fourth Entry on Rehearing in the SSO matter, the Commission revised the deadline for DP&L to transfer its generation assets to January 1, 2017.

4. On May 15, 2014, DP&L entered into a definitive Purchase and Sale Agreement with DEK to sell to DEK its 31% interest in East Bend. The Closing of the transaction is expected to occur later this year after the receipt of necessary regulatory approvals, including approvals from this Commission, the Public Service Commission of Kentucky, and the Federal Energy Regulatory Commission.

5. This conveyance to DEK of a share of a co-owned generating plant is the result of the particular financial circumstances of that plant's operation. The operation agreement for the plant, to which DP&L is a party, expired earlier this year and is extended by the Purchase and Sale Agreement only for purposes of operations until the sale is consummated. DP&L's net asset book value (unaudited) of the East Bend plant as of March 31, 2014 was about \$2.5 million, exclusive of pre-paid items, which will be taken into account and trued-up after closing.

6. In arm's-length bargaining DP&L and DEK have agreed on terms of a conveyance of DP&L's interest at a purchase price of \$12.4 million, as more fully appears in Exhibit 1. The purchase price was freely negotiated between DEK and DP&L, two unaffiliated entities with divergent interests. The overall transaction provides DP&L additional consideration above the purchase price in the form of DEK's assumption of liabilities and by eliminating East Bend as a source of negative financial performance to DP&L.

7. As noted in the Company's Generation Separation filing of December 31, 2013, in Case No. 13-2420-EL-UNC, the Company has refinanced \$470M of First Mortgage Bonds that matured on October 1, 2013 with proceeds from a new three-year \$445 million First Mortgage Bond issuance. These bonds were refinanced on a short-term basis to accommodate generation separation. As a result and because this is a single asset sale, the contemplated sale of East Bend Unit 2 can be accomplished without causing outstanding bonds to be subject to call or creating other undue burdens relating to financing utility operators.

II. THE PROPOSED TRANSACTION SHOULD BE APPROVED
AS CONSISTENT WITH LAW AND IN THE PUBLIC INTEREST

8. Consistent with Ohio Administrative Code ("OAC") § 4901:1-37-09(C)(2), the sale of East Bend Unit 2 will not have a material effect on the terms and conditions under which it will provide a standard service offer ("SSO"). DP&L's ownership share of East Bend Unit 2 comprises 186 MW, or only about 7%, of DP&L's total capacity of about 2708 MW.¹

9. The Closing of the proposed transaction is planned to occur before the end of 2014 and, thus furthers the goal of the Commission for utilities to transfer their generation assets.

10. Consistent with OAC § 4901:1-37-09(C)(3), the sale of East Bend Unit 2 is in the public interest. The Commission found in DP&L's ESP case that the separation of DP&L's generation assets from its transmission and distribution assets was a benefit of DP&L's ESP and was in the public interest. 2013 SSO Order, p. 51.

¹ The 2708 MW figure excludes DP&L's share of Beckjord Unit 6 which is scheduled to retire and DP&L's Hutchings Units 1-6, which, as of October 31, 2013, are no longer available for operations.

III. PROCEDURAL REQUESTS

11. DP&L requests that the Commission initiate expedited proceedings, including a waiver of any otherwise applicable public or evidentiary hearing process, and establish an accelerated procedural schedule with a comment and reply comment period.

12. DP&L requests that the Commission waive a hearing under OAC § 4901:1-37-09(D). The Commission should grant DP&L's waiver request because a comment process, together with a Staff evaluation of the request to transfer generation assets, is sufficient to allow this Commission to evaluate the proposed transfer expeditiously. Further, the Commission has already conducted an extensive evidentiary hearing in DP&L's recent ESP case regarding whether DP&L should be ordered to transfer its generation assets, and issued an Order in that proceeding that required DP&L to transfer its generation assets. In that proceeding, the issue of the separation of DP&L's generation assets was addressed by numerous witnesses, and the Commission conducted a hearing that lasted almost three weeks at which a substantial amount of testimony on the subject was introduced. There is therefore no need to conduct another hearing on that issue.

13. DP&L's request that the Commission waive a hearing in this matter is consistent with the Commission's Orders in AEP's and Duke's generation asset transfer cases, in which no hearing was required. *See In the Matter of the Application of Ohio Power Company for Approval of an Amendment to Its Corporate Separation Plan*, Case No. 12-1126-EL-UNC, Opinion and Order, p. 11 (October 17, 2012)²; *see also In the Matter of the Application of Duke Energy Ohio, Inc. for Authority to Establish a Standard Service Offer Pursuant to Section*

² "The Commission finds good cause exist to waive any requirement to hold a hearing on the corporate separation application. Given the fact that we have already approved the divestiture

4928.143, Revised Code, in the Form of an Electric Security Plan, Accounting Modifications, and Tariffs for Generation Service, Case No. 11-3549-EL-SSO, et al., Opinion and Order, p. 46 (Nov. 22, 2011).

14. DP&L asks that it be permitted to recover all financing costs, redemption costs, amendment fees, investment banking fees, advisor costs, taxes, and related costs that it incurs in the sale of its interest in East Bend 2. The Commission should grant this request because DP&L will incur these costs in selling its interest in East Bend 2, and the Commission has ordered DP&L to transfer its generation assets by May 31, 2017. In the Matter of the Application of The Dayton Power and Light Company for Approval of Its Electric Security Plan, et al., Case Nos. 12-426-EL-SSO, et al. (Entry Nunc Pro Tunc, Sept. 6, 2013), p. 2. Costs related to this sale incurred exclusively by DEK will be borne by DEK.

WHEREFORE, DP&L asks the Commission to:

1. Issue an order providing for accelerated procedures, including a waiver of any hearing requirements and consideration of this Application based on comments submitted by Staff and interested parties and reply comments of DP&L;
2. Approve the proposed transaction;
3. Approve recovery of costs and taxes incurred by DP&L in connection with the sale of its interest in East Bend Unit 2; and
4. Grant such other and future relief as is necessary and appropriate.

of OP's generation assets as a component of the modified ESP 2 cases, subject to approval of the amended corporate separation plan, and that such decision was reached following an extensive hearing, which included testimony in support of divestiture of the generation assets, we find that the requirement of Rule 4901:1-37-09(D), O.A.C., do not apply to this proceeding."

Respectfully submitted,

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EXHIBIT 1

PURCHASE AND SALE AGREEMENT

between

DUKE ENERGY KENTUCKY, INC.

and

THE DAYTON POWER AND LIGHT COMPANY

Dated May 15, 2014

Table of Contents

	Page
ARTICLE I DEFINITIONS	1
1.1 <u>General</u>	1
1.2 <u>Definitions</u>	2
ARTICLE II SALE OF PURCHASED ASSETS; ASSUMPTION OF LIABILITIES	9
2.1 <u>Sale of Purchased Assets</u>	9
2.2 <u>Excluded Assets</u>	11
2.3 <u>Assumption of Liabilities</u>	11
2.4 <u>Retained Liabilities</u>	11
ARTICLE III PURCHASE PRICE; ADJUSTMENT	12
3.1 <u>Purchase Price</u>	12
3.2 <u>Post-Closing Adjustment</u>	13
3.3 <u>Allocation of Net Settlement Amount</u>	15
3.4 <u>Real Estate Transfer Taxes</u>	15
ARTICLE IV CLOSING	15
4.1 <u>Closing</u>	15
4.2 <u>Closing Deliveries</u>	15
ARTICLE V REPRESENTATIONS AND WARRANTIES BY DP&L	17
5.1 <u>Organization; Good Standing</u>	18
5.2 <u>Authority; Enforceability</u>	18
5.3 <u>Non-Contravention</u>	18
5.4 <u>Consents</u>	18
5.5 <u>Title to Purchased Assets; Liens</u>	18
5.6 <u>Real Property</u>	19
5.7 <u>Taxes</u>	19
5.8 <u>Proceedings; Orders</u>	20
5.9 <u>Compliance with Laws and Orders</u>	20
5.10 <u>Contracts</u>	20
5.11 <u>Permits</u>	21
5.12 <u>Environmental Matters</u>	21
5.13 <u>Brokers</u>	21
5.14 <u>Solvency</u>	21
ARTICLE VI REPRESENTATIONS AND WARRANTIES BY DEK	21
6.1 <u>Organization; Good Standing</u>	21
6.2 <u>Authority; Enforceability</u>	21
6.3 <u>Non-Contravention</u>	22
6.4 <u>Consents</u>	22
6.5 <u>Proceedings; Orders</u>	22
6.6 <u>Brokers</u>	22
6.7 <u>Sufficiency of Funds</u>	22
6.8 <u>Compliance with Laws and Orders</u>	22
6.9 <u>Environmental Matters</u>	22
ARTICLE VII COVENANTS	23
7.1 <u>Operation Agreement</u>	23
7.2 <u>Preservation of Purchased Assets</u>	23

7.3	<u>Access to Information</u>	24
7.4	<u>Post-Closing Access to Information</u>	24
7.5	<u>Commercially Reasonable Efforts</u>	24
7.6	<u>Exclusivity</u>	25
7.7	<u>Property Taxes</u>	26
7.8	<u>Seller's Title Insurance</u>	26
ARTICLE VIII CONDITIONS TO CLOSING		26
8.1	<u>Conditions to Obligations of DEK and DP&L</u>	26
8.2	<u>Conditions to Obligations of DEK</u>	26
8.3	<u>Conditions to Obligations of DP&L</u>	27
ARTICLE IX TERMINATION		27
9.1	<u>Termination Events</u>	27
9.2	<u>Effect of Termination</u>	28
9.3	<u>Forbearance and Release; Reservation of Rights</u>	29
ARTICLE X INDEMNIFICATION		29
10.1	<u>Survival of Representations and Warranties</u>	29
10.2	<u>Indemnification by DEK</u>	30
10.3	<u>Indemnification by DP&L</u>	31
10.4	<u>Notice of Claims</u>	31
10.5	<u>Indemnification Procedures Regarding Third-Party Claims</u>	32
10.6	<u>Mitigation of Damages</u>	33
10.7	<u>Limitations</u>	33
10.8	<u>Indemnification as Exclusive Remedy</u>	33
ARTICLE XI MISCELLANEOUS		34
11.1	<u>Parties in Interest</u>	34
11.2	<u>Assignment</u>	34
11.3	<u>Notices</u>	34
11.4	<u>Amendments and Waivers</u>	35
11.5	<u>Headings</u>	35
11.6	<u>Construction</u>	35
11.7	<u>Entire Agreement</u>	35
11.8	<u>Severability</u>	36
11.9	<u>Expenses</u>	36
11.10	<u>Governing Law</u>	36
11.11	<u>Consent to Jurisdiction; Waiver of Jury Trial</u>	36
11.12	<u>Counterparts</u>	37
11.13	<u>Dispute Resolution</u>	37
11.14	<u>Publicity</u>	37

SCHEDULES

Schedule 1.2-1(i)	Knowledge of DP&L
Schedule 1.2-1(ii)	Knowledge of DEK
Schedule 1.2-2	Outage Costs
Schedule 1.2-3	Permitted Real Property Liens
Schedule 2.1(b)	Real Property

Schedule 2.1(d)	Emission Allowances
Schedule 2.2(h)	Excluded Assets
Schedule 3.2(a)	Adjustment Methodology and Adjustment Amount Statement
Schedule 6.3	Non-Contravention (DEK)
Schedule 6.4	Consents (DEK)
Schedule 6.5	Proceedings; Orders (DEK)
Schedule 6.8	Compliance with Laws and Orders (DEK)
Schedule 7.2	Preservation of Purchased Assets
Schedule 8.2(c)	Consents (DEK)
Schedule 8.3(c)	Consents (DP&L)

SELLER DISCLOSURE LETTER SCHEDULES

Schedule 5.3	Non-Contravention
Schedule 5.4	Consents
Schedule 5.5	Title to Purchased Assets; Liens
Schedule 5.6	Real Property
Schedule 5.7	Taxes
Schedule 5.8	Proceedings; Orders
Schedule 5.9	Compliance with Laws and Orders
Schedule 5.10	Assumed Contracts
Schedule 5.11	Permits

EXHIBITS

Exhibit 4.2(a)(i)	Form of Bill of Sale and Assignment
Exhibit 4.2(a)(ii)	Form of Assignment and Assumption Agreement
Exhibit 4.2(a)(iii)	Form of Corporate Special Warranty Deed
Exhibit 4.2(a)(ix)	Form of Seller's Affidavit of Title
Exhibit 4.2(c)	Form of Termination and Release Agreement

PURCHASE AND SALE AGREEMENT

This **PURCHASE AND SALE AGREEMENT**, dated as of May 15, 2014 is by and between **DUKE ENERGY KENTUCKY, INC.**, a Kentucky corporation ("**DEK**"), and **THE DAYTON POWER AND LIGHT COMPANY**, an Ohio corporation ("**DP&L**"). DEK and DP&L are at times referred to, collectively, as the "**Parties**" and, individually, as a "**Party**".

RECITALS:

A. DP&L and DEK are the co-owners of the coal-fired generating facility commonly referred to as East Bend Unit 2, including the associated real property, fixtures, vehicles, equipment and inventory (the "**Plant**"), with DP&L owning an undivided thirty-one percent (31%) interest, and DEK owning an undivided sixty-nine percent (69%) interest, in the Plant.

B. The Parties entered into that certain East Bend Unit 2 Operation Agreement, dated March 24, 1981 (the "**Operation Agreement**"), which addresses, *inter alia*, the Parties' respective rights and duties with respect to the operation and use of the Plant for the generation of electricity.

C. DP&L desires to sell to DEK, and DEK desires to purchase from DP&L, the Purchased Assets (as defined herein) and to assume the Assumed Liabilities (as defined herein), in each case upon the terms and subject to the conditions set forth in this Agreement.

D. DEK has scheduled a planned outage for the Plant that commenced on March 7, 2014 and is expected to be completed by May 31, 2014 (the "**2014 Spring Outage**").

E. There exist disputes between the Parties regarding the 2014 Spring Outage and the Operation Agreement and the Parties desire to proceed with the transactions contemplated herein without prejudice to their respective positions regarding such disputes, as contemplated by Section 9.2 hereof.

NOW, THEREFORE, for and in consideration of the premises and of the mutual covenants and agreements contained in this Agreement, the Parties hereby agree as follows:

ARTICLE I

DEFINITIONS

1.1 **General.** For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires:

(a) the terms defined in this Article I have the meanings assigned to them in this Article I and include the plural as well as the singular,

(b) all accounting terms not otherwise defined herein have the meanings assigned under GAAP,

(c) all references in this Agreement to designated “Articles”, “Sections” and other subdivisions are to the designated Articles, Sections and other subdivisions of the body of this Agreement, unless otherwise noted,

(d) pronouns of either gender or neuter shall include, as appropriate, the other pronoun forms,

(e) the word “or” has the inclusive meaning represented by the phrase “and/or”,

(f) the words “herein,” “hereof” and “hereunder” and other words of similar import refer to this Agreement as a whole and not to any particular Article, Section or other subdivision, unless otherwise specified by reference to a particular Article, Section or other subdivision,

(g) the enumeration of one or more items following the term “including” shall not be interpreted as excluding any items not so enumerated, and the terms “include”, “includes”, and “including” shall be deemed to be followed by “without limitation”, and

(h) DP&L may, at its option, include in the Seller Disclosure Letter items that are not material, and any such inclusion, or any references to dollar amounts, shall not be deemed to be an acknowledgment or representation that such items are material or would cause a Material Adverse Effect, to establish any standard of materiality or to define further the meaning of such terms for purposes of this Agreement.

1.2 Definitions. As used in this Agreement, and the Exhibits and Schedules delivered pursuant to this Agreement, the following definitions shall apply:

“2014 Spring Outage” has the meaning set forth in the recitals to this Agreement.

“Adjustment Amount Statement” has the meaning set forth in Section 3.2(a).

“Adjustment Methodology” has the meaning set forth in Section 3.2(a).

“Affiliate” has the meaning set forth in Rule 12b-2 of the regulations promulgated under the Securities Exchange Act of 1934, as amended.

“Agreement” means this Purchase and Sale Agreement, as it may hereafter be amended, supplemented, changed or otherwise modified in accordance with its terms, including the Exhibits and Schedules hereto including the Seller Disclosure Letter.

“Allocation Schedule” has the meaning set forth in Section 3.3.

“Arbiter” has the meaning set forth in Section 3.2(d).

“Assignment and Assumption Agreement” has the meaning set forth in Section 4.2(a)(ii).

“Assumed Contracts” has the meaning set forth in Section 5.10.

“Assumed Liabilities” has the meaning set forth in Section 2.3.

“Bill of Sale” has the meaning set forth in Section 4.2(a)(i).

“Business Day” means a day other than a Saturday, Sunday or other day on which commercial banks in North Carolina or Ohio are generally closed for business.

“CERCLA” means the Comprehensive Environmental Response, Compensation and Liability Act, as amended.

“Claims” means any and all actions, attorneys’ fees, causes of action, Losses, Contracts, contract rights, costs, demands, obligations, promises, representations and warranties, of every kind and nature whatsoever, at Law or in equity, in contract or in tort, whether the facts upon which the same may be based are now known or unknown, which either the DEK Related Parties or the DP&L Related Parties ever had, now have, or may in the future have, against the other for, on account of, or by reason of, any action, transaction, occurrence, series of occurrences, omission, relationship, matter, cause or thing whatsoever, to the extent arising out of or otherwise related to the Plant, the Operation Agreement or the 2014 Spring Outage; provided, however, that Claims shall not include any actions, Losses or other claims arising under this Agreement or any Related Agreements.

“Closing” has the meaning set forth in Section 4.1.

“Closing Date” has the meaning set forth in Section 4.1.

“Closing Cash Consideration” has the meaning set forth in Section 3.1(b).

“Confidentiality Agreement” means that certain Nondisclosure Agreement by and among the Parties dated August 13, 2013.

“Code” means the Internal Revenue Code of 1986, as amended, and the Regulations promulgated thereunder.

“Contract” means any legally binding agreement, contract, commitment or undertaking (whether oral or written and whether express or implied).

“Consent” means, with respect to any Person, any consent, approval, exemption, waiver or authorization from, or any filing or registration or any notification to, such Person.

“Deductible” has the meaning set forth in Section 10.2(b).

“Deed” has the meaning set forth in Section 4.2(a)(iii).

“DEK” has the meaning set forth in the preamble.

“DEK Caps” has the meaning set forth in Section 10.2(b).

“DEK Related Parties” means DEK, each of its Affiliates, and each of their respective directors, officers, managers, employees, agents and representatives and successors and assigns.

“DP&L” has the meaning set forth in the preamble.

“DP&L Caps” has the meaning set forth in Section 10.3(b).

“DP&L Related Parties” means DP&L, each of its Affiliates, and each of their respective directors, officers, managers, employees, agents and representatives and successors and assigns.

“Enforceability Limitations” means limitations on enforcement and other remedies imposed by or arising under or in connection with applicable bankruptcy, insolvency, fraudulent transfer, reorganization, moratorium and other similar Laws relating to or affecting creditors’ rights generally from time to time in effect or general principles of equity (including concepts of materiality, good faith and fair dealing with respect to those jurisdictions that recognize such concepts).

“Environmental Law” means any and all Laws or Permits relating to pollution or occupational health or safety or protection of human health or the environment (including ambient air, surface water, groundwater, land surface or subsurface strata), including those relating to emissions, releases or threatened releases into or impacting the environment, or otherwise relating to the management, possession, presence, manufacture, generation, processing, distribution, use, treatment, recycling, storage, disposal, transport, sale, offer for sale, distribution or handling of Hazardous Substances. For the avoidance of doubt, “Environmental Law” includes CERCLA, the Emergency Planning and Community Right-to-Know Act, as amended, the Resource Conservation and Recovery Act, as amended, the Occupational Safety and Health Act as amended, the Clean Air Act, as amended, the Clean Water Act, as amended, the Superfund Amendments and Reauthorization Act, as amended, the Oil Pollution Act, the Safe Drinking Water Act, the Federal Insecticide, Fungicide and Rodenticide Act, and the Toxic Substances Control Act, as amended, and the state and local Laws related to, analogous to or implementing such acts.

“Environmental Liabilities” has the meaning set forth in Section 10.2(c).

“Estimated Adjustment Amount” has the meaning set forth in Section 3.1(b).

“Excluded Assets” has the meaning set forth in Section 2.2.

“FERC” means the Federal Energy Regulatory Commission.

“Final Adjustment Amount” means the aggregate amount calculated and set forth in the Adjustment Amount Statement, which can be either a positive or a negative number, equal to (i) the Pre-Paid Amount, *minus* (ii) the Outstanding Outage Costs, and *minus* (iii) the Outstanding Non-Outage Costs. The Pre-Paid Amount, the Outstanding Outage Costs and the Outstanding Non-Outage Costs shall exclude any duplication of charges, expenses, Liabilities, obligations or other amounts so that each charge, expense, Liability, obligation or other amount shall be factored only once in the calculation of the Final Adjustment Amount.

“Forbearance Period” means the period beginning as of the execution date of this Agreement and continuing through and until the earlier to occur of (i) the Closing or (ii) the date this Agreement is terminated pursuant to Section 9.1.

“FPA” means the Federal Power Act of 1935, as amended, together with its implementing regulations.

“Fuel Costs” means those costs associated with the ownership and operation of the Plant that have historically been included on the monthly “Fuel Bill” invoices developed by DEK and presented to DP&L consistent with past practices.

“GAAP” means United States generally accepted accounting principles.

“Governmental Authority” means any federal, state, local or foreign government or subdivision thereof, or any entity, body or authority exercising executive, legislative, judicial, regulatory or administrative functions of or pertaining to any federal, state, local or foreign government, including any court, tribunal or arbitrator (public or private).

“Hazardous Substance” means those substances or materials, whether waste materials, raw materials, finished products, co-products, byproducts or any other materials or articles or constituents thereof which (from generation, use, handling, processing, storage, transportation, emission, disposal, spill, release or any other activity or for any other reason) are regulated by, form the basis of liability under, or are defined as a contaminant, pollutant, designated or controlled substance, solid or hazardous waste, hazardous substance, hazardous material or as dangerous, hazardous, toxic, corrosive, flammable, explosive, infectious, radioactive or carcinogenic under any Environmental Law.

“Indebtedness” means, with respect to any specified Person, as of any specified date: (i) all outstanding indebtedness for borrowed money owed to third parties, (ii) accrued but unpaid interest payable with respect to indebtedness referred to in clause (i), (iii) all obligations for the deferred purchase price of property or services (including any potential future earn-out, purchase price adjustment, releases of “holdbacks” or similar payments), (iv) all obligations evidenced by notes, bonds, debentures or other similar instruments (whether or not convertible) or arising under indentures, (v) all obligations arising out of any financial hedging, swap or similar arrangements, (vi) all obligations as lessee that would be required to be capitalized in accordance with GAAP, (vii) obligations in connection with any letter of credit, banker’s acceptance, guarantee, surety, performance or appeal bond, or similar credit transaction, and (viii) the aggregate amount of all prepayment premiums, penalties, breakage costs, “make whole amounts”, costs, expenses and other payment obligations of such Person that would arise (whether or not then due and payable) if all such items under clauses (i) through (vii) were prepaid, extinguished, unwound and settled in full as of such specified date.

“Indemnified Party” has the meaning set forth in Section 10.4.

“Indemnifying Party” has the meaning set forth in Section 10.4.

“Knowledge” means, with respect to any specified Person, such Person’s actual awareness of a particular fact or other matter; provided that (i) with respect to DP&L, “Knowledge” shall mean the actual awareness of a particular fact or other matter of those individuals set forth on Schedule 1.2-1(i), and (ii) with respect to DEK, “Knowledge” shall mean the actual awareness of a particular fact or other matter of those individuals set forth on Schedule 1.2-1(ii).

“Law” means all applicable laws, statutes, ordinances, constitutions, rules, regulations, judgments, rulings, codes, orders, decrees, and ordinances of Governmental Authorities.

“Liability” means any and all debts, liabilities, claims, costs, charges and obligations, whether accrued or fixed, direct or indirect, absolute or contingent, matured or unmatured or determined or determinable, including those arising under any Law, Proceeding or Order and those arising under any Contract.

“Lien” means any mortgage, deed of trust, deed to secure Indebtedness, claim, lien, security interest, pledge, charge, option, right of way, easement, covenant, defect in title, encroachment, lease, right of first option, right of first refusal or other restriction or encumbrance of any kind or character whatsoever.

“Losses” has the meaning set forth in Section 10.2(a).

“Material Adverse Effect” means any result, occurrence, fact, change, circumstance, event or effect that, individually or in the aggregate, has, or could reasonably be expected to have, a material adverse effect on (a) the Purchased Assets or the Assumed Liabilities, in each case taken as a whole, or the condition (financial or otherwise) or operation of the Plant; (b) the ability of DEK to perform its obligations, taken as a whole, under this Agreement or the Related Agreements or to consummate the transactions contemplated hereby or thereby; or (c) the ability of DP&L to perform its obligations, taken as a whole, under this Agreement or the Related Agreements or to consummate the transactions contemplated hereby or thereby; provided, however, that any such effect shall be disregarded in determining whether a "Material Adverse Effect" has occurred or would reasonably be expected to occur to the extent resulting from (i) changes in economic or financial conditions generally or in the industry in which Parties operate (including the electric generating, transmission or distribution industries), whether national, regional or local, (ii) changes in international, national, regional, state or local wholesale or retail markets for electric power or fuel supply or transportation or related products, including those due to actions by competitors, (iii) changes in general regulatory or political conditions, including any acts of war or terrorist activities, (iv) changes in the North American, national, regional, state or local electric transmission or distribution systems, (v) strikes, work stoppages or other labor disturbances, (vi) increases in the costs of commodities or supplies, including fuel, (vii) any change of Law, or any Orders or regulatory policy that apply generally to all similarly situated Persons in the region in which the Plant is located, (viii) the execution or delivery of this Agreement or the consummation of the transactions contemplated hereby or the announcement of any of the matters set forth in this clause (viii), (ix) any adverse change or effect attributable to the announcement, pendency or consummation of the transactions contemplated by this Agreement (including but not limited to any decrease in customer demand, any reduction in revenues, any disruption in supplier, partner, or similar relationships, or any loss of employees) and (x) any actions required to be taken by any DP&L Related Party or DEK Related Party pursuant to this Agreement or taken with the prior written consent of the other Party; provided further, however, that any such change, event or action pursuant to clauses (i), (ii), (iii), (iv), (v), (vi) or (vii) does not affect the Purchased Assets and the Assumed Liabilities, taken as a whole, or the condition (financial or otherwise) or operation of the Plant in a substantially disproportionate manner relative to the effects on other coal-fired generation stations in the

Eastern United States. Without limiting the foregoing, the Parties acknowledge and agree that the 2014 Spring Outage shall not be a Material Adverse Effect for purposes of this Agreement.

“Net Settlement Amount” has the meaning set forth in Section 3.1(a).

“Non-Outage Capital Costs” means costs associated with the ownership and operation of the Plant that have historically been included on the monthly “Capital Bill” invoices developed by DEK and presented to DP&L consistent with past practices, excluding Outage Costs.

“O&M Costs” means costs associated with the ownership and operation of the Plant that have historically been included on the monthly “Statement of Amount Due for Electric Production and Related Overheads” invoices developed by DEK and presented to DP&L consistent with past practices.

“Operation Agreement” has the meaning set forth in the recitals to this Agreement.

“Order” means any order, writ, judgment, injunction, decree, stipulation, determination, ruling or award entered by or with any Governmental Authority.

“Outage Costs” means all capital costs incurred by DEK in connection with the capital projects identified by the project numbers on Schedule 1.2-2.

“Outstanding Non-Outage Costs” means an aggregate amount, which will be set forth on the Adjustment Amount Statement, equal to (i) DP&L’s ownership share (determined consistent with past invoicing practices) of (A) Fuel Costs for which DP&L has not remitted payment to DEK pursuant to Section 7.1(a) as of the Closing, plus (B) Non-Outage Capital Costs for which DP&L has not remitted payment to DEK pursuant to Section 7.1(a) as of the Closing; provided that the amount of any such Non-Outage Capital Costs incurred on or after March 1, 2014 which are in excess of One Hundred Twenty-Five Thousand Dollars (\$125,000) during any calendar month period (with such amount to be prorated on a calendar day basis for any partial month) shall be excluded for purposes of this calculation, and plus (C) O&M Costs for which DP&L has not remitted payment to DEK pursuant to Section 7.1(a) as of the Closing; provided that the amount of any such O&M Costs incurred on or after March 1, 2014 which are in excess of One Million Two Hundred Thousand Dollars (\$1,200,000) during any calendar month period (with such amount to be prorated on a calendar day basis for any partial month) shall be, for purposes of this calculation, (1) excluded, if incurred on or after May 1, 2014 and (2) included, if incurred prior to May 1, 2014, and plus (ii) DP&L’s prorated ownership share (determined as provided in Schedule 3.2(a)) of any ad valorem property Taxes associated with the operation of the Plant or the Purchased Assets attributable to Pre-Closing Periods.

“Outstanding Outage Costs” means the lesser of (i) DP&L’s ownership share (determined consistent with past invoicing practices) of the aggregate Outage Costs incurred prior to the Closing and for which DP&L has not remitted payment to DEK as of the Closing, and (ii) \$9,500,000.

“Party” and “Parties” have the respective meanings set forth in the preamble to this Agreement.

“Permit” means any permit, license, approval or other authorization required or granted by any Governmental Authority.

“Permitted Liens” means (a) Liens, if any, for Taxes, assessments or governmental charges imposed by any Governmental Authority not yet delinquent; (b) Liens of vendors, suppliers, carriers, warehousemen, mechanics, materialmen and repairmen (i) that are not material in nature and (ii) as to which there is no default on the part of DP&L, provided that, as to (b), such Liens are discharged in connection with the Closing; (c) Liens created in favor of any DEK Related Party; and (d) and, as to Real Property, Permitted Real Property Liens.

“Permitted Real Property Liens” means (a) any Liens to which DEK’s undivided interest in the Real Property is equally subject and which were not imposed as a result of any unilateral action or failure to act of DP&L, (b) other Liens which do not have a material adverse effect on the value of the Real Property or DEK’s ability to use the Real Property after the Closing as it is currently used or, in the case of unimproved Real Property, for activities consistent with integrated utility operations; and (c) any Lien listed on Schedule 1.2-3.

“Person” means an individual, partnership, corporation, business trust, limited liability company, limited liability partnership, joint stock company, trust, unincorporated association, joint venture or other entity or a Governmental Authority.

“Plant” has the meaning set forth in the recitals to this Agreement.

“Pre-Closing Period” means any period ending before the Closing Date, and, with respect to any period that has not ended prior to the Closing Date, the portion of such period through and including the day immediately prior to the Closing Date.

“Pre-Paid Amount” means an amount equal to (i) DP&L’s ownership share (determined as provided in Schedule 3.2(a)) of the value at Closing of the following inventories associated with the Plant: coal, fuel oil, lime, ammonia, trona, and materials and supplies, plus (ii) DP&L’s ownership share (determined as provided in Schedule 3.2(a)) of the pre-paid pension assets associated with the Plant, minus (iii) DP&L’s ownership share (determined as provided in Schedule 3.2(a)) of the underfunded other post-employment benefits (OPEB) associated with the Plant, plus or minus (iv) DP&L’s ownership share (determined as provided in Schedule 3.2(a)) of a prorated pre-paid or prorated unpaid property insurance premium for any insurance policies maintained with respect to the Plant, plus (v) \$1,667,530.32, representing 100% of the amounts paid by DP&L to DEK prior to execution of this Agreement with respect to Outage Costs.

“Proceeding” means any action, arbitration, audit, hearing, investigation, litigation or suit (whether civil, commercial, labor, criminal, administrative, investigative or informal) commenced, brought, conducted, or heard by or before, or otherwise involving, any Governmental Authority or arbitrator.

“PUCO” has the meaning set forth in Section 7.5(b).

“Purchase Price” has the meaning set forth in Section 3.1(a).

“Purchased Assets” has the meaning set forth in Section 2.1.

“Real Property” has the meaning set forth in Section 2.1(b).

“Realized Liabilities” has the meaning set forth in Section 3.3.

“Regulations” means the final and temporary regulations promulgated by the Treasury Department under Title 26 of the Code of Federal Regulations.

“Related Agreements” means the Bill of Sale, the Assignment and Assumption Agreement, the Deed and the Termination Agreement.

“Retained Liabilities” has the meaning set forth in Section 2.4.

“Seller Disclosure Letter” has the meaning set forth in the introduction to Article V.

“Solvent”, when used with respect to any Person, means that, as of any date of determination, (a) the amount of the “fair saleable value” of the assets of such Person will, as of such date, exceed the sum of (i) the value of all liabilities of such Person as of such date, as such quoted terms are generally determined in accordance with applicable Laws governing determinations of the insolvency of debtors, and (ii) the amount that will be required to pay the probable liabilities of such Person, as of such date, on its existing debts as such debts become absolute and mature, (b) such Person will not have, as of such date, an unreasonably small amount of capital for the operation of the businesses in which it is engaged or proposed to be engaged following such date and (c) such Person will be able to pay its liabilities as they mature.

“Tax(es)” means any federal, state, local, or foreign income, gross receipts, license, payroll, employment, excise, severance, stamp, occupation, premium, windfall profits, environmental, (including Taxes under Section 59A of the Code), customs duties, capital stock, franchise, profits, withholding, social security (or similar), unemployment, disability, real property, personal property, sales, use, transfer, registration, valued added, alternative or add-on minimum, estimated, or other Tax of any kind whatsoever, including any interest, penalty, or addition thereto, whether disputed or not and including any obligations to indemnify or otherwise assume or succeed to the Tax liability of any other Person.

“Tax Return” means any return, declaration, report, claim for refund, or information return or statement relating to Taxes, including any schedule or attachment thereto, and including any amendment thereof, filed with or submitted to, or required to be filed with or submitted to, any Governmental Authority with respect to Taxes.

“Termination Agreement” has the meaning set forth in Section 4.2(c).

“Title Company” means a title insurance company reasonably acceptable to DEK.

ARTICLE II

SALE OF PURCHASED ASSETS; ASSUMPTION OF LIABILITIES

2.1 Sale of Purchased Assets. On the terms and subject to the conditions set forth in this Agreement, at the Closing, DP&L shall sell, assign, transfer, convey, and deliver to DEK,

and DEK shall purchase and acquire from DP&L, free and clear of any and all Liens, except Permitted Liens, all of DP&L's right, title and interest in and to all property and assets, real, personal and mixed, tangible and intangible, of every kind and description primarily related to the Plant whether or not reflected on the books and records of DP&L or the books and records of the Plant, excluding the Excluded Assets, but including:

(a) all tangible assets located at the Plant or primarily used in the operation of the Plant, including equipment, motor vehicles, tools, parts and fuel and other inventory;

(b) all real property, buildings, improvements, fixtures, and leasehold interests relating to or constituting a part of the Plant, or sharing a boundary with the Plant, or used or to be used primarily in connection with the operation of the Plant, including, the real property identified on Schedule 2.1(b) hereto (the "Real Property");

(c) any and all rights or interests in the electricity generated at the Plant following the Closing, including any and all PJM RPM capacity revenues with respect to such generation;

(d) all emission allowances on Schedule 2.1(d), which sets forth all such emission allowances that have been allocated to DP&L's interest in the Plant for the 2014 vintage year and any future vintage years (i) that are held by DEK as of Closing (ii) that have been transferred by DEK to DP&L, or (iii) that have been transferred directly by the Environmental Protection Agency to DP&L, with any such 2014 vintage year emission allowances to be prorated between DEK and DP&L as of the Closing Date;

(e) any rights in, to or under, any Contracts which are primarily related to the ownership and operation of the Plant, including the Assumed Contracts;

(f) all insurance benefits, including rights and proceeds, primarily associated with the Plant;

(g) all technology and other intellectual property primarily utilized in the ownership and operation of the Plant;

(h) all deposits and prepaid items or expenses relating to the Plant, claims for refunds relating to the Plant (other than with respect to Taxes) and rights of offset related thereto;

(i) all Permits held by or in the name of DP&L used in the operation of the Plant;

(j) any books and records located at the Plant related to the Purchased Assets or the Plant; and

(k) all rights to causes of action, Proceedings, judgments, claims, demands, deposits, prepayments, refunds and rights of recovery, set off or recoupment of any kind, including warranties and indemnification rights, that DP&L may have against any Person to the extent primarily related to the Purchased Assets or the Plant.

All of the property, interests, rights, and assets to be sold, assigned, transferred, conveyed, and delivered to DEK set forth in this Section 2.1 are collectively referred to as the “Purchased Assets”.

2.2 Excluded Assets. The Purchased Assets shall not include, and DEK shall not purchase from DP&L, any of the following property, interests, rights and assets of DP&L:

- (a) cash and cash equivalents;
- (b) rights in electricity generated at the Plant prior to the Closing, including any and all PJM RPM capacity revenues with respect to such generation;
- (c) rights of action that DP&L may have against any Governmental Authority for refund or credit with respect to Taxes related to the ownership, operation or use of the Plant prior to Closing;
- (d) all rights to causes of action, Proceedings, judgments, claims, demands, deposits, prepayments, refunds and rights of recovery, set off or recoupment of any kind that DP&L may have against any Person to the extent related to any Excluded Asset or Retained Liability;
- (e) all documents and records located within DP&L’s offices;
- (f) all proprietary information and know-how located within DP&L’s offices or held by DP&L or its affiliates’ employees;
- (g) all tangible assets located at any DP&L facility or office other than the Plant; and
- (h) the property, interests, rights and assets set forth on Schedule 2.2(h).

All such property, interest, rights and assets are collectively referred to as the “Excluded Assets”.

2.3 Assumption of Liabilities. On the terms and subject to the conditions of this Agreement, at the Closing DP&L shall assign to DEK, and DEK shall assume, and shall be responsible for satisfying when due, all past, present and future Liabilities, including Environmental Liabilities, of DP&L to the extent arising from, or related to, the Purchased Assets or the operation or retirement of the Plant, including such Liabilities related to Pre-Closing Periods; provided, that DEK shall not assume, and DP&L shall retain and remain responsible for satisfying and discharging when due, the Retained Liabilities. The Liabilities to be assigned to and assumed by DEK pursuant to Section 2.3 are collectively referred to as the “Assumed Liabilities”.

2.4 Retained Liabilities. DEK shall not assume, and DP&L shall retain and remain responsible for satisfying and discharging when due, the following Liabilities:

(a) any Indebtedness incurred by any DP&L Related Party or for which it has Liability, excluding any Indebtedness for which the DP&L Related Party has Liability solely as a result of the actions of any DEK Related Party;

(b) any Liabilities of DP&L under any Contracts to which any DP&L Related Party is a party or by which it has Liability, other than the Assumed Contracts, excluding any Contract for which the DP&L Related Party has Liability solely as a result of the actions of any DEK Related Party;

(c) any Liabilities of DP&L for Taxes, including the matters set forth on Schedule 5.7, except for ad valorem Taxes related to the Purchased Assets for the fiscal period including the Closing Date;

(d) any Liabilities of DP&L resulting from a breach by DP&L of any Assumed Contract; and

(e) any Liabilities of DP&L related to any Excluded Assets.

All such Liabilities are collectively referred to herein as the “Retained Liabilities”.

ARTICLE III

PURCHASE PRICE; ADJUSTMENT

3.1 Purchase Price.

(a) Upon the terms and subject to the conditions set forth in this Agreement, in addition to the assumption by DEK of the Assumed Liabilities, as full consideration for DEK’s purchase of the Purchased Assets, DEK shall pay to DP&L an aggregate amount equal to Twelve Million Four Hundred Thousand Dollars (\$12,400,000) (the “Purchase Price”), *plus* the Final Adjustment Amount, if the Final Adjustment Amount is a positive number, or *minus* the absolute value of the Final Adjustment Amount, if the Final Adjustment Amount is a negative number (such total, the “Net Settlement Amount”), calculated and payable as provided in this Article III and Schedule 3.2(a).

(b) Not later than five (5) Business Days prior to the Closing Date, DEK shall prepare and deliver to DP&L an estimated Adjustment Amount Statement, which shall set forth DEK’s good faith estimate of the Final Adjustment Amount (the “Estimated Adjustment Amount”) and each of its components and which shall be prepared in accordance with the Adjustment Methodology applicable to the Adjustment Amount Statement. The Purchase Price *plus* the Estimated Adjustment Amount, if the Estimated Adjustment Amount is a positive number, or *minus* the absolute value of the Estimated Adjustment Amount, if the Estimated Adjustment Amount is a negative number, is referred to herein as the “Closing Cash Consideration”.

(c) At the Closing, if the Closing Cash Consideration is a positive number, DEK shall pay or cause to be paid to DP&L, by wire transfer in immediately available funds to

an account identified by DP&L in writing at least three (3) Business Days prior to the Closing Date, the Closing Cash Consideration. At the Closing, if the Closing Cash Consideration is a negative number, DP&L shall pay or cause to be paid to DEK, by wire transfer in immediately available funds to an account identified by DEK in writing at least three (3) Business Days prior to the Closing Date, the Closing Cash Consideration (in such case expressed as an absolute value).

3.2 Post-Closing Adjustment.

(a) Within ninety (90) days after the Closing, DEK will prepare (or cause to be prepared), issue and deliver to DP&L a statement of DEK's proposed calculations of the Final Adjustment Amount, including the Pre-Paid Amount, the Outstanding Outage Costs and the Outstanding Non-Outage Costs (as finalized in the accordance with Section 3.2(e), the "Adjustment Amount Statement"). The Adjustment Amount Statement shall be prepared in accordance with the accounting, valuation, pro-ratio and other methods, practices and policies set forth in Schedule 3.2(a), and calculated consistent with the illustrative Adjustment Amount Statement based on a hypothetical Closing Date of February 28, 2014, also set forth in Schedule 3.2(a) (collectively, the "Adjustment Methodology").

(b) Following DEK's delivery of its proposed Adjustment Amount Statement, representatives of DP&L shall be provided copies of, or permitted access at all reasonable times to, any records reasonably requested by DP&L to confirm or verify DEK's proposed Adjustment Amount Statement, and DEK shall make reasonably available to DP&L the individuals employed by DEK that were responsible for the preparation of DEK's proposed Adjustment Amount Statement in order to respond to the inquiries of DP&L related thereto. Within the forty-five (45) day period following DEK's delivery of its proposed Adjustment Amount Statement, DP&L shall, in a written notice to DEK, either accept DEK's proposed Adjustment Amount Statement or, in the event that DP&L believes that the Adjustment Amount Statement contains mathematical errors, was not prepared in accordance with the Adjustment Methodology, or contains charges that are not properly chargeable to DP&L under the Operation Agreement or this Agreement, dispute the Adjustment Amount Statement, describing in reasonable detail any proposed adjustments to DEK's proposed Adjustment Amount Statement which DP&L believes should be made and the basis therefor. If DEK has not received such notice of proposed adjustments within such forty-five (45) day period, DP&L shall be deemed to have accepted DEK's proposed Adjustment Amount Statement and such statement shall be final, binding, conclusive and non-appealable.

(c) If DP&L disputes DEK's proposed Adjustment Statement, then following DP&L's delivery of its proposed adjustments, representatives of DEK shall be provided copies of, or permitted access at all reasonable times to, any records reasonably requested by DEK to confirm or verify DP&L's proposed adjustments, and DP&L shall make reasonably available to DEK the individuals employed by DP&L that were responsible for the preparation of DP&L's proposed adjustments in order to respond to the inquiries of DEK related thereto. Within the thirty (30) day period following DP&L's delivery of its proposed adjustments, DEK shall, in a written notice to DP&L, either accept DP&L's proposed adjustments or, in the event that DEK believes that the Adjustment Amount Statement contains mathematical errors, was not prepared in accordance with the Adjustment Methodology, or excludes charges that are properly

chargeable to DP&L under the Operation Agreement or this Agreement, dispute the proposed adjustments, describing in reasonable detail the reasons for DEK's dispute. If DP&L has not received such notice of DEK's dispute within such thirty (30) day period, DEK shall be deemed to have accepted DP&L's proposed adjustments and the DEK proposed Adjustment Amount Statement as adjusted by DP&L shall be final, binding, conclusive and non-appealable.

(d) DEK and DP&L shall negotiate in good faith to resolve any dispute over DP&L's proposed adjustments to DEK's proposed Adjustment Amount Statement, provided that if any such dispute is not fully resolved within fifteen (15) days following receipt by DP&L of DEK's reasons for disputing DP&L's proposed adjustments, then at the request of either DP&L or DEK, such dispute shall be submitted to Grant Thornton LLP or another independent public accounting firm mutually acceptable to DP&L and DEK (the "Arbiter") to resolve any remaining dispute over DP&L's proposed adjustments in accordance with the Adjustment Methodology, which resolution shall be final, binding, conclusive and non-appealable. The Arbiter shall be instructed to deliver its written determination not later than the thirtieth (30th) day after the dispute is referred to the Arbiter. The Arbiter's determination shall be based solely on written submissions by DP&L and DEK and their respective representatives and not by independent review. The Arbiter shall address only those items in dispute and may not assign a value greater than the greatest value for such item claimed by either Party or smaller than the smallest value claimed for such item by either Party. All fees and expenses relating to the work to be performed by the Arbiter pursuant to this Section 3.2(c) shall be split on a "loser-pays" basis such that DEK, on the one hand, and DP&L, on the other hand, pay in inverse proportion to the percentage of the disputed amount ultimately awarded to such Party by the Arbiter. Except as provided in the immediately preceding sentence, all other costs and expenses incurred by the Parties in connection with resolving any disputes over the Adjustment Amount Statement before the Arbiter shall be borne by the Party incurring such cost or expense.

(e) The Adjustment Amount Statement shall become final and binding on all Parties on the earliest to occur of: (i) DP&L's delivery of written notice to DEK of its acceptance of DEK's proposals thereof, (ii) DP&L's failure to deliver to DEK written notice of its proposed adjustments to DEK's proposals thereof within the forty-five (45) day period specified in Section 3.2(b), (iii) DEK's failure to deliver to DP&L written notice of its reasons for disputing DP&L's proposed adjustments within the thirty (30) day period specified in Section 3.2(c); (iv) the mutual written agreement of DP&L and DEK with respect to a revised Adjustment Amount Statement, or (v) the Arbiter's determination in respect of any disputes over DP&L's proposed adjustments, assuming all other items in the Adjustment Amount Statement are final as of such time.

(f) Promptly, but no later than five (5) Business Days, following the final determination of the Adjustment Amount Statement pursuant to Section 3.2(e) above:

(i) to the extent that the Net Settlement Amount is a greater number than the Closing Cash Consideration, then DEK will pay to DP&L an amount equal to the absolute value of such difference, or

(ii) to the extent that the Closing Cash Consideration is a greater number than the Net Settlement Amount, then DP&L will pay to DEK an amount equal to the absolute value of such difference.

3.3 Allocation of Net Settlement Amount. At least thirty (30) days prior to Closing, DP&L shall notify DEK of the amount and description of any Assumed Liabilities that are required to be included in the amount realized by DP&L for U.S. federal income Tax purposes under Section 1001 of the Code and the related Regulations (the “Realized Liabilities”). Within ninety (90) days of the final determination of the Net Settlement Amount, DEK will provide DP&L with a schedule of the allocation of the Net Settlement Amount plus the amount of any Realized Liabilities among the Purchased Assets (the “Allocation Schedule”) for U.S. federal income Tax purposes. If DP&L does not object to the Allocation Schedule within thirty (30) days of the DP&L’s receipt of the Allocation Schedule, then DP&L and DEK agree to allocate the Net Settlement Amount plus the amount of any Realized Liabilities as set forth on the Allocation Schedule. If DP&L objects in writing to the Allocation Schedule within thirty (30) days of DP&L’s receipt of the Allocation Schedule, then DEK and DP&L will attempt to agree on the Allocation Schedule; provided, however, if DEK and DP&L fail to agree on the Allocation Schedule within thirty (30) days of DEK’s receipt of DP&L’s written objection(s), then each of DEK and DP&L may allocate the Net Settlement Amount plus the amount of any Realized Liabilities among the Purchased Assets for U.S. federal income Tax purposes according to its own determination. Any adjustments to the Net Settlement Amount pursuant to this Agreement will be allocated in a manner consistent with the Allocation Schedule.

3.4 Real Estate Transfer Taxes. DP&L shall be responsible for filing and paying any real estate transfer Taxes that may apply as a result of Closing.

ARTICLE IV

CLOSING

4.1 Closing. The consummation of the transactions contemplated herein (the “Closing”) shall take place at the offices of Parker Poe Adams & Bernstein LLP, 401 S. Tryon Street, Suite 3000, Charlotte, NC 28202. Unless this Agreement shall have been previously terminated pursuant to Article IX, the Closing shall occur on the last day of the calendar month during which satisfaction or waiver of all of the conditions to Closing set forth in Article VIII (other than those conditions that by their nature are to be satisfied at the Closing, but subject to the satisfaction or waiver of those conditions) has occurred, or at such other time or date as DEK and DP&L may mutually agree; provided that in the event that such date is not a Business Day, the Closing shall occur on the next succeeding Business Day (the date on which the Closing occurs, the “Closing Date”). Unless otherwise agreed, the Closing shall be effective for economic and accounting purposes as of 12:01 a.m. on the first day of the month that is nearest in time to the Closing Date and all actions scheduled in this Agreement for the Closing shall be deemed to have occurred simultaneously at such time.

4.2 Closing Deliveries. At the Closing:

(a) DP&L shall deliver, or cause to be delivered, to DEK the following:

(i) a bill of sale in substantially the form of Exhibit 4.2(a)(i) attached hereto and dated as of the Closing Date (the “Bill of Sale”), duly executed by DP&L;

(ii) an assignment and assumption agreement substantially in the form of Exhibit 4.2(a)(ii) attached hereto and dated as of the Closing Date (the “Assignment and Assumption Agreement”), duly executed by DP&L;

(iii) a special warranty deed substantially in the form of Exhibit 4.2(a)(iii) attached hereto and dated as of the Closing Date (the “Deed”), duly executed and acknowledged in recordable form by DP&L, conveying indefeasible fee simple title to DP&L’s undivided interest in the Real Property to DEK, subject only to the Permitted Liens, and insurable by the Title Company mutually agreed upon by DP&L and DEK at then current standard rates under the standard form of ALTA owner’s policy of title insurance (ALTA Form 2006) with all endorsements required by DEK in its reasonable discretion and which are commercially available in the jurisdiction for the type of property insured, with the standard or printed exceptions deleted and without exception other than for the Permitted Liens;

(iv) written evidence of the receipt or satisfaction of the Consents described in Sections 5.4 and 8.1(b);

(v) the certificates referred to in Sections 8.2(a) and 8.2(b), dated as of the Closing Date, duly executed by DP&L;

(vi) a certificate from the Secretary of State of the State of Ohio as of a date within ten (10) Business Days prior to the Closing Date to the effect that DP&L is duly incorporated and in good standing in the State of Ohio;

(vii) a certificate from a corporate officer of DP&L certifying as to the authority, incumbency and signatures of the Persons acting on behalf of DP&L in connection with the execution of this Agreement and any other documents executed by DP&L in connection with this Agreement;

(viii) a certificate, duly executed by DP&L, pursuant to Regulations Section 1.1445-2(b) certifying that DP&L is not a foreign person within the meaning of Section 1445 of the Code;

(ix) a customary affidavit and indemnity agreement duly executed by DP&L substantially in the form of Exhibit 4.2(a)(ix) attached hereto and dated as of the Closing Date regarding contractor’s and materialmen’s liens on the Real Property, and tenants in possession of the Real Property, and any broker’s Lien on the Real Property, in each case to the extent contracted for by DP&L;

(x) all other documentation and instruments as are required pursuant to this Agreement or as may reasonably be requested by DEK to effect the consummation of the transactions contemplated by this Agreement.

(b) DEK shall deliver, or cause to be delivered, to DP&L the following:

(i) the Bill of Sale dated as of the Closing Date, duly executed by DEK;

(ii) the Assignment and Assumption Agreement dated as of the Closing Date, duly executed by DEK;

(iii) written evidence of the receipt or satisfaction of the Consents described in Sections 6.4 and 8.1(b);

(iv) the certificates referred to in Sections 8.3(a) and 8.3(b), dated as of the Closing Date, duly executed by DEK;

(v) a certificate from the Secretary of State of the Commonwealth of Kentucky as of a date within ten (10) Business Days prior to the Closing Date to the effect that DEK is duly incorporated and in good standing in the Commonwealth of Kentucky;

(vi) a certificate from a corporate officer of DEK certifying as to the authority, incumbency and signatures of the Persons acting on behalf of DEK in connection with the execution of this Agreement and any other documents executed by DEK in connection with this Agreement; and

(vii) all other documentation and instruments as are required pursuant to this Agreement or as may reasonably be requested by DP&L to effect the consummation of the transactions contemplated by this Agreement.

(c) Each Party shall execute a termination and release agreement (the "Termination Agreement") in substantially the form set forth in Exhibit 4.2(c) attached hereto, which agreement shall terminate the agreements set forth therein and release each Party from future claims of the other with respect to rights, duties and obligations under the Operation Agreement. As of the date of execution of this Agreement, the list of agreements that would be terminated pursuant to the Termination Agreement would include: the Operation Agreement; Memorandum of Construction dated March 24, 1981; those portions of the Recommendation and Agreement dated June 5, 1981 that relate to East Bend; the Recommendation and Agreement dated January 30, 1980; the Recommendation and Agreement East Bend Transmission Facilities dated November 28, 1977; and Agreement of Representation (relating to certain environmental trading programs) dated September 26, 2006. This list may be supplemented by mutual agreement of the Parties prior to the Closing.

ARTICLE V

REPRESENTATIONS AND WARRANTIES BY DP&L

Except as set forth in the disclosure letter delivered by DP&L to DEK on the date hereof (the "Seller Disclosure Letter"), DP&L hereby represents and warrants to DEK, as of the date hereof and, for purposes of Section 8.2(a) and Section 10.3, as of the Closing Date, as follows:

5.1 Organization; Good Standing. DP&L is a corporation duly incorporated, validly existing and in good standing under the laws of the State of Ohio and has all requisite corporate power and authority to own, operate and lease its assets and properties and to conduct its business as presently conducted. DP&L is duly qualified to do business and in good standing to do business as a foreign corporation in each of the jurisdictions in which the character or location of the assets owned or leased by DP&L or the nature of its business requires licensing or qualification, except to the extent any failure of the foregoing to be true and correct would not have a Material Adverse Effect.

5.2 Authority; Enforceability. DP&L has all requisite corporate power and authority to execute, deliver and perform this Agreement and each of the Related Agreements to which it is a party, to perform its obligations hereunder and thereunder and to consummate the transactions contemplated hereby and thereby. The execution, delivery and performance by DP&L of this Agreement and each of the Related Agreements to which it is a party and the consummation by DP&L of the transactions contemplated hereby and thereby have been duly and validly authorized by all necessary corporate action on the part of DP&L. DP&L has duly and validly executed this Agreement and, at or prior to the Closing, DP&L will have duly and validly executed each of the Related Agreements to which it is a party. Assuming the due authorization, execution and delivery by DEK of this Agreement and by each other party to the Related Agreements, this Agreement constitutes, and upon their execution and delivery, each of the Related Agreements to which DP&L is a party will constitute, a legal, valid and binding agreement of DP&L, enforceable against DP&L in accordance with its terms, subject to the Enforceability Limitations.

5.3 Non-Contravention. Except as set forth in Schedule 5.3 of the Seller Disclosure Letter, the execution, delivery and performance by DP&L of this Agreement and the Related Agreements to which it is a party and the consummation of the transactions contemplated hereby and thereby will not: (a) conflict with or violate any provision of DP&L's articles of incorporation or bylaws, (b) provided that the Consents contemplated by Section 5.4 have been obtained or made, conflict with or violate any Law applicable to DP&L or by which any of the Purchased Assets are bound, (c) provided that the Consents contemplated by Section 5.4 have been obtained or made, result in any breach or violation of, or constitute a default (or an event which with notice or lapse of time or both would become a default) or result in the loss of a benefit under, give rise to any right of termination, cancellation, amendment or acceleration of, any Contract to which DP&L is a party or by which any of the Purchased Assets are bound, or (d) result in the creation of any Lien (other than any Permitted Liens) upon any of the Purchased Assets, except, in the case of clauses (c) and (d), as would not have a Material Adverse Effect.

5.4 Consents. Schedule 5.4 of the Seller Disclosure Letter lists all Consents of any Person required to be obtained by DP&L in connection with its execution, delivery and performance of this Agreement and its Related Agreements and the consummation of the transactions contemplated hereby and thereby, except for such Consents with respect to which the failure to obtain would not have a Material Adverse Effect.

5.5 Title to Purchased Assets; Liens. Except as disclosed on Schedule 5.5 of the Seller Disclosure Letter, DP&L has good and valid title to all of the Purchased Assets other than the Real Property, free and clear of all Liens, other than the Permitted Liens. All of such

Purchased Assets will be transferred to DEK at the Closing free and clear of all Liens other than Permitted Liens. Without intending to limit the foregoing, (a) except as set forth in the Assumed Contracts or in this Agreement, DP&L has no legal obligation, absolute or contingent, to any other Person to sell any of the Purchased Assets, including pursuant to any bilateral contract or other arrangement to sell its share of the Plant's post-Closing electric generation capacity outside of the PJM Interconnection wholesale energy market, and (b) all of its share of the Plant's electric generation capacity will be a PJM qualifying capacity resource through May 31, 2018.

5.6 Real Property. Except as disclosed on Schedule 5.6 of the Seller Disclosure Letter, DP&L has not received any written notice, and DP&L does not have any Knowledge, that (a) the Real Property (or any portion of it) is in violation of any applicable zoning, flood, building or other Law, or any other legal requirement or private restriction; (b) any portion of the Real Property is subject to any designation or preliminary determination of any Governmental Authority as an archeological site, as an historical site, or under the Endangered Species Act; (c) the Real Property is, or has been, subject to any exemption from ad valorem Taxes that will result in the imposition of any Tax or penalty upon the transfer of title at Closing or any change in use of the Real Property; or (d) there are any pending, threatened or contemplated condemnation actions involving all or any portion of the Real Property, or any existing or contemplated plans to modify any public rights-of-way adjacent to the Real Property or to modify the Real Property's zoning classification or property Tax valuation. Other than Permitted Liens, there are no commitments to or agreements with any Governmental Authority to which DP&L is a party affecting the use or ownership of the Real Property. Except as disclosed on Schedule 5.6 of the Seller Disclosure Letter, DP&L has good, valid and marketable fee simple title to its undivided interest in the Real Property, free and clear of all Liens other than Permitted Liens.

5.7 Taxes. Except for matters that would not have a Material Adverse Effect or are set forth on Schedule 5.7, (i) DP&L has filed, or will file when due, all Tax Returns that are required to be filed by it on or before the Closing Date with respect to the Purchased Assets, the sale of power generated by the Purchased Assets and DP&L's interest in the Plant, and DP&L has paid, or will pay in full, all Taxes required to be paid with respect to Pre-Closing Periods with respect to the Purchased Assets, the sale of power generated by the Purchased Assets and DP&L's interest in the Plant; (ii) such Tax Returns were prepared or will be prepared in the manner required by applicable Laws, are complete and accurate and disclose all Taxes required to be paid; (iii) no event has occurred which could impose on DEK any successor or transferee liability for any Taxes in respect of DP&L; (iv) DP&L has not received any notice that any Taxes relating to any period prior to the Closing are owing by it that have not been paid on or before the Closing with respect to the Purchased Assets, the sale of power generated by the Purchased Assets or DP&L's interest in the Plant; (v) DP&L has not extended or waived the application of any statute of limitations of any jurisdiction regarding the assessment or collection of any Tax of DP&L with respect to the Purchased Assets, the sale of power generated by the Purchased Assets or its interest in the Plant; (vi) all Taxes that DP&L is required by Law to withhold or collect, including, without limitation, any sales and use Taxes and amounts required to be withheld or collected in connection with any amount paid or owing to any employee, independent contractor, creditor, member, or other Person, have been duly withheld or collected, and either paid to the respective taxing authorities, set aside in accounts for such purpose, or accrued, reserved against and entered upon the books of DP&L; (vii) no examination or audit of

any Tax Return with respect to the Purchased Assets, power generated by the Purchased Assets or DP&L's interest in the Plant is currently in progress and no Governmental Authority has asserted to DP&L in writing or, to the Knowledge of DP&L, threatened to assert or expected to assert against DP&L any deficiency, proposed deficiency or claim for additional Taxes or any adjustment thereof with respect to any period for which a Tax Return has been filed, for which Tax Returns have not yet been filed or for which Taxes are not yet due and payable; and (viii) no claim has ever been asserted in writing to DP&L by a Governmental Authority in a jurisdiction where DP&L does not file a Tax Return that it is or may be subject to taxation by that jurisdiction with respect to the Purchased Assets, the sale of power generated by the Purchased Assets or DP&L's interest in the Plant.

5.8 Proceedings; Orders. Except as disclosed on Schedule 5.8 of the Seller Disclosure Letter, there are no Proceedings or Orders pending or, to DP&L's Knowledge, threatened (a) against DP&L, its Affiliates or any of their respective directors, officers or employees with respect to the Purchased Assets or its ownership interest in the Plant which would have a Material Adverse Effect, or (b) which seek to prohibit, restrict or delay consummation of any of the transactions contemplated by this Agreement.

5.9 Compliance with Laws and Orders. Assuming the representations and warranties of DEK in Section 6.8 are true and correct, except as disclosed on Schedule 5.9 of the Seller Disclosure Letter or as would not have a Material Adverse Effect, (a) to DP&L's Knowledge, DP&L is and has since January 1, 2013 been in compliance with all applicable Laws and Orders applicable to it with respect to its ownership of the Purchased Assets, (b) DP&L has not received from any Person any written notice of violation or other claim of noncompliance with Laws regarding the operation of the Plant or any of the Purchased Assets, and (c) to DP&L's Knowledge, the Plant is and has since January 1, 2013 been operated in compliance with all applicable Laws (including all Environmental Laws) and Orders.

5.10 Contracts. Except for (i) the Operation Agreement and (ii) the Contracts listed on Schedule 5.10 of the Seller Disclosure Letter (the "Assumed Contracts"), there are no material Contracts to which DP&L is a party or by which any of the Purchased Assets are bound and a DP&L Related Party is a party relating to the development, design, construction, ownership, operation, maintenance or use of the Purchased Assets or the Plant, or the electricity generated by the Plant. DP&L has delivered to DEK true, correct and complete copies in all material respects of the Assumed Contracts to which DEK is not a party (including any amendments, supplements, modifications, annexes or schedules thereto). The Assumed Contracts constitute lawful, valid and legally binding obligations of DP&L and, to the Knowledge of DP&L, the other parties thereto, and are enforceable by DP&L, in accordance with their terms. Each Assumed Contract is in full force and effect and constitutes the entire agreement by and between the parties thereto with respect to the subject matter thereof. No fact, event or circumstance has occurred that constitutes, or could reasonably be expected to constitute, a default under any Assumed Contract by DP&L or, to the Knowledge of DP&L, any other party thereto. Except as set forth on Schedule 5.10 of the Seller Disclosure Letter, no Assumed Contract requires the consent of, or issuance of notice to, any Person to the assignment of such Assumed Contract to, and assumption thereof, by DEK, and the transactions contemplated herein will not result in or give rise to a right of termination in any Person with respect to any Assumed Contract.

5.11 Permits. Schedule 5.11 of the Seller Disclosure Letter sets forth all material Permits acquired or held by or in the name of DP&L in connection with the ownership, operation, maintenance or use of the Purchased Assets. DP&L is in compliance, in all material respects, with each such Permit and has not received any written notice of violation or noncompliance of any such Permit from any Governmental Authority or any other Person.

5.12 Environmental Matters. Assuming the representations and warranties of DEK in Section 6.9 are true and correct and except as would not have a Material Adverse Effect, to DP&L's Knowledge there are no claims, Proceedings or investigations under any Environmental Law pending or threatened against DP&L or the Purchased Assets relating to any of the Purchased Assets. DP&L has not received from any Governmental Authority any written notice of violation or other written claim of material noncompliance with Environmental Laws regarding the operation of the Plant or any of the Purchased Assets or any written notice that DP&L has been named, identified or alleged to be a responsible party or potentially responsible party under CERCLA or any state Law based on, or analogous to, CERCLA as the result of DEK's operation of the Plant. The representations and warranties contained in this Section 5.12 constitute the sole and exclusive representations and warranties of DP&L in this Agreement related to environmental matters.

5.13 Brokers. No DP&L Related Party has incurred any Liability for brokerage or finders' fees or agents' commissions or other similar payments in connection with the transactions contemplated hereby for which any DEK Related Party could be liable.

5.14 Solvency. DP&L is, as of the date hereof, and will be, as of immediately following the Closing, Solvent.

ARTICLE VI

REPRESENTATIONS AND WARRANTIES BY DEK

DEK hereby represents and warrants to DP&L, as of the date hereof and, for purposes of Section 8.3(a) and Section 10.2, as of the Closing Date, as follows:

6.1 Organization; Good Standing. DEK is a corporation duly incorporated, validly existing and in good standing under the laws of the Commonwealth of Kentucky.

6.2 Authority; Enforceability. DEK has all requisite corporate power and authority to execute, deliver and perform this Agreement and each of the Related Agreements to which it is a party, to perform its obligations hereunder and thereunder and to consummate the transactions contemplated hereby and thereby. The execution, delivery and performance by DEK of this Agreement and each of the Related Agreements to which it is a party and the consummation by DEK of the transactions contemplated hereby and thereby have been duly and validly authorized by all necessary corporate action on the part of DEK. DEK has duly and validly executed this Agreement and, at or prior to the Closing, DEK will have duly and validly executed each of the Related Agreements to which it is a party. Assuming the due authorization, execution and delivery by DP&L of this Agreement and by each other party to the Related Agreements, this Agreement constitutes, and upon their execution and delivery, each of the Related Agreements to

which DEK is a party will constitute, a legal, valid and binding agreement of DEK, enforceable against DEK in accordance with its terms, subject to the Enforceability Limitations.

6.3 Non-Contravention. Except as set forth in Schedule 6.3 hereto, the execution, delivery and performance by DEK of this Agreement and each of the Related Agreements to which it is a party and the consummation of the transactions contemplated hereby and thereby will not: (a) conflict with or violate any provision of DEK's articles of incorporation or bylaws, or (b) provided that the Consents contemplated by Section 6.4 have been obtained or made and all filings described in Section 6.5 have been made, conflict with or violate any Law applicable to DEK.

6.4 Consents. Schedule 6.4 hereto lists all Consents of any Person required to be obtained by DEK in connection with its execution, delivery and performance of this Agreement and its Related Agreements and the consummation of the transactions contemplated hereby and thereby, except for such Consents with respect to which the failure to obtain would not have a Material Adverse Effect.

6.5 Proceedings; Orders. Except as disclosed on Schedule 6.5 hereto, there are no Proceedings or Orders pending or, to DEK's Knowledge, threatened which seek to prohibit, restrict or delay consummation of any of the transactions contemplated by this Agreement or any of the conditions to consummation of such transactions.

6.6 Brokers. No DEK Related Party has incurred any Liability for brokerage or finders' fees or agents' commissions or other similar payments in connection with the transactions contemplated hereby for which any DP&L Related Party could be liable.

6.7 Sufficiency of Funds. DEK has, as of the date hereof, and will have, as of the Closing, sufficient cash on hand or other sources of immediately available funds to enable it to make payment of the Closing Cash Consideration and to consummate the transactions contemplated by this Agreement.

6.8 Compliance with Laws and Orders. To DEK's Knowledge and except as disclosed on Schedule 6.8 hereto or as would not have a Material Adverse Effect, (a) DEK is and has since January 1, 2013 been in compliance with all applicable Laws and Orders applicable to it with respect to its ownership or operation of the Plant, (b) DEK has not received from any Person any written notice of violation or other claim of noncompliance with Laws regarding the operation of the Plant or any of the Purchased Assets, and (c) the Plant is and has been since January 1, 2013 operated in compliance with all applicable Laws (including all Environmental Laws) and Orders.

6.9 Environmental Matters. To DEK's Knowledge and except as would not have a Material Adverse Effect, there are no claims, Proceedings or investigations under any Environmental Law pending or threatened against DEK or the Plant. DEK has not received from any Governmental Authority any written notice of violation or other written claim of noncompliance with Environmental Laws regarding the operation of the Plant or any written notice that DEK has been named, identified or alleged to be a responsible party or potentially responsible party under CERCLA or any state Law based on, or analogous to, CERCLA as the

result of DEK's operation of the Plant. The representations and warranties contained in this Section 6.9 constitute the sole and exclusive representations and warranties of DEK in this Agreement related to environmental matters.

ARTICLE VII

COVENANTS

7.1 Operation Agreement.

(a) During the Forbearance Period and except as otherwise expressly provided in this Agreement and subject to the provisions of Article IX: (i) DEK shall continue to operate the Plant and to calculate all costs and expenses related to the operation of the Plant, and DP&L's share thereof, consistent with the terms of the Operation Agreement and past practices, (ii) DEK shall not make any material changes in its accounting systems, policies, principles or practices related to the Plant or DP&L's ownership share of the Plant, other than changes required by Law or changes which would not alter its methodology for valuing the assets comprising the Prepaid Amount or for calculating Plant-related costs and DP&L's share thereof, (iii) DP&L's cost responsibilities, rights and duties shall be defined by the Operation Agreement, and (iv) any stated expiration date in the Operation Agreement shall be treated as if it were extended.

(b) Consistent with past practices, DEK shall continue to provide monthly invoices with respect to DP&L's ownership share (determined consistent with past invoicing practices) of the Fuel Costs, Non-Outage Capital Costs, Outage Costs and O&M Costs.

(c) Notwithstanding anything in the Operation Agreement or Section 7.1(a) to the contrary, the Parties hereby acknowledge and agree that, during the Forbearance Period, DP&L shall have the right to withhold payment without penalty for (i) any Outage Costs; (ii) the portion of any Non-Outage Capital Costs incurred on or after March 1, 2014, which are in excess of One Hundred Twenty-Five Thousand Dollars (\$125,000) during any calendar month period; and (iii) the portion of any O&M Costs incurred on or after March 1, 2014, which are in excess of One Million Two Hundred Thousand Dollars (\$1,200,000) during any calendar month period.

(d) In the event of any inconsistency between the provisions of this Agreement and the provisions of the Operation Agreement, the provisions of this Agreement shall control.

7.2 Preservation of Purchased Assets. During the Forbearance Period, except as set forth on Schedule 7.2, as specifically contemplated by this Agreement or unless DEK shall otherwise agree in writing, DP&L shall continue to preserve, maintain and use the Purchased Assets in the ordinary course of business consistent with past practice. Without limiting the generality of the foregoing, prior to the Closing, DP&L shall not:

(a) except in the ordinary course of business, sell, transfer, lease, abandon or otherwise dispose of, or mortgage or encumber (other than Permitted Liens), any of the Purchased Assets, other than any required sale of future electric generation capacity through the PJM Interconnection wholesale energy market;

- (b) cancel or waive any of its material rights regarding the Purchased Assets;
- (c) take any action or fail to take any action that would have a Material Adverse Effect; or
- (d) enter into any Contract to do any of the foregoing.

7.3 Access to Information. Upon the terms and subject to the conditions of the Confidentiality Agreement, during the Forbearance Period, each Party shall afford to the other Party, its accountants, counsel and other representatives reasonable access for any reasonable purpose related to the transactions contemplated hereby, at the requesting Party's expense and upon reasonable notice during normal business hours, to the other Party's key personnel, and to contracts, records, documents associated with the Plant and the Purchased Assets, including title insurance, deeds, surveys, Tax and other records related to the Real Property.

7.4 Post-Closing Access to Information. From and after the Closing, each Party will make or cause to be made available to the other Party for any reasonable purpose all books, records and documents of such Party relating to the Plant or the Purchased Assets (and the assistance of employees responsible for such books, records and documents) during regular business hours; provided, however, that access to such books, records, documents and employees will not interfere with the normal operations of such Party.

7.5 Commercially Reasonable Efforts.

(a) Subject to the terms and conditions of this Agreement and applicable Law, each of DEK and DP&L shall use commercially reasonable efforts to take, or cause to be taken, all actions, and to do, or cause to be done, all things reasonably necessary, proper or advisable under applicable Laws or otherwise to consummate and make effective the transactions contemplated by this Agreement as soon as practicable, including such actions or things as the other Party may reasonably request in order to cause any of the conditions to such other Party's obligation to consummate such transactions to be fully satisfied. Without limiting the generality of the foregoing, each of the Parties shall (and shall use their commercially reasonable efforts to cause its Affiliates, directors, officers employees, agents, attorneys, accountants and representatives to) consult and fully cooperate with, provide reasonable assistance to each other in, and keep each other reasonably informed in connection with (i) obtaining all necessary Consents or other permission or action by, and giving all necessary notices to and making all necessary filings with and applications and submissions to, any Governmental Authority or other Person, (ii) the defending of any Proceedings challenging this Agreement or the consummation of the transactions contemplated hereby, including seeking to have vacated or reversed any Order that could restrain, prevent or delay the Closing, (iii) the prompt compliance with all legal requirements that may be imposed on such Party or any of its Affiliates with respect to the transactions contemplated hereby, and (iv) the execution and delivery of any additional instruments necessary to consummate the transactions contemplated hereby and to fully carry out the purposes of this Agreement; provided, however, that in order to obtain any Consent (including FERC Approval), except as provided in this Agreement, no Party shall be required to pay any consideration, to divest itself of any of, or otherwise rearrange the composition of, its

assets or to agree to any conditions or requirements which in any such case, individually or in the aggregate, would reasonably be expected to have a material and adverse effect on such Party.

(b) Without limiting the foregoing, within fifteen (15) Business Days of the execution date of this Agreement, DP&L shall file a revision to its Application in Public Utilities Commission of Ohio Case (“PUCO”) No. 13-2420-EL-UNC and request PUCO approval, on an expedited basis, to transfer DP&L’s share of the Plant to DEK in accordance with the terms of this Agreement. Alternatively, within fifteen (15) Business Days of the execution of this Agreement, DP&L shall file with PUCO a separate application for approval, on an expedited basis, to transfer its interest in the Plant in accordance with the terms of this Agreement.

(c) DEK shall file within fifteen (15) Business Days of the execution date of this Agreement an application before the Kentucky Public Service Commission seeking all necessary approvals for the purchase of DP&L’s interest in the Plant, including approvals under the CPCN and financing authority statutes for the acquisition by DEK of the Purchased Assets and the assumption by DEK of the Assumed Liabilities, including the Environmental Liabilities, in accordance with the terms of this Agreement, and the associated retirement of DEK’s Miami Fort 6 facility.

(d) DEK shall prepare within fifteen (15) Business Days of the execution date of this Agreement an application before the FERC seeking all necessary approvals for the acquisition by DEK of the Purchased Assets and the assumption by DEK of the Assumed Liabilities consistent with the terms of this Agreement. To the extent that DP&L is required to be a co-applicant, DEK will share drafts of such application and DP&L will use commercially reasonable efforts to review, approve and be a signatory to such Application. The Parties shall work towards a filing date no more than twenty-five (25) days after the execution date of this Agreement.

(e) Notwithstanding the foregoing or any other provision of this Agreement to the contrary, nothing in this Section 7.5 shall limit a Party’s right to terminate this Agreement pursuant to Section 9.1(c) so long as such Party is at the time in compliance in all material respects with its obligations under this Section 7.5.

7.6 Exclusivity. During the period from the date of this Agreement through the Closing Date, or the earlier termination of this Agreement pursuant to Article IX, DP&L shall not, and shall cause its Affiliates and representatives not to, directly or indirectly, take any action to encourage, initiate, or engage in discussions or negotiations with, or disclose any nonpublic information to, any Person (other than DEK and its Affiliates and representatives) in furtherance of the direct or indirect disposition, whether by sale, merger or otherwise, of all or any material portion of the Purchased Assets. Without limiting the generality of the foregoing, immediately after the execution of this Agreement, DP&L shall cause all of the Purchased Assets to be removed from the confidential sales process relating to a portfolio of assets initiated by DP&L’s parent company, AES Corporation, and discontinue any discussions or negotiations with, any Person (other than DEK and its Affiliates and representatives) concerning the Plant and the Purchased Assets.

7.7 Property Taxes. Following the Closing, upon DP&L's receipt of any bills for any ad valorem property Taxes which relate to the operation of the Plant or the Purchased Assets for any Tax periods which began before the Closing Date and ends after the Closing Date, DP&L shall promptly forward copies of such Tax bills to DEK, and DEK shall be required to satisfy any Taxes reflected in such Tax bills in a timely fashion.

7.8 Seller's Title Insurance. Prior to the Closing, DEK shall use commercially reasonable efforts to cause the title insurance company issuing title insurance to DEK to also prepare a seller's title insurance policy, endorsement, or rider in an amount up to Twenty-Five Million Dollars (\$25,000,000) and quote a price as a firm offer for such coverage to DP&L. DP&L has sole discretion as to whether or not to accept such offer and shall be responsible for all premiums and other expenses with respect to the policy or such coverage.

ARTICLE VIII

CONDITIONS TO CLOSING

8.1 Conditions to Obligations of DEK and DP&L. The respective obligations of each Party to consummate the transactions contemplated by this Agreement are subject to the satisfaction or waiver at or prior to the Closing of each of the following conditions precedent:

(a) No Adverse Order. (i) No Orders prohibiting the consummation of the Closing, or permitting such consummation only subject to material conditions or restrictions which would reasonably be expected to have a Material Adverse Effect shall have come into effect after the date of this Agreement and continue to be in effect and (ii) no Governmental Authority shall have enacted, issued, promulgated or enforced any Law that is then in force and has the effect of making illegal or otherwise preventing or prohibiting the consummation of the transactions contemplated by this Agreement.

(b) FPA Matters. The Consent of FERC under Section 203 of the FPA, required to consummate the transactions contemplated hereby shall have been obtained, and such Consent does not contain any material conditions which are unacceptable to DEK in its sole reasonable judgment.

8.2 Conditions to Obligations of DEK. DEK's obligations to consummate the transactions contemplated by this Agreement shall be subject to the satisfaction or waiver at or prior to the Closing of each of the following conditions precedent.

(a) Accuracy of DP&L's Representations and Warranties. The representations and warranties of DP&L contained in this Agreement shall be true and correct, in each case on and as of the Closing Date (except, in either case, for such representations and warranties which by their express provisions are made only as of an earlier date, in which case they shall be true and correct as of such date), determined without regard to any Material Adverse Effect or similar terms relating to materiality as set forth therein except where the failure of such representations and warranties to be true and correct as so made, individually or in the aggregate, would not have a Material Adverse Effect; and DEK shall have received a certificate signed by a duly authorized officer of DP&L, dated the Closing Date, to such effect.

(b) Agreements and Obligations of DP&L. The agreements or obligations, taken as a whole, required by this Agreement to be performed or complied with by DP&L at or prior to the Closing shall have been duly performed or complied with in all material respects, and DEK shall have received a certificate signed by a duly authorized officer of DP&L, dated the Closing Date, to such effect.

(c) Consents. All of the Consents identified on Schedule 8.2(c) shall have been obtained on terms and conditions satisfactory to DEK in its sole reasonable judgment.

(d) Material Adverse Effect. Since the date of this Agreement, no Material Adverse Effect shall have occurred, excluding any Material Adverse Effect that was caused during the Forbearance Period by the negligence of DEK.

8.3 Conditions to Obligations of DP&L. DP&L's obligations to consummate the transactions contemplated by this Agreement shall be subject to the satisfaction or waiver at or prior to the Closing of each of the following conditions precedent:

(a) Accuracy of DEK's Representations and Warranties. The representations and warranties of DEK contained in this Agreement shall be true and correct in each case on and as of the Closing Date (except, in either case, for such representations and warranties which by their express provisions are made only as of an earlier date, in which case they shall be true and correct as of such date), determined without regard to any Material Adverse Effect or similar terms relating to materiality as set forth therein except where the failure of such representations and warranties to be true and correct as so made, individually or in the aggregate, would not have a Material Adverse Effect; and DP&L shall have received a certificate signed by a duly authorized officer of DEK, dated the Closing Date, to such effect.

(b) Agreements and Obligations of DEK. The agreements or obligations, taken as a whole, required by this Agreement to be performed or complied with by DEK at or prior to the Closing shall have been duly performed or complied with in all material respects, and DP&L shall have received a certificate signed by a duly authorized officer of DEK, dated the Closing Date, to such effect.

(c) Consents. All of the Consents identified on Schedule 8.3(c) shall have been obtained on terms and conditions satisfactory to DP&L in its sole reasonable judgment.

ARTICLE IX

TERMINATION

9.1 Termination Events. This Agreement may be terminated and the transactions contemplated hereby may be abandoned at any time prior to the Closing:

(a) by mutual written consent of DEK and DP&L;

(b) at any time by either DEK, on the one hand, or DP&L, on the other hand, by giving notice to the other Party if (i) there has been a material breach by the other Party of such Party's representations, warranties or covenants set forth in this Agreement, which breach

cannot be cured or has not been cured within ten (10) days after receipt of written notice of such breach from the terminating Party, or (ii) events have occurred which have made it impossible to satisfy a condition to Closing as set forth in Article VIII, unless such terminating Party's breach of this Agreement has caused the impossibility; or

(c) at any time by either Party, by giving notice to the other Party, if the Closing shall not have occurred by December 31, 2014, unless extended by written agreement by the Parties; provided that the right to terminate this Agreement pursuant to this Section 9.1(c) shall not be available to any Party whose breach of this Agreement has prevented the consummation of the transactions contemplated hereby at or prior to such time.

9.2 Effect of Termination.

(a) Each Party's right of termination under Section 9.1 is in addition to any other rights it may have under this Agreement, and the exercise of such right of termination will not be an election of remedies under this Agreement. If this Agreement is terminated pursuant to Section 9.1, all obligations of the Parties under this Agreement will terminate, except that the obligations of the Parties in this Section 9.2, the last sentence of Section 9.3(a), Section 9.3(c) and Article XI will remain in full force and effect; provided, however, that, if this Agreement is terminated because of a breach of this Agreement by the non-terminating Party or because one or more of the conditions to the terminating Party's obligations under this Agreement is not satisfied as a result of the Party's failure to comply with its obligations under this Agreement, the terminating Party's right to pursue all legal remedies will survive such termination unimpaired. A terminating Party's remedies resulting from a breach shall include the right to seek specific performance and the right to recover reasonable attorneys' fees and expenses incurred by such Party in enforcing its rights.

(b) Upon termination of this Agreement, the provisions of Section 7.1 shall be null and void and shall be treated in any future dispute among the Parties as if the extension and modification of certain payment obligations under the Operation Agreement contemplated hereby had never occurred. The purpose of this provision is to restore the Parties to the status quo ante prior to execution of this Agreement and permit each Party, in its sole discretion, to advance its interests with respect to the Claims and to pursue any Claims without regard to this Agreement. Without intending to limit the generality of the foregoing, upon termination of this Agreement (i) as regarding costs incurred, invoices billed and payments made under the Operation Agreement, (A) DEK reserves all rights to seek recovery of the full amounts to which it believes DP&L should be obligated to pay, including Outage Costs, and (B) DP&L reserves all rights to defend against any such Claims by DEK and to seek recovery of any amounts previously paid that are associated with the 2014 Spring Outage and other amounts that are paid pursuant to the Operation Agreement; (ii) any extension of the Operation Agreement pursuant to this Agreement shall not be deemed to have altered any of DP&L's or DEK's rights that would have existed in the absence of such extension, including each of DP&L's and DEK's rights in connection with the Claims, nor shall such extension be construed as any evidence of, or any obligations for, a course of dealing beyond the expiration of the Operation Agreement, or in any way prejudice or constitute a waiver of either Party's positions with respect to any Claims; and (iii) any extension of the Operation Agreement pursuant to this Agreement will not alter the

Parties' rights and obligations regarding the Plant beyond the Forbearance Period, nor shall it be construed as a continuing course of dealing.

9.3 Forbearance and Release; Reservation of Rights.

(a) During the Forbearance Period, each of DEK (on behalf of itself and on behalf of the other DEK Related Parties) and DP&L (on behalf of itself and on behalf of the other DP&L Related Parties) hereby agrees to forbear from asserting, and not to bring any Proceeding, against any of the DEK Related Parties or the DP&L Related Parties, as applicable, with respect to any Claims. During the Forbearance Period, any statute of limitations, statute of repose, laches, or other defense related to the passage of time shall be tolled with respect to the Claims.

(b) Provided that the Closing occurs, then: (i) DEK (on behalf of itself and on behalf of the other DEK Related Parties), hereby releases and forever discharges DP&L and the other DP&L Related Parties from any Liability regarding, and covenants not to bring any Proceeding against any of the DP&L Related Parties, arising out of or otherwise related to, the Claims; and (ii) DP&L (on behalf of itself and on behalf of the other DP&L Related Parties), hereby releases and forever discharges DEK and the other DEK Related Parties from any Liability regarding, and covenants not to bring any Proceeding against any of the DEK Related Parties arising out of or otherwise related to, the Claims.

(c) In the event that the Closing does not occur and this Agreement is terminated pursuant to Section 9.1, then, in addition to any rights or remedies available to the Parties under this Agreement, except with respect to the tolling during the Forbearance Period set forth in Section 9.3(a), the Parties shall have reserved all of their rights and defenses against each other with respect to the Claims, and such rights and defenses shall not in any way be altered as a result of the Parties having entered into this Agreement.

ARTICLE X

INDEMNIFICATION

10.1 Survival of Representations and Warranties. Notwithstanding any otherwise applicable statute of limitations:

(a) The representations and warranties by DEK in Article VI of this Agreement shall survive for a period of 18 months after the Closing Date, except that (i) the representations and warranties contained in Sections 6.1, 6.2, 6.3 and 6.4 shall survive until the third (3rd) anniversary of the Closing Date, and (ii) if a claim or notice is given under Section 10.2 with respect to a breach of any representation or warranty prior to the applicable expiration date, such representation or warranty shall, with respect to such alleged breach, continue indefinitely until such claim is finally resolved. This Section 10.1(a) shall not limit any covenant or agreement of DEK contained herein, which shall survive until performed in accordance with its respective terms.

(b) The representations and warranties by DP&L in Article V of this Agreement shall survive for a period of 18 months after the Closing Date, except that (i) the

representations and warranties contained in Section 5.7 shall expire sixty (60) days after the expiration of the relevant statute of limitations, including all extensions and waivers thereof, (ii) the representations and warranties contained in Sections 5.1, 5.2, 5.3, 5.4, 5.5. and 5.6 shall survive until the third (3rd) anniversary of the Closing Date, and (iii) if a written claim is asserted with specificity under Section 10.3 with respect to a breach of any representation or warranty prior to the applicable expiration date, such claim shall not thereafter be barred on the basis of the applicable expiration date. This Section 10.1(b) shall not limit any covenant or agreement of DP&L contained herein, which shall survive until performed in accordance with its respective terms.

10.2 Indemnification by DEK.

(a) Subject to the limitations set forth in Section 10.2(b), from and after the Closing, DEK hereby agrees to indemnify, defend and hold harmless each of the DP&L Related Parties from and against any and all Liabilities, claims, damages, Taxes, costs or expenses, including attorneys' fees (collectively, "Losses") that may be sustained, suffered, or incurred by such DP&L Related Party arising out of or resulting from (i) any inaccuracy or breach of any of the representations and warranties made by DEK in this Agreement or any of its Related Agreements, (ii) any breach or nonperformance of any covenants or agreements made by DEK in this Agreement or any of its Related Agreements, or (iii) the Assumed Liabilities.

(b) DEK shall not be required to indemnify the DP&L Related Parties under Sections 10.2(a)(i) until the aggregate amount of all Losses incurred by the DP&L Related Parties exceeds Two Hundred Thousand Dollars (\$200,000) (the "Deductible"), in which event DEK shall be responsible only for such Losses exceeding the Deductible. Further, DEK's aggregate obligation to indemnify the DP&L Related Parties under Sections 10.2(a)(i) shall not exceed (i) with respect to any claims arising out of or relating to any inaccuracy in or breach of any of the representations and warranties of DEK in Sections 6.1, 6.2, 6.3 or 6.4, Nine Million Five Hundred Thousand Dollars (\$9,500,000), and (ii) with respect to all other claims under Section 10.2(a)(i), One Million Dollars (\$1,000,000) (such applicable maximum amounts, the "DEK Caps"). Notwithstanding the foregoing, in no event shall either the Deductible or the DEK Caps be applicable with respect to any claims based upon fraud, intentional misrepresentation or criminal activity.

(c) For the avoidance of doubt and in furtherance and not in limitation of the provisions of Section 10.2(a), the indemnity set forth in Section 10.2(a)(iii) shall apply with respect to any Losses related to claims made under any Environmental Law with respect to the Plant, irrespective of whether the claims or violations are alleged to have occurred prior to or subsequent to Closing ("Environmental Liabilities") and neither the Deductible nor the DEK Caps shall operate to limit DEK's indemnification of DP&L Related Parties with respect to any such Environmental Liabilities. The foregoing shall also apply with respect to any claims made by employees or contractors of DEK made under Workman's Compensation or otherwise alleging damage from environmental exposure.

(d) For the avoidance of doubt and in furtherance and not in limitation of the provisions of Section 10.2(a) the indemnity set forth in Section 10.2(a)(iii) shall apply with respect to any Losses related to claims made by any third party in contract, tort, or otherwise that

are related to actions or inactions by DEK before or after Closing with respect to the Purchased Assets or the Plant, and neither the Deductible nor the DEK Caps shall operate to limit DEK's indemnification of DP&L Related Parties with respect to Losses covered under this Section 10.2(d).

(e) For the avoidance of doubt and in furtherance and not in limitation of the provisions of Section 10.2(a), the indemnity set forth in Section 10.2(a)(iii) shall become effective as of Closing and shall remain in effect indefinitely.

10.3 Indemnification by DP&L.

(a) Subject to the limitations set forth in Section 10.3(b), from and after the Closing, DP&L hereby agrees to indemnify, defend and hold harmless each of the DEK Related Parties from and against any and all Losses that may be sustained, suffered, or incurred by such DEK Related Party arising out of or resulting from (i) any inaccuracy or breach of any of the representations and warranties made by DP&L in this Agreement or any of its Related Agreements, (ii) any breach or nonperformance of any covenants or agreements made by DP&L in this Agreement or any of its Related Agreements, or (iii) the Retained Liabilities or any Excluded Assets which are related to the Plant.

(b) DP&L shall not be required to indemnify the DEK Related Parties under Section 10.3(a)(i) until the aggregate amount of all Losses incurred by the DEK Related Parties exceeds the Deductible, in which event DP&L shall be responsible only for such Losses exceeding the Deductible. Further, DP&L's aggregate obligation to indemnify the DEK Related Parties under Section 10.3(a)(i) shall not exceed (i) with respect to any claims arising out of or relating to any inaccuracy in or breach of any of the representations and warranties of DP&L contained in Sections 5.1, 5.2, 5.3, or 5.4, Nine Million Five Hundred Thousand Dollars (\$9,500,000); (ii) with respect to any claims arising out of or relating to any inaccuracy in or breach of any of the representations and warranties of DP&L contained in Sections 5.5, 5.6, or 5.7, (A) Twenty-Five Million Dollars (\$25,000,000), if the notice required by Section 10.4 with respect to such claim is delivered on or prior to the first anniversary of the Closing Date, (B) Twenty Million Dollars (\$20,000,000), if such notice is delivered after the first anniversary of the Closing Date and on or prior to the second anniversary of the Closing Date, and (C) Fifteen Million Dollars (\$15,000,000), if such notice is delivered after the second anniversary of the Closing Date; and (iii) with respect to all other claims under Section 10.3(a)(i), One Million Dollars (\$1,000,000) (such applicable maximum amounts, the "DP&L Caps"). Notwithstanding the foregoing, in no event shall either the Deductible or the DP&L Caps be applicable with respect to any claims based upon fraud, intentional misrepresentation or criminal activity.

10.4 Notice of Claims. As promptly as is reasonably practicable after becoming aware of the basis of a claim for indemnification pursuant to Section 10.2(a) or Section 10.3(a), the Person seeking indemnification hereunder (the "Indemnified Party") shall deliver written notice to the Party required to provide indemnification hereunder (the "Indemnifying Party"), setting forth in reasonable detail the nature of such claim (including copies of any documents and written correspondence related thereto), the representations, warranties, covenants or obligations alleged to have been breached and, if known, the amount that the Indemnified Party seeks hereunder from the Indemnifying Party; provided, however, that failure to provide such notice

promptly shall not relieve the Indemnifying Party of its obligations hereunder except to the extent the Indemnified Party shall have been materially prejudiced by such failure.

10.5 Indemnification Procedures Regarding Third-Party Claims. The procedures to be followed by the Parties with respect to indemnification hereunder regarding claims by third-Persons which could give rise to an indemnification obligation hereunder shall be as follows:

(a) The Indemnifying Party shall be entitled, at its own expense, to participate in the defense of any such Proceeding or claim, and, if (i) the Proceeding or claim involved seeks (and continues to seek) solely monetary damages, and (ii) the Indemnifying Party confirms, in writing, its obligation hereunder to indemnify and hold harmless the Indemnified Party with respect to such damages in their entirety pursuant to Section 10.2(a) or Section 10.3(a), as the case may be, then the Indemnifying Party shall be entitled to assume and control such defense with counsel chosen by the Indemnifying Party, and reasonably acceptable to the Indemnified Party, which approval shall not be unreasonably withheld, conditioned or delayed. The Indemnified Party shall be entitled to participate therein after such assumption, the costs of such participation following such assumption to be at its own expense. Upon assuming such defense, the Indemnifying Party shall have full rights to enter into any monetary compromise or settlement which is dispositive of the matters involved; provided, that such settlement is paid in full by the Indemnifying Party and will not have any continuing material adverse effect upon the Indemnified Party. Notwithstanding the foregoing, the Indemnified Party shall have the right to pay, settle or compromise any such Proceeding or claim, provided that in such event the Indemnified Party shall waive any right to indemnity therefor hereunder unless the Indemnified Party shall have sought the approval of the Indemnifying Party to such payment, settlement or compromise and such approval was unreasonably withheld, conditioned or delayed, in which event no claim for indemnity therefor hereunder shall be waived.

(b) With respect to any Proceeding or claim as to which the Indemnifying Party shall not have assumed the defense, the Indemnified Party shall assume and control the defense of and contest such Proceeding or claim with counsel chosen by it and reasonably acceptable to the Indemnifying Party, which approval shall not be unreasonably withheld, conditioned or delayed. The Indemnifying Party shall be entitled to participate in the defense of such Proceeding or claim, the cost of such participation to be at its own expense. The Indemnifying Party shall be obligated to pay the reasonable attorneys' fees and expenses of the Indemnified Party to the extent that such fees and expenses relate to claims as to which indemnification is due under Section 10.2(a) or Section 10.3(a), as the case may be. The Indemnified Party shall have full rights to dispose of such Proceeding or claim and enter into any monetary compromise or settlement; provided, however, in the event that the Indemnified Party shall settle or compromise any action, proceeding or claim for which indemnification is due under Section 10.2(a) or Section 10.3(a), as the case may be, it shall act reasonably and in good faith in doing so.

(c) Both the Indemnifying Party and the Indemnified Party shall cooperate fully with one another in connection with the defense, compromise or settlement of any such Proceeding or claim, including, by making available to the other all pertinent information and witnesses within its control.

10.6 Mitigation of Damages.

(a) Each Indemnified Party shall use commercially reasonable efforts to mitigate any Losses; provided, that any failure to mitigate pursuant to this Section 10.6 shall only relieve the Indemnifying Party to the extent of any Loss caused by or arising out of such failure to mitigate.

(b) In the event that (i) DEK incurs indemnifiable Losses arising from a breach of Section 5.6, and (ii) any owners title insurance policy it acquires with respect to the Real Property provides coverage for all or a portion of such Losses, then DEK will use its commercially reasonable efforts to file and pursue a claim under the policy with respect to such Losses; provided, that DP&L's obligations under Section 10.3 regarding such Losses shall not be conditioned upon, delayed by or otherwise subject to DEK's pursuit of such claim; and provided further, that if DP&L has fully satisfied its obligations with respect to such Losses, it shall be reimbursed by DEK from any amounts DEK is paid regarding its claim under the policy, net of any deductible or out of pocket costs incurred by DEK in connection with the claim, and up to the amount of such Losses paid to DEK by DP&L.

10.7 Limitations.

(a) The Parties have negotiated the limitations set forth in Sections 10.2(b) and 10.3(b) in part to avoid disputes concerning the meaning of materiality qualifiers such as "Material Adverse Effect", "material", "materially", "in all material respects", and other similar qualifiers. Accordingly, for purposes of this Article X, any such materiality qualifier contained in any representation or warranty shall be ignored in determining whether there has been a breach of or inaccuracy in a representation or warranty and in measuring the corresponding damages.

(b) An Indemnifying Party shall not have any Liability following the Closing pursuant to this Article X for any consequential, remote, speculative or punitive damages, except to the extent of consequential damages that are the natural, probable and foreseeable consequence of the underlying breach; provided, however, that the foregoing shall in no way limit an Indemnifying Party's obligations in the event that any such damages are recovered by third parties in connection with Losses indemnified hereunder.

10.8 Indemnification as Exclusive Remedy. Notwithstanding anything in this Agreement or any Related Agreement to the contrary or any right or remedy available under any Law, except in the case of fraud, intentional misrepresentation or criminal activity, following the Closing the indemnification provided in this Article X shall be the sole and exclusive remedy available to any Party for any breach of any representation, warranty, covenant or obligation by any Party pursuant to this Agreement or otherwise in connection with the transactions contemplated hereunder, and no Indemnified Person shall pursue or seek to pursue any other remedy. Except as specifically set forth in or arising under this Article X, from and after the Closing, each Party hereby irrevocably waives any rights and claims that it may have against any other Party, whether at Law or in equity, arising pursuant to this Agreement or otherwise in connection with the transactions contemplated by this Agreement, including claims for breach of contract, breach of representation or warranty, negligent misrepresentation and all claims for

breach of duty; provided, however, that either Party may seek injunctive or other equitable relief to enforce any of the covenants hereunder.

ARTICLE XI

MISCELLANEOUS

11.1 Parties in Interest. Nothing in this Agreement, whether express or implied, shall be construed to give any Person, other than the Parties or their respective successors and permitted assigns, any legal or equitable right, remedy, claim or benefit under or in respect of this Agreement, except for the rights of any Indemnified Party under Article X.

11.2 Assignment. This Agreement shall be binding upon and inure to the benefit of the Parties and their respective successors and permitted assigns. Neither Party may assign either this Agreement or any of its rights, interests, or obligations hereunder without the express prior written consent of the other Party, and any attempted assignment, without such consent, shall be null and void.

11.3 Notices. All notices and other communications required or permitted to be given by any provision of this Agreement shall be in writing and mailed (certified or registered mail, postage prepaid, return receipt requested) or sent by hand or overnight courier, or by facsimile transmission (with acknowledgment received), charges prepaid and addressed to the intended recipient as follows, or to such other addresses or numbers as may be specified by either Party from time to time by like notice to the other Party:

If to DP&L:	The Dayton Power and Light Company 1065 Woodman Drive Dayton, Ohio 45432 Attn: Philip R. Herrington Email: phil.herrington@aes.com Facsimile: (937) 259-7386
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with a copy to:	Legal Department The Dayton Power and Light Company 1065 Woodman Drive Dayton, Ohio 45432 Attn: Randall V. Griffin, Esq. Email: Randall.griffin@aes.com Facsimile: (937) 259-7813
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If to DEK:	Duke Energy Kentucky, Inc. 139 E. 4 th Street Cincinnati, Ohio 45202 Attn: President Email: jim.henning@duke-energy.com Facsimile: (513) 287-2435
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with a copy to:

Duke Energy Corporation
550 South Tryon Street, DEC
Charlotte, North Carolina 28202
Attention: Greer Mendelow, Esq.
Email: greer.mendelow@duke-energy.com
Facsimile: (980) 373-8534

and

Parker Poe Adams & Bernstein LLP
401 S. Tryon Street, Suite 3000
Charlotte, North Carolina 28202
Attention: Roy L. Smart, III
Email: skipsmart@parkerpoe.com
Facsimile: (704) 334-4706

All notices and other communications given in accordance with the provisions of this Agreement shall be deemed to have been given and received: (i) when delivered, if delivered by hand or transmitted by facsimile (with acknowledgment received); (ii) three (3) Business Days after the same are sent by certified or registered mail, postage prepaid, return receipt requested; or (iii) one (1) Business Day after the same are sent by a reliable overnight courier service, with acknowledgment of receipt.

11.4 Amendments and Waivers. This Agreement may not be amended, supplemented or otherwise modified except in a written instrument executed by each Party. No waiver by any of the Parties of any default, misrepresentation, or breach of warranty or covenant hereunder, whether intentional or not, shall be deemed to extend to any prior or subsequent default, misrepresentation, or breach of warranty or covenant hereunder or affect in any way any rights arising by virtue of any prior or subsequent occurrence. No waiver by any of the Parties of any of the provisions hereof shall be effective unless explicitly set forth in writing and executed by the Party sought to be charged with such waiver.

11.5 Headings. The table of contents and Section headings contained in this Agreement are for reference purposes only and shall not be deemed a part of this Agreement or affect in any way the meaning or interpretation of this Agreement.

11.6 Construction. The Parties have participated jointly in the negotiation and drafting of this Agreement. In the event an ambiguity or question of intent or interpretation arises, this Agreement shall be construed as if drafted jointly by the Parties and no presumption or burden of proof shall arise favoring or disfavoring any Party by virtue of the authorship of any of the provisions of this Agreement.

11.7 Entire Agreement. This Agreement (including the Schedules and the Exhibits hereto), the Related Agreements and the Confidentiality Agreement constitute the entire agreement among the Parties with respect to the subject matter hereof and thereof and supersede any prior understandings, negotiations, agreements, or representations among the Parties of any

nature, whether written or oral, to the extent they relate in any way to the subject matter hereof or thereof.

11.8 Severability. If any provision of this Agreement or the application of any such provision to any Person or circumstance shall be declared by any court of competent jurisdiction to be invalid, illegal, void or unenforceable in any respect, all other provisions of this Agreement, or the application of such provision to Persons or circumstances other than those as to which it has been held invalid, illegal, void or unenforceable, shall nevertheless remain in full force and effect and will in no way be affected, impaired or invalidated thereby. Upon such determination that any provision, or the application of any such provision, is invalid, illegal, void or unenforceable, the Parties shall negotiate in good faith to modify this Agreement so as to effect the original intent of the Parties as closely as possible to the fullest extent permitted by applicable Law in an acceptable manner to the end that the transactions contemplated hereby are fulfilled to the greatest extent possible.

11.9 Expenses. Unless otherwise provided herein, each Party agrees to pay, without right of reimbursement from the other, all costs and expenses incurred by it (or any of its Affiliates) incident to the performance of its (or its Affiliates) obligations hereunder, including, without limitation, the fees and disbursements of counsel, accountants, financial advisors, experts and consultants employed by each Party in connection with the transactions contemplated hereby, whether or not the transactions contemplated by this Agreement are consummated.

11.10 Governing Law. This Agreement and all claims arising out of or relating to this Agreement and the transactions contemplated hereby shall be governed by the Laws of the State of Ohio, without regard to the conflicts of law principles that would result in the application of any Law other than the Law of the State of Ohio.

11.11 Consent to Jurisdiction: Waiver of Jury Trial.

(a) Each of the Parties irrevocably submits to the exclusive jurisdiction of (i) state courts of the State of Ohio and (ii) the United States District Court for the Southern District of Ohio for the purposes of any Proceeding arising out of or relating to this Agreement or any transaction contemplated hereby (and agrees not to commence any Action, suit or proceeding relating hereto except in such courts). Each of the Parties further agrees that service of any process, summons, notice or document hand delivered or sent by U.S. registered mail to such Party's respective address set forth in Section 11.3 will be effective service of process for any Proceeding in Ohio with respect to any matters to which it has submitted to jurisdiction as set forth in the immediately preceding sentence. Each of the Parties irrevocably and unconditionally waives any objection to the laying of venue of any Proceeding arising out of or relating to this Agreement or the transactions contemplated hereby in (i) state courts of the State of Ohio or (ii) the United States District Court for the Southern District of Ohio, and hereby further irrevocably and unconditionally waives and agrees not to plead or claim in any such court that any such Proceeding brought in any such court has been brought in an inconvenient forum. Notwithstanding the foregoing, each Party agrees that a final judgment in any Proceeding so brought shall be conclusive and may be enforced by suit on the judgment in any jurisdiction or in any other manner provided at Law or in equity. This Section 11.11(a) shall survive Closing, but

if this Agreement terminates prior to Closing, this Section 11.11(a) shall not have any force or effect other than with respect to Proceedings involving a claim for breach of this Agreement.

(b) EACH OF THE PARTIES IRREVOCABLY WAIVES ALL RIGHT TO TRIAL BY JURY IN ANY ACTION, PROCEEDING OR COUNTERCLAIM (WHETHER BASED ON CONTRACT, TORT OR OTHERWISE) ARISING OUT OF OR RELATING TO THIS AGREEMENT, THE TRANSACTIONS CONTEMPLATED BY THIS AGREEMENT OR THE ACTIONS OF THE PARTIES IN THE NEGOTIATION, ADMINISTRATION, PERFORMANCE OR ENFORCEMENT HEREOF.

11.12 Counterparts. This Agreement may be executed in any number of counterparts, each of which shall be deemed an original but all of which together will constitute one and the same instrument.

11.13 Dispute Resolution. In the event any dispute arises under this Agreement, such dispute shall be referred by DEK and DP&L to a senior officer designated by DEK and a senior officer designated by DP&L for resolution upon ten (10) days written notice from either such Party. The senior officers shall attempt to resolve all such disputes promptly and in a good faith manner; provided, however, that any dispute that cannot be resolved by such senior officers within thirty (30) days following submission to such senior officers may, in a Party's sole discretion, be (i) upon mutual agreement of the senior officers, submitted to binding arbitration for resolution in accordance with mutually agreed upon procedures or (ii) submitted to a court of competent jurisdiction for resolution.

11.14 Publicity. Prior to the Closing, no public announcement or other publicity regarding the existence of this Agreement or its contents or the transactions contemplated hereby shall be made by any Party or any of their respective Affiliates, officers, managers, directors, employees or representatives, without the prior written agreement of the other Party as to form, content, timing and manner of distribution or publication. Following the Closing, each Party shall maintain as confidential the terms and provisions of this Agreement and the terms of the transactions contemplated hereby. Notwithstanding the foregoing, nothing in this Section 11.14 shall prevent any Party or its Affiliates from (a) making any public announcement or other disclosure required by Law (including filings before regulatory bodies with jurisdiction that are required to approve or consent to the transactions) or the rules of any stock exchange, (b) disclosing this Agreement or its contents or the transactions contemplated hereby to current officers, directors, employees, or representatives of such Party and its Affiliates, or (c) enforcing its rights hereunder.

[signatures on following page]

IN WITNESS WHEREOF, the Parties have executed this Agreement as of the date first written above.

DUKE ENERGY KENTUCKY, INC.

By: _____

Name:

Title:

James P. Henning
President

THE DAYTON POWER AND LIGHT
COMPANY

By: _____

Name:

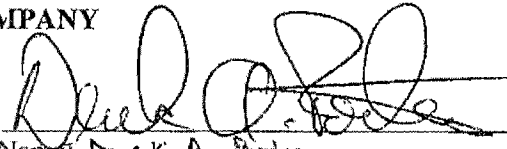
Title:

IN WITNESS WHEREOF, the Parties have executed this Agreement as of the date first written above.

DUKE ENERGY KENTUCKY, INC.

By: _____
Name:
Title:

THE DAYTON POWER AND LIGHT
COMPANY

By: 
Name: Derek A. Renter
Title: President and Chief Executive Officer

OK
T.B. Allen
5/15/14

OK
D.S. CRUZ
5/15/14

CRH

Schedule 1.2-1(i)
Knowledge of DP&L

Timothy G. Rice, Corporate Secretary
David J. Crusey, Vice President Commercial Operations
Daniel W. Sweeney, Director, CCD Liaison
Randall V. Griffin, Chief Regulatory Counsel, Legal Department
Miranda L. Goubeaux, Director Commercial Performance

Schedule 1.2-1(ii)
Knowledge of DEK

Steve Immel, VP – Midwest Regulated Operations
Jenny Bulach, GM II – Regulated Stations
Keith Pike, Principal Engineer
Michael Geers, Manager, EHS

Schedule 1.2-2
Outage Costs

- | | |
|--------------|--|
| 1. EB021332 | RHO Pendant Replacement – Addition |
| 2. EB021332 | RHO Pendant Replacement – Retirement |
| 3. EB021423 | RHO Precipitator Upgrade 2014 – Addition |
| 4. EB021423 | RHO Precipitator Upgrade 2014 – Retirement |
| 5. EB021370 | Install Stack Lining – Addition |
| 6. EB021370 | Install Stack Lining – Retirement |
| 7. EB021438 | Replace IP Turbine Blades – Addition |
| 8. EB021438 | Replace IP Turbine Blades – Retirement |
| 9. EB021448 | SSHO Partial Pendants – Addition |
| 10. EB021448 | SSHO Partial Pendants – Retirement |

Schedule 1.2-3
Permitted Real Property Liens

1. Right of way and easement for general utility purposes to the Cincinnati Gas & Electric Company, from Tri-State Improvement Company, dated July 18, 1979, filed for record August 9, 1979, of record in Easement Book 6, Page 295, Boone County, Kentucky Clerk's Office.
2. Right of way and easement for telephone line purposes to Consolidated Telephone Company, from Thaddeus Ryle, dated April 7, 1959, filed for record in Miscellaneous Book 13, Page 136, Boone County, Kentucky Clerk's Office.
3. Terms, conditions and easement as set forth in right of way deed from Thaddeus Ryle and Ada Ryle to Boone County, Kentucky, dated December 8, 1961, filed for record March 12, 1962, of record in Deed Book 5, Page 219, Clerk's Office, Boone County, Kentucky.
4. Right of way and easement for general utility purposes to the Cincinnati Gas & Electric Company, from Tri-State Improvement Company, dated March 6, 1984, filed for record March 16, 1984, of record in Easement Book 12, Page 50, Boone County, Kentucky Clerk's Office.
5. Right of way and easement for general telephone purposes to Consolidated Telephone Company, of record in Miscellaneous Book 8, Page 5, Clerk's Office, Boone County, Kentucky.
6. Right of way and easement for telephone line purposes to Consolidated Telephone Company, of record in Miscellaneous Book 13, Page 87, Clerk's Office, Boone County, Kentucky.
7. Right of way and easement for telephone line purposes to Consolidated Telephone Company, of record in Miscellaneous Book 13, Page 102, Clerk's Office, Boone County, Kentucky.
8. Right of way and easement for telephone line purposes to Consolidated Telephone Company, of record in Miscellaneous Book 13, Page 116, Clerk's Office, Boone County, Kentucky.
9. Right of way and easement for telephone line purposes to Consolidated Telephone Company, of record in Miscellaneous Book 13, Page 118, Clerk's Office, Boone County, Kentucky.
10. Right of way and easement for telephone line purposes to Consolidated Telephone Company, of record in Miscellaneous Book 13, Page 136, Clerk's Office, Boone County, Kentucky.
11. Right of way and easement for telephone line purposes to Consolidated Telephone Company, of record in Miscellaneous Book 20, Page 140, Clerk's Office, Boone County, Kentucky.

12. Right of way and easement for highway purposes to Boone County, Kentucky, of record in Highway Book 5, Page 204, Clerk's Office, Boone County, Kentucky.
13. Right of way and easement for highway purposes to Boone County, Kentucky, of record in Highway Book 5, Page 213, Clerk's Office, Boone County, Kentucky.
14. Right of way and easement for highway purposes to Boone County, Kentucky, of record in Highway Book 5, Page 215, Clerk's Office, Boone County, Kentucky.
15. Right of way and easement for highway purposes to Boone County, Kentucky, of record in Highway Book 5, Page 219, Clerk's Office, Boone County, Kentucky.
16. Right of way and easement for highway purposes to Boone County, Kentucky, of record in Highway Book 7, Page 13, Clerk's Office, Boone County, Kentucky.
17. Flowage easement to the United States of America as set forth in Deed Book 142, Page 203, Clerk's Office, Boone County, Kentucky.
18. Flowage easement to the United States of America as set forth in Deed Book 143, Page 235, Clerk's Office, Boone County, Kentucky.
19. Flowage easement to the United States of America as set forth in Deed Book 143, Page 273, Clerk's Office, Boone County, Kentucky.
20. Flowage easement to the United States of America as set forth in Deed Book 145, Page 388, Clerk's Office, Boone County, Kentucky.
21. Flowage easement to the United States of America as set forth in Deed Book 148, Page 181, Clerk's Office, Boone County, Kentucky.
22. Flowage easement to the United States of America as set forth in Deed Book 149, Page 283, Clerk's Office, Boone County, Kentucky.
23. Flowage easement to the United States of America as set forth in Deed Book 150, Page 47, Clerk's Office, Boone County, Kentucky.
24. Terms, conditions and easement for ingress and egress as set forth in easement agreement recorded in Easement Book 70, Page 135, Clerk's Office, Boone County, Kentucky.
25. Terms and conditions as set forth in agreements between the Cincinnati Gas & Electric Company and the Dayton Power and Light Company, recorded in Deed Book 229, Page 166, Deed Book 229, Page 172, Deed Book 229, Page 179, Deed Book 229, Page 186, Deed Book 229, Page 195, Deed Book 229, Page 201, Deed Book 229, Page 209, Deed Book 229, Page 216, Deed Book 229, Page 225, Deed Book 237, Page 317 and Deed Book 303, Page 253, all in the Clerk's Office, Boone County, Kentucky.
26. Rights of upper and lower and abutting riparian owners and the public generally in and to the waters of the Ohio River and/or Lick Creek and to the uninterrupted natural flow

thereof, free of pollution from insured premises, and subject to the possibility of avulsion, and to the possibilities of accretion, erosion, reliction and submergence which might change boundaries established by said Ohio River and/or Lick Creek.

27. Declaration of restrictive covenants by Duke Energy Kentucky dated April 7, 2010 and recorded in Miscellaneous Book 1166, Page 425, Clerk's Office, Boone County, Kentucky.

28. Grants of easements to the Cincinnati Gas & Electric Company, as set forth in Clerk's Office, Boone County, Kentucky, as follows:

- Easement Book 4, Page 39;
- Easement Book 4, Page 41;
- Easement Book 4, Page 43;
- Easement Book 4, Page 64;
- Easement Book 4, Page 66;
- Easement Book 4, Page 72;
- Easement Book 4, Page 130;
- Easement Book 4, Page 137;
- Easement Book 4, Page 326;

Said easements were assigned to Tri-State Improvement Company by assignment of easement of record in Miscellaneous Book 182, Page 122, Clerk's Office, Boone County, Kentucky.

Schedule 2.1(b)
Real Property

Tax Parcel List

Parcel ID #'s

004.00-00-002.00
004.00-00-007.00
005.00-00-001.00
005.00-00-002.00
012.00-00-026.00
012.00-00-062.00
012.00-00-063.00
013.00-00-001.00

Legal Description

From vesting deed recorded in Book 303, Page 253 on May 19, 1983, from The Dayton Power and Light Company to The Cincinnati Gas & Electric Company nka Duke Energy Ohio, Inc. by amendment.

PARCEL I

Being a tract of land lying generally south of Kentucky State Route 338 and Rabbit Hash-Big Bone Road in Boone County, Commonwealth of Kentucky, the boundaries of which are delineated and shown on a series of four (4) drawings, prepared by The Cincinnati Gas & Electric Company, numbered 56000S0900; 56000S0901; 56000S0902; and 56000S0931. Copies of such drawings are attached hereto and made a part hereof.

The corner points between the courses embracing the tract of land, as shown on the drawings are numbered for reference, convenience and clarity of describing said parcel. Such points are tied to 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 and documented on a tabular form on the drawings.

The parcel of land is more particularly described as follows:

Beginning at Point 42 as shown on the attached drawings, 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 CINCINNATI and DAYTON by deed recorded in Deed Book 229, Page 225, Boone County Clerk's Office; thence, along the right of way line of Kentucky State Route 338, the following sixty-eight (68) courses:

1) along the arc of a curve deflecting to the left, 137.63 feet to Point 43 (said curve has radius of 2895.00 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 1940.00 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 1955.00 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; 11) along the arc of a curve deflecting to the left, 87.45 feet to Point 53 (said curve has a radius of 1945.00 feet and is subtended by a chord which bears SOUTH 75° 07' 23" EAST for a distance of 87.45 feet); 12) SOUTH 76° 24' 26" EAST, 252.32 feet to Point 54; 13) along the arc of a curve deflecting to the right, 59.92 feet to Point 55 (said curve has a radius of 1111.00 feet and is subtended by a chord which bears SOUTH 74° 51' 59" EAST, for a distance of 59.91 feet); 14) SOUTH 16° 37' 21" WEST, 5.00 feet to Point 56; 15) along the arc of a curve deflecting to the right, 264.84 feet to Point 57 (said curve has a radius of 1106.00 feet and is subtended by a chord which bears SOUTH 66° 27' 20" EAST, for a distance of 264.20 feet); 16) SOUTH 59° 35' 55" EAST, 275.58 feet to Point 58; 17) NORTH 30° 24' 48" EAST, 5.00 feet to Point 59; 18) SOUTH 59° 36' 08" EAST, 23.62 feet to Point 60; 19) along the arc of a curve deflecting to the left, 493.28 feet to Point 62 (said curve has a radius of 1181.00 feet and is subtended by a chord which bears SOUTH 71° 34' 04" EAST, for a distance of 489.70 feet); 20) SOUTH 83° 32' 01" EAST, 257.59 feet to Point 63; 21) NORTH 6° 25' 43" EAST, 5.00 feet to Point 64; 22) SOUTH 83° 31' 53" EAST, 131.99 feet to Point 65; 23) along the arc of 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); 24) NORTH 70° 06' 58" EAST, 17.26 feet to Point 67; 25) 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); 26) SOUTH 9° 07' 46" EAST, 15.00 feet to Point 69; 27) along the arc of a 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); 28) SOUTH 40° 20' 02" WEST, 10.00 feet to Point 71; 29) 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); 30) SOUTH 44° 48' 56" EAST, 224.18 feet to Point 73; 31) SOUTH 44° 49' 08" EAST, 131.94 feet to Point 74; 32) NORTH 45° 12' 10" EAST, 10.00 feet to Point 75; 33) SOUTH 44° 49' 04" EAST, 300.01 feet to Point 76; 34) SOUTH 45° 11' 21" WEST, 30.00 feet to Point 77; 35) SOUTH 44° 49' 04" EAST, 144.13 feet to Point 78; 36) 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); 37) NORTH 44° 35' 41" EAST, 30.00 feet to Point 80; 38) along the arc of a curve deflecting 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); 39) SOUTH 29° 36' 10" WEST, 20.00 feet to Point 82; 40) 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); 41) SOUTH 64° 25' 33" EAST, 289.82 feet to Point 85; 42) NORTH 25° 33' 56" EAST, 20.00 feet to Point 86; 43) SOUTH 64° 25' 43" EAST, 91.28 feet to Point 87; 44) 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); 45) SOUTH 46° 27' 38" WEST, 5.00 feet to Point 89; 46) 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); 47) SOUTH 31° 45' 13" EAST, 81.99 feet to Point 91; 48) NORTH 58° 14' 59" EAST, 5.00 feet to Point 92; 49) SOUTH 31° 45' 13" EAST, 187.87 feet to Point 93; 50) 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); 51) NORTH 28° 32' 14" EAST, 10.00 feet to Point 95; 52) 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); 53) SOUTH 3° 38' 26" EAST, 20.00 feet to Point 97; 54) 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); 55) NORTH 68° 43' 18" EAST, 143.95 feet to Point 99; 56) NORTH 21° 16' 49" WEST, 20.00 feet to Point 100; 57) NORTH 68° 43' 18" EAST, 159.74 feet to Point 101; 58) 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); 59) NORTH 1° 08' 45" EAST, 5.00 feet to Point 103; 60) 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); 61) SOUTH 77° 28' 11" EAST, 39.13 feet to Point 105; 62) SOUTH 12° 28' 27" WEST, 25.00 feet to Point 106; 63) SOUTH 77° 29' 36" EAST, 300.02 feet to Point 107; 64) NORTH 12° 28' 27" EAST, 25.00 feet to Point 108; 65) SOUTH 77° 29' 54" EAST, 213.56 feet to Point 109; 66) along the arc of 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); 67) SOUTH 26° 06' 14" WEST, 15.00 feet to Point 111; 68) 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 CINCINNATI and DAYTON 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 CINCINNATI and DAYTON by deed recorded in Deed Book 229, Page 186, said clerk's office, the following three (3) courses.

1) SOUTH 46° 30' 42" WEST, 203.44 feet to Point 113; 2) SOUTH 15° 46' 10" EAST, 110.02 feet to Point 114 in Lick Creek; 3) generally with the thread of Lick Creek as the same meanders southwardly, to Point 244 in the northerly, normal low water line of the Ohio River (the straight line course between the above described Points 114 and 244 bears SOUTH 15° 36' 35" WEST, for a distance of 3291.78 feet);

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 ten (10) courses:

1) NORTH 88° 36' 04" WEST, 2815.00 feet to Point 243; 2) SOUTH 85° 05' 08" WEST, 2588.50 feet to Point 242; 3) NORTH 84° 59' 44" WEST, 2249.15 feet to Point 241; 4) NORTH 80° 00' 28" WEST, 1631.09 feet to Point 240; 5) NORTH 63° 46' 47" WEST, 1170.11 feet to Point 239; 6) NORTH 46° 14' 06" WEST, 1065.00 feet to Point 238; 7) NORTH 36° 04' 06"

WEST, 1340.00 feet to Point 237; 8) NORTH 28° 39' 06" WEST, 1550.00 feet to Point 236; 9) NORTH 8° 14' 07" WEST, 1164.31 feet to Point 235; 10) NORTH 16° 09' 31" EAST, 2341.83 feet to Point 234 at the intersection of the normal low water line of the Ohio River with a northerly boundary line of the property conveyed to CINCINNATI and DAYTON by deed recorded in Deed Book 229, Page 201, said clerk's office;

thence, along boundary lines of the property conveyed to CINCINNATI and DAYTON by deed recorded in Deed Book 229, Page 201, the following two (2) courses:

1) SOUTH 76° 28' 06" EAST, 2415.18 feet to Point 13; 2) NORTH 16° 27' 04" EAST, 1077.20 feet to Point 14 in Rabbit Hash-Big Bone Road;

thence in Rabbit Hash-Big Bone Road, the following five (5) courses:

1) SOUTH 77° 12' 32" EAST, 84.60 feet to Point 290; 2) SOUTH 74° 33' 37" EAST, 87.15 feet to Point 291; 3) SOUTH 71° 25' 52" EAST, 71.66 feet to Point 292; 4) SOUTH 66° 05' 21" EAST, 72.24 feet to Point 293; 5) SOUTH 63° 25' 06" EAST, 139.76 feet to Point 297 in an easterly boundary line of the property conveyed to CINCINNATI and DAYTON by deed recorded in Deed Book 229, Page 201, said clerk's office;

thence, along boundary lines of the property conveyed to CINCINNATI and DAYTON by deed recorded in Deed Book 229, Page 201, said clerk's office, the following three (3) courses:

1) SOUTH 22° 35' 44" WEST, 215.00 feet to Point 298; 2) SOUTH 66° 46' 14" EAST, 202.99 feet to Point 299; 3) NORTH 22° 35' 44" EAST, 215.00 feet to Point 295 in Rabbit Hash-Big Bone Road;

thence in Rabbit Hash-Big Bone Road, the following two (2) courses:

1) SOUTH 85° 49' 18" EAST, 133.41 feet to Point 296; 2) NORTH 89° 54' 36" EAST, 146.51 feet to Point 135 in an easterly boundary line of the property conveyed to CINCINNATI and DAYTON by deed recorded in Deed Book 229, Page 201, said clerk's office;

thence, along boundary lines of the property conveyed to CINCINNATI and DAYTON by deeds recorded in Deed Book 229, Page 201, said clerk's office, the following two (2) courses:

1) SOUTH 16° 16' 54" WEST, 1900.08 feet to Point 136; 2) SOUTH 73° 37' 16" WEST, 1145.44 feet to Point 137 at a northeast corner of the property conveyed to CINCINNATI and DAYTON by deed recorded in Deed Book 229, Page 209, said clerk's office;

thence, along boundary lines of the property conveyed to CINCINNATI and DAYTON by deed recorded in Deed Book 229, Page 209, said clerk's office, the following two (2) courses:

1) SOUTH 15° 39' 02" EAST, 439.27 feet to Point 138; 2) NORTH 73° 34' 17" EAST, 1297.43 feet to Point 139 at a northeast corner of the property conveyed to CINCINNATI and DAYTON by deed recorded in Deed Book 229, Page 209, said clerk's office, and a northwest corner of the property conveyed to CINCINNATI and DAYTON by deed recorded in Deed Book 229, Page 216, said clerk's office;

thence, along boundary lines of the property conveyed to CINCINNATI and DAYTON by deed recorded in Deed Book 229, Page 216; the following four (4) courses:

1) SOUTH 77° 37' 24" EAST, 637.13 feet to Point 140; 2) NORTH 18° 39' 31" EAST, 1306.30 feet to Point 141; 3) NORTH 76° 24' 41" WEST, 442.61 feet to Point 142; 4) NORTH 14° 11' 12" EAST, 424.21 feet to Point 143 in Rabbit Hash-Big Bone Road;

thence in Rabbit Hash-Big Bone Road the following five (5) courses:

1) South 25° 47' 56" EAST, 73.92 feet to Point 144; 2) SOUTH 28° 16' 45" EAST, 161.47 feet to Point 145; 3) SOUTH 47° 00' 30" EAST, 82.93 feet to Point 146; 4) NORTH 85° 46' 31" EAST, 249.23 feet to Point 147; 5) NORTH 87° 23' 05" EAST, 527.73 feet to Point 33 in an easterly boundary line of the property conveyed to CINCINNATI and DAYTON by deed recorded in Deed Book 229, Page 216, said clerk's office;

thence, along boundary lines of the property conveyed to CINCINNATI and DAYTON by deed recorded in Deed Book 229, Page 216, said clerk's office, the following ten (10) courses:

1) SOUTH 18° 24' 28" WEST, 26.54 feet to Point 34; 2) SOUTH 23° 47' 57" WEST, 239.49 feet to Point 35; 3) SOUTH 23° 27' 59" WEST, 143.87 feet to Point 36; 4) SOUTH 18° 08' 52" WEST, 182.43 feet to Point 37; 5) SOUTH 25° 35' 20" WEST, 344.12 feet to Point 38; 6) SOUTH 23° 53' 16" WEST, 440.62 feet to Point 39; 7) SOUTH 17° 10' 26" WEST, 208.93 feet to Point 40; 8) SOUTH 17° 10' 34" WEST, 190.72 feet to Point 40A; 9) SOUTH 17° 16' 22" WEST, 809.31 feet to Point 40B; 10) SOUTH 73° 13' 28" EAST, 1647.22 feet to Point 40C on the dividing line between the properties conveyed to CINCINNATI and DAYTON by deeds recorded in Deed Book 229, Page 216, and in Deed Book 229, Page 225, both in said clerk's office;

thence, along boundary lines of the property conveyed to CINCINNATI and DAYTON by deed recorded in Deed Book 229, Page 225, said clerk's office, the following two (2) courses:

1) NORTH 16° 24' 21" EAST, 1000.00 feet to Point 41; 2) NORTH 16° 24' 22" EAST, 1236.64 feet to Point 42, the place of beginning.

Containing **1509.062 acres** of land, more or less, according to a Survey made by KZF, Environmental Design Consultants.

Excepting from the above described real estate the **2.10 acre** parcel of real estate, designated as East Bend Generating Station Substation, conveyed to CINCINNATI by DAYTON by deed recorded in D307-15 and further conveyed to The Union Light, Heat and Power Company, nka Duke Energy Kentucky, Inc. by deed recorded in D911-524; and

Excepting from the above described real estate the **710.190 acre** parcel conveyed in D911-524; and

Excepting from the above described real estate the **1.5588 acre** parcel of real estate conveyed in 746-107 to East Bend Cemetery.

Subject to easements and restrictions of record.

Being the same real estate conveyed to CINCINNATI and DAYTON 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 CINCINNATI and DAYTON 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.

PARCEL II

Being a parcel of land lying generally north of Kentucky State Route 338 and Rabbit Hash-Big Bone Road in Boone County, the boundaries of which are delineated and shown on a series of 4 drawings, prepared by The Cincinnati Gas & Electric Company, numbered 56000S0900; 56000S0901; 56000S0902; and 56000S0931, attached.

The corner points between the courses embracing the tract of land, as shown on the drawings are numbered for reference, convenience and clarity of describing said parcel. Such points are tied to the State Plan 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 and documented on a tabular form on the drawings.

Such parcel of land is more particularly described as follows:

Beginning at Point 15 shown on the attached drawings, said point marks the intersection of the center line of Rabbit Hash-Big Bone Road with the most westerly boundary line of that part of the property conveyed to CINCINNATI and DAYTON by deed recorded in Deed Book 229, Page 201, said clerk's office, which lies north of Rabbit Hash-Big Bone Road; thence, along the boundary lines of the property conveyed to CINCINNATI and DAYTON by deed recorded in Deed Book 229, Page 201, said clerk's office, the following eight (8) courses:

- 1) NORTH 7° 46' 52" EAST, 323.95 feet to Point 16;
- 2) NORTH 70° 13' 33" EAST, 131.39 feet to Point 17;
- 3) SOUTH 61° 24' 42" EAST, 551.77 feet to Point 18;
- 4) NORTH 31° 43' 42" EAST, 801.27 feet to Point 19;
- 5) NORTH 25° 28' 43" EAST, 997.55 feet to Point 20;
- 6) NORTH 23° 41' 52" EAST, 1092.01 feet to Point 21;
- 7) SOUTH 77° 12' 53" EAST, 253.64 feet to Point 22;

- 8) SOUTH 72° 46' 06" EAST, 996.36 feet to Point 23;

thence, along boundary lines of the property conveyed to CINCINNATI and DAYTON by deed recorded in Book 229, Page 216, said clerk's office, the following ten (10) courses:

- 1) SOUTH 73° 52' 27" EAST, 405.87 feet to Point 24;
- 2) SOUTH 45° 38' 33" EAST, 752.99 feet to Point 25;
- 3) SOUTH 53° 55' 46" EAST, 149.24 feet to Point 26;
- 4) SOUTH 51° 46' 27" WEST, 458.64 feet to Point 27;
- 5) SOUTH 48° 39' 23" WEST, 817.93 feet to Point 28;
- 6) SOUTH 29° 11' 22" WEST, 305.41 feet to Point 29;
- 7) SOUTH 24° 23' 59" WEST, 462.31 feet to Point 30;
- 8) SOUTH 12° 27' 32" WEST, 342.86 feet to Point 31;
- 9) SOUTH 27° 05' 38" WEST, 876.38 feet to Point 32;
- 10) SOUTH 18° 25' 00" WEST, 29.72 feet to Point 33 in Rabbit Hash-Big Bone Road, thence in Rabbit Hash-Big Bone Road SOUTH 87° 23' 05" WEST, 527.73 feet to Point 147 in a westerly boundary line of the property conveyed to CINCINNATI and DAYTON by deed recorded in Deed Book 229, Page 216, said clerk's office;

thence, along boundary lines of the property conveyed to CINCINNATI and DAYTON by deed recorded in Deed Book 229, Page 216, said clerk's office, the following four (4) courses:

- 1) NORTH 13° 54' 03" EAST, 1013.11 feet to Point 148;
- 2) NORTH 2° 33' 22" EAST, 252.71 feet to Point 149;
- 3) NORTH 3° 08' 11" EAST, 320.22 feet to Point 150;
- 4) NORTH 8° 21' 56" EAST, 320.64 feet to Point 126 on the dividing line between the properties conveyed to CINCINNATI and DAYTON by deeds recorded in Deed Book 229, Page 201, and in Deed Book 229, Page 216, both in said clerk's office;

thence, along boundary lines of the property conveyed to CINCINNATI and DAYTON by deed recorded in Deed Book 229, Page 201, said clerk's office, the following eight (8) courses:

- 1) NORTH 46° 42' 52" WEST, 127.62 feet to Point 127;
- 2) SOUTH 46° 49' 01" WEST, 236.61 feet to Point 128;
- 3) SOUTH 44° 52' 24" WEST, 182.51 feet to Point 129;
- 4) SOUTH 16° 40' 35" WEST, 146.85 feet to Point 130;
- 5) SOUTH 16° 02' 59" WEST, 220.06 feet to Point 131;
- 6) SOUTH 51° 59' 55" WEST, 499.50 feet to Point 132;
- 7) SOUTH 63° 14' 04" WEST, 185.24 feet to Point 133;
- 8) SOUTH 3° 13' 31" WEST, 121.57 feet to Point 134 in Rabbit-Hash Big Bone Road;

thence, in Rabbit Hash-Big Bone Road, the following eleven (11) courses:

- 1) SOUTH 89° 54' 33" WEST, 126.33 feet to Point 135;
- 2) SOUTH 89° 54' 36" WEST, 146.51 feet to Point 296;
- 3) NORTH 85° 49' 18" WEST, 133.41 feet to Point 295;
- 4) NORTH 69° 18' 07" WEST, 115.80 feet to Point 294;

- 5) NORTH 63° 25' 03" WEST, 87.44 feet to Point 297;
- 6) NORTH 63° 25' 06" WEST, 139.76 feet to Point 293;
- 7) NORTH 66° 05' 21" WEST, 72.24 feet to Point 292;
- 8) NORTH 71° 25' 52" WEST, 71.66 feet to Point 291;
- 9) NORTH 74° 33' 37" WEST, 87.15 feet to Point 290;
- 10) NORTH 77° 12' 32" WEST, 84.60 feet to Point 14;
- 11) NORTH 77° 12' 49" WEST, 105.87 feet to Point 15, the place of beginning.

Containing **142.490 acres** of land, more or less, according to a survey by KZF, Environmental Design Consultants.

Subject to easements and restrictions of record.

Being part of the same real estate conveyed to CINCINNATI and DAYTON by deeds recorded respectively in Deed Book 229, at Pages 201 and 216, both in the office of the Boone County Clerk.

Plant Legal Description from vesting deed recorded in D911, Page 524, recorded February 22, 2006 from The Cincinnati Gas & Electric Company to The Union Light, Heat and Power Company (nka Duke Energy Kentucky, Inc.) a 69% interest in 708.086 acres; and 100% interest in 2.104 acres.

Parcel ID #013.00-00-001.00

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 80°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 feet 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.

Further, 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 16, 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 225, 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.

Without limiting the foregoing, the transfers and conveyances contemplated by this Agreement shall include all right, title and interest of The Dayton Power and Light Company and/or its affiliates in all real estate, improvements, appurtenances, easements, rights of way, other rights, and/or fixtures that are contiguous or appurtenant to the land and/or rights described above and/or used or useful in connection with the maintenance and/or operation of the Plant or the Real Property including any unimproved land contiguous to the Real Property and/or the Plant land. The Plant land and the Real Property shall in any event include all real estate, improvements, appurtenances, easements, rights of way, other rights and/or fixtures which are (or may be) in any way necessary, useful or convenient to DEK in connection with its

maintenance and/or operation of an electric generating facility known as the East Bend Generating Station.

Schedule 2.1(d)
Emission Allowances

SO₂ (Acid Rain) Allowances

1. Vintage 2015-2043 Allowances of 5,438 per year shall be transferred to DEK.
2. If DP&L receives Vintage 2044 or later Allowances relating to the Plant from the Environmental Protection Agency (the “EPA”), those allowances shall also be transferred to DEK.
3. With respect to Vintage 2014 Allowances: the 5,438 allowances shall be apportioned pro-rata based on number of days in calendar year 2014 before Closing and the number of days in calendar year 2014 on and after Closing. The number apportioned to the period on and after Closing shall be transferred to DEK. The number apportioned to the period prior to Closing shall be retained at Closing by DP&L, provided, however, that prior to the compliance date for submitting allowances to the EPA for calendar year 2014, DP&L will transfer to DEK the level of allowances necessary to cover its share of emissions for the period prior to Closing.

NO_x (Annual) Allowances

1. If DP&L receives Vintage 2015 or later Allowances relating to the Plant from the EPA, those allowances shall be transferred to DEK.
2. With respect to Vintage 2014 Allowances: the 1,087 allowances held by DP&L with respect to the Plant shall be apportioned pro-rata based on number of days in calendar year 2014 before Closing and the number of days in calendar year 2014 on and after Closing. The number apportioned to the period on and after Closing shall be transferred to DEK. The number apportioned to the period prior to Closing shall be retained at Closing by DP&L, provided, however, that prior to the compliance date for submitting allowances to the EPA for calendar year 2014, DP&L will transfer to DEK the level of allowances necessary to cover its share of emissions for the period prior to Closing.

NO_x (Seasonal or Ozone) Allowances

1. If DP&L receives Vintage 2015 or later Allowances relating to the Plant from the EPA, those allowances shall also be transferred to DEK.
2. With respect to Vintage 2014 Allowances: the 442 allowances held by DP&L with respect to the Plant shall be apportioned pro-rata based on number of days from May 1, 2014 to the date before Closing and the number of days on and after Closing through September 30, 2014. The number apportioned to the period on and after Closing shall be transferred to DEK. The number apportioned to the

period prior to Closing shall be retained at Closing by DP&L, provided, however, that prior to the compliance date for submitting allowances to the EPA for the seasonal period May-September 2014, DP&L will transfer to DEK the level of allowances necessary to cover its share of emissions for the period prior to Closing.

To facilitate the foregoing transfers, within 30 days of closing, DP&L will direct the EPA in writing to allocate any future year allowances directly to DEK that it would otherwise have received for its former share of the Plant.

Schedule 2.2(h)
Excluded Assets

With respect to property, interests, rights, and assets primarily associated with the Plant:

None excluded.

Schedule 3.2(b)

Pre-Paid Amount									
Pre-Paid Inventory	M	Quantity	Unit	Unit Value	Total Value	EPRI Ownership Share	Net EPRI Value		
Call Inventory		222,897	Tons	\$31.72	\$1,487,311.93	31%	\$3,529,517.37		
Fuel Oil Inventory		318,973	Gallons	\$3.30	\$1,072,467.77	31%	\$336,270.01		
Iron Inventory		4067	Tons	\$93.99	\$78,916.93	31%	\$235,003.37		
Accessories & Supplies			Various		\$8,793,438.75	31%	\$7,761,714.82		
2013 Materials		57,28	Tons	\$400	\$34,248.00	31%	\$10,616.88		
Taxes		72.63	Tons	\$215	\$34,111.15	31%	\$4,839.26		
Total					\$22,120,210.58	31%	\$6,859,257.15		
Other Pre-Paid Assets (Oil Leases represent EPRI's Ownership Share)									
Prepaid Insurance		DPRI, Annual Premium	% Yr. remain at close	Value remain at close	Less Unpaid Premium		Net DPRI Value		
		Prepaid Premium	8.2%	\$21,850.00	(\$50,220)		(\$28,370.00)		
		Pension & OPEB Asset (Liability) Adjustment	2013				Net DPRI Value=4-6		
		Pension Assets		\$3,810,108.23	(\$265,738.30)		\$3,544,371.46		
		OPEB (Liability/Assets)		(\$754,301.80)	\$87,583.38		(\$377,718.44)		
Total							\$2,813,283.42		
Total Pre-Paid Assets							\$9,675,855.27		
Less: non-outstanding DPRI Pre-Paid Spent On-Going Related Capital							\$3,467,530.32		
Total Pre-Paid Amount							\$11,343,383.59		
Outstanding Ours Costs									
Outstanding Ours Costs (for Pre-Closing Period)							Invoice Project Number	Net EPRI Value	
		2 (199)					50.00	50.00	
Total Outstanding Ours Costs (less of \$3,500,000 on total Outstanding Ours Costs for Pre-Closing Periods)							2 (199)	50.00	\$4.00
Outstanding Non-Outs Costs									
Outstanding Non-Outs Costs (for Pre-Closing Periods)							Invoice Project Number	Net EPRI Value	
Outstanding Fuel Costs							EPRIUE0014	\$2,762,483.04	
Outstanding O&M Costs							EB0714-GEA	\$4,141,607.72	
Outstanding Non-Output Capital Costs							DM1EAC0014	\$573,233.79	
Less: Non-Output Capital Costs exceeding \$125,000 per month, beginning with the Month month's invoice								50.00	
Less: O&M Costs exceeding \$3,200,000 per month, beginning with the May month's invoice								50.00	
Total Outstanding Non-Output Costs excluding Promised Estimated Property Taxes								\$4,575,084.55	
Plus: Promised Estimated Property Taxes (to be determined using 2013 Property Taxes as proxy) 75000 invoice is not available									
Total Outstanding Non-Output Costs								\$	121,080.35
Purchase Price									
Final Adjustment Amount (Total Pre-Paid Amount minus Total Outstanding Ours Costs minus Total Outstanding Non-Output Costs)								\$4,883,210.48	
Net Settlement Amount								\$4,883,210.48	

[illegible]

(c) For the periods between 2/28/14 and the Closing, the Net Debt Values will be adjusted

East Bend Generating Station - 2013 pay 2014 Estimate

Boone County

Type of Property	Value @ 12-31-2012	State Tax Rate	Estimated State Tax	Local Tax Rate	Local Taxes	Total Estimated Taxes
Real Estate	25,041,633	1.22000%	305,508	0.0019	48,581	354,089
Mfg. Machinery	68,766,480	0.15000%	103,150	-	-	103,150
Business Inventory	17,553,214	0.05000%	8,777	-	-	8,777
Tangible	162,340,418	0.45000%	730,532	0.0026	423,462	1,150,994
Total	273,701,745		1,147,966		469,042	\$ 1,617,009
						Est Tax Liability
						DPL Ownership 31% \$ 726,482
						DEK Ownership 68% \$ 1,617,009
						Total Ownership 100% \$ 2,343,491
						DPL Ownership Period for 2014 16.7% assumes Feb 28 closing for original Schedule 3.2(a) upon signing
						DPL Responsible Amount for 2014 \$ 121,980.35 amount to be included in Schedule 3.2(a) as a reduction to "Estimated Adjustment Amount" in calculating "Closing Cash Consideration"

Schedule 5.3
Non-Contravention

None.

Schedule 5.4
Consents

1. Release from the Bank of New York Mellon as Trustee of the First and Refunding Mortgage dated October 1, 1935
2. Approval from PUCO
3. Approval from FERC

Schedule 5.5
Title to Purchased Assets; Liens.

First and Refunding Mortgage, dated October 1, 1935 in favor of Bank of New York Mellon as
Trustee

Schedule 5.6
Real Property

First and Refunding Mortgage, dated October 1, 1935 in favor of Bank of New York Mellon as Trustee

Schedule 5.7
Taxes

DP&L has appealed property Tax assessments for the years 2006 through 2013 and has not paid the entire assessment for such years. Such appeals have the effect of extending the otherwise applicable statute of limitations and the applicable taxing authority has and continues to claim that DP&L is deficient in its Tax payments.

Schedule 5.8
Proceedings; Orders

None.

Schedule 5.9
Compliance with Laws and Orders

None.

Schedule 5.10
Assumed Contracts

DP&L's share of the Plant has been bid into and "cleared" through PJM's Reliability Pricing Model ("RPM") capacity auctions for the current year and through the PJM year 2016-2017. The rights and obligations associated with being a cleared "capacity resource" are set forth in various PJM agreements and tariffs to which DEK is and will be subject.

In May 2014, DP&L will be bidding its share of the Plant into the PJM RPM auction for PJM year 2017-2018 and, if it clears, the rights and obligations associated with being a cleared capacity resource will extend through that period as well.

Schedule 5.11
Permits

None.

Schedule 6.3
Non-Contravention (DEK)

None.

Schedule 6.4
Consents (DEK)

1. See Schedule 8.2(c).
2. Approval from FERC.

Schedule 6.5
Proceedings; Orders (DEK)

None.

Schedule 6.8
Compliance with Laws and Orders (DEK)

None.

Schedule 7.2
Preservation of Purchased Assets

None.

Schedule 8.2(c)
Consents (DEK)

DEK shall receive from the Kentucky Public Service Commission, on terms and conditions satisfactory to DEK, in DEK's sole reasonable judgment, all necessary approvals for the purchase of DP&L's interest in the Plant, including approvals under the CPCN and financing authority statutes for its acquisition of the Purchased Assets and its assumption of the Assumed Liabilities, including the Environmental Liabilities, in accordance with the terms of this Agreement, and the associated retirement of DEK's Miami Fort 6 facility.

Schedule 8.3(c)
Consents (DP&L)

DP&L shall receive from PUCO, on terms and conditions satisfactory to DP&L, in DP&L's sole reasonable judgment, all necessary approvals for the transfer of its interest in the Plant in accordance with the terms of this Agreement.

BILL OF SALE AND ASSIGNMENT

This BILL OF SALE AND ASSIGNMENT (this “Bill of Sale”), dated as of [____], 2014, by The Dayton Power and Light Company, an Ohio corporation (“DP&L”), is made in favor of Duke Energy Kentucky, Inc., a Kentucky corporation (“DEK”).

WHEREAS, DP&L and DEK have entered into that certain Purchase and Sale Agreement, dated as of May [____], 2014 (the “Purchase and Sale Agreement”), pursuant to which DP&L has agreed to convey to DEK the Purchased Assets.

1. Assignment. Pursuant to Section 2.1 of the Purchase and Sale Agreement, and subject to Section 2 hereof, for valuable consideration, the receipt and sufficiency of which are hereby acknowledged, DP&L hereby sells, conveys, transfers and assigns to DEK all of DP&L’s right, title and interest in and to the Purchased Assets, free and clear of all Liens other than Permitted Liens.

2. Terms of Purchase and Sale Agreement Control. Nothing contained in this Bill of Sale shall in any way supersede, modify, replace, amend, rescind, waive, narrow or broaden any provision set forth in the Purchase and Sale Agreement or any of the rights, remedies or obligations arising therefrom. This Bill of Sale shall in all ways be governed by, and subject to, the Purchase and Sale Agreement.

3. Miscellaneous. This Bill of Sale (a) shall be governed by and in accordance with the internal laws of the State of Ohio, without regard to the principles of conflicts of law thereof, and (b) shall be binding upon and inure to the benefit of the parties hereto and their respective successors and permitted assigns. Capitalized terms used herein without definition shall have the respective meanings assigned to them in the Purchase and Sale Agreement.

[Signature Page Follows]

IN WITNESS WHEREOF, the undersigned have caused this Bill of Sale to be duly executed as of the date first written above.

THE DAYTON POWER AND LIGHT COMPANY

By: _____
Name: _____
Title: _____

Accepted:

DUKE ENERGY KENTUCKY, INC.

By: _____
Name: _____
Title: _____

ASSIGNMENT AND ASSUMPTION AGREEMENT

This ASSIGNMENT AND ASSUMPTION AGREEMENT (this "Assumption Agreement") is made and entered into as of [____], 2014 by and between Duke Energy Kentucky, Inc., a Kentucky corporation ("DEK"), and The Dayton Power and Light Company, an Ohio corporation ("DP&L").

1. DP&L and DEK have entered into a Purchase and Sale Agreement dated as of May [____], 2014 (the "Agreement") pursuant to which DEK has agreed to assume, and to pay, perform and discharge, the Assumed Liabilities. All terms used, and not otherwise defined, in this Assumption Agreement which are defined in the Agreement shall have the same meanings assigned to such terms in the Agreement.

2. For good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, DEK, in accordance with the terms of the Agreement, hereby unconditionally and irrevocably assumes and agrees to perform, pay and discharge all the Assumed Liabilities. DEK shall not assume or be required to perform, discharge or otherwise be responsible for any of DP&L's Retained Liabilities.

3. This Assumption Agreement is expressly being delivered with the benefit of, and otherwise made subject to, in all respects, the terms and conditions of the Agreement and the related agreements described therein and all representations, warranties, indemnities, covenants and agreements contained therein. Nothing contained in this Assumption Agreement shall in any way supersede, modify, replace, amend, rescind, waive, narrow or broaden any provision set forth in the Agreement or any of the rights, remedies or obligations arising therefrom.

4. The respective rights and obligations of the parties hereto shall not be assignable, whether by operation of law or otherwise, without the prior written consent of the other party. This Assumption Agreement shall be binding upon and inure to the benefit of the permitted successors and assigns of the parties hereto.

5. The validity, interpretation and effect of this Assumption Agreement shall be governed by and construed under and enforced in accordance with the laws of the State of Ohio.

6. This Assumption Agreement may be executed in multiple counterparts, each of which as so executed shall be deemed to be an original, but all of which together shall constitute one instrument.

[Signature Page Follows]

IN WITNESS WHEREOF, DP&L and DEK have executed and delivered this Assumption Agreement as of the day and year first above written.

The Dayton Power and Light Company

By: _____

Title: _____

Duke Energy Kentucky, Inc.

By: _____

Title: _____

CORPORATE SPECIAL WARRANTY DEED

KNOW ALL MEN BY THESE PRESENTS: THAT THE DAYTON POWER AND LIGHT COMPANY, an Ohio corporation ("**Grantor**"), its successors and assigns, its principal offices being located at 1065 Woodman Drive, Dayton, OH 45432, in consideration of One Million One Hundred Ninety One Thousand Six Hundred Forty Dollars (\$1,191,640.00), the receipt hereof is hereby acknowledged, by **DUKE ENERGY KENTUCKY, INC.**, a Kentucky corporation ("**Grantee**"), whose tax mailing (c/o) address is **DUKE ENERGY CORPORATION**, 550 South Tryon Street, Mail Code DEC41B, Charlotte, NC 28202, Attn: Property Tax Department, for itself its successors and assigns does hereby **Grant, Bargain, Sell, and Convey**, to Grantee, its successors and assigns, all of Grantor's right, title, and interest including, but not limited to, its 31% undivided interest in and to the following described real estate below known as the East Bend Real Estate ("**Real Estate**"):

Group Nos: 2051, 2059, 3000

SEE EXHIBIT "A" - LEGAL DESCRIPTION, attached hereto and incorporated herein

The property described in Exhibit A, being all of the Grantor's remaining interest acquired by the Grantor in the following deeds of record in the Boone County Clerk's Office at Burlington, Kentucky:

- 1) Deed Book 229, Page 166, dated _____
- 2) Deed Book 229, Page 172, dated _____
- 3) Deed Book 229, Page 179, dated _____
- 4) Deed Book 229, Page 186, dated _____
- 5) Deed Book 229, Page 195, dated _____
- 6) Deed Book 229, Page 201, dated _____

- 7) Deed Book 229, Page 209, dated _____
- 8) Deed Book 229, Page 216, dated _____
- 9) Deed Book 229, Page 225, dated _____
- 10) Deed Book 237, Page 317, dated _____

It is the intention of the Grantor to convey to Grantee any and all interest it may have in the above-described real estate and any adjoining properties that may have been inadvertently omitted from the above description.

And all the **Estate, Title, and Interest** of Grantor in and to the property interest herein conveyed;

Together with all structures, equipment, and facilities presently located, or hereafter constructed or installed, on such real estate and all the privileges and appurtenances belonging to the same;

To have and to hold the same unto Grantee, its successors and assigns forever, with Covenants of Special Warranty;

None of the rights of ways and/or easements in favor of Grantee and/or its affiliates shall merge into this deed and all such easements and/or rights of way shall survive the execution and recording of this deed.

Grantor covenants and warrants the Real Estate and will forever warrant and defend the Real Estate against the claims and demands of Grantor and all persons claiming by, through or under Grantor, but no other.

The undersigned person executing this Corporate Special Warranty Deed ("**Deed**") on behalf of Grantor certifies and represents that he/she is a duly elected officer of Grantor and has been fully empowered, by the 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; that there is no Kentucky Gross Income Tax due and owing on this transaction; and that all necessary corporate action for the making of such conveyance has been taken and done.

IN WITNESS WHEREOF, said THE DAYTON POWER AND LIGHT COMPANY, has caused this Corporate Special 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 _____, 2014.

THE DAYTON POWER AND LIGHT COMPANY

By: _____

Printed Name: _____

Printed Title: _____

STATE OF OHIO)
) SS:
COUNTY OF _____)

Personally appeared before me today, _____, _____ of The Dayton Power and Light Company, an Ohio company, and acknowledged the execution of this Corporate Warranty Deed to be his/her voluntary act and deed for and on behalf of said corporation, and having been duly sworn state that any representations contained therein are true to the best of his/her personal knowledge.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my Notarial Seal, on this ____ day of _____, 2014.

My Commission Expires: _____

Notary Public

Printed Name: _____

My County of Residence: _____

This instrument prepared by:

James E. McLean, Esq.
Attorney for Duke Energy Kentucky, Inc.
139 East Fourth Street
Cincinnati, OH 45202
(513) 421-9500

CERTIFICATE OF CONSIDERATION

IN WITNESS WHEREOF, THE DAYTON POWER AND LIGHT COMPANY, Grantor, and DUKE ENERGY KENTUCKY, INC., Grantee, do hereby certify, pursuant to KRS Section 382.135(1)(d), that the above-stated consideration in the amount of \$1,191,640.00 is the true, correct, and full consideration paid for the real property interest (31%) herein conveyed. We further certify our understanding that falsification of the stated consideration or sale price of the property is a Class D felony, subject to one to five years imprisonment and fines up to \$10,000.00.

THE DAYTON POWER AND LIGHT COMPANY

By: _____

Print: _____

STATE OF OHIO)
) SS:
COUNTY OF _____)

The foregoing consideration certificate was sworn to and acknowledged before me on the ____ day of _____, 2014, by _____, _____ of The Dayton Power And Light Company, an Ohio corporation, the Grantor herein, on behalf of the corporation.

IN TESTIMONY WHEREOF, I have hereunto set my hand and affixed my seal on this day and year aforesaid.

Notary Public

My Commission Expires: _____

DUKE ENERGY KENTUCKY, INC.

By: _____

Print: _____

STATE OF _____)
) SS:
COUNTY OF _____)

The foregoing consideration certificate was sworn to and acknowledged before me on the ____ day of _____, 2014, by _____, _____ of Duke Energy Kentucky, Inc., a Kentucky corporation, the Grantor herein, on behalf of the corporation.

IN TESTIMONY WHEREOF, I have hereunto set my hand and affixed my seal on this day and year aforesaid.

Notary Public

My Commission Expires: _____

EXHIBIT “A” – LEGAL DESCRIPTION

SELLER'S AFFIDAVIT OF TITLE

**STATE OF OHIO
COUNTY OF MONTGOMERY**

THE DAYTON POWER AND LIGHT COMPANY, an Ohio corporation ("DP&L"), by and through the undersigned authorized representative, says(s) under oath:

1. Representations. The statements in this affidavit are true to the best of our Knowledge, information and belief, with Knowledge defined as meaning the actual awareness of a particular fact or other matter of the undersigned authorized representative or of those individuals set forth on Schedule 1.2-1(i) of the Purchase and Sales Agreement dated May __, 2014, by and between DP&L and DUKE ENERGY KENTUCKY, INC., a Kentucky corporation ("Buyer").

2. Powers and Privileges. DP&L is the sole owner of a 31% undivided interest in the property described in Exhibit "A" ("Property") which is being conveyed to Buyer.

This action and making of this Affidavit of Title have been duly authorized by a proper resolution of DP&L. DP&L is legally authorized to hold and convey title in the Commonwealth of Kentucky. Its charter and powers have never been suspended or revoked. It is not restrained from doing business nor has any legal action been taken for that purpose.

3. Ownership and Possession. It has owned its interest in the Property since the date of the source of title deeds referenced in the Corporate Special Warranty Deed to Buyer. DP&L has no Knowledge of any entity since then that has questioned its ownership or right to possession. Except for its agreement with the Buyer, it has not signed any contracts to convey or otherwise encumber its interest in the Property. It has not given anyone else other than Buyer any rights concerning the purchase of this Property.

DP&L has no Knowledge of any East Bend property or any DP&L interest in the East Bend property that is not included in the Corporate Special Warranty Deed to Buyer.

4. Improvements. DP&L has no Knowledge that anyone has filed or intends to file a mechanic's lien relating to DP&L's interest in the Property.

5. Liens or Encumbrances. Except with respect to Permitted Liens, DP&L has not allowed any interests (legal rights) to be created that affect DP&L's ownership or use of the Property. To DP&L's Knowledge, there are no pending lawsuits or judgments against DP&L or other legal obligations, which may be enforced against the Property. To DP&L's Knowledge, no one has any security interest in any personal property or fixtures included in this sale.

6. Condemnation. DP&L has not received any notice of condemnation or eminent domain affecting its interest in the Property.

7. Exceptions and Additions. The following is a list of exceptions to any of the above statements. This includes all liens or mortgages which are not being released as a result of this transaction.

See attached "Exhibit B" - Permitted Exceptions

8. Environmental. DP&L has no Knowledge of any existing or contemplated enforcement action(s) from any Environmental Protection Agency concerning enforcement action(s) with regard to any hazardous waste materials affecting the Property.

9. Reliance. DP&L makes this affidavit in order to induce the Buyer to accept its Corporate Special Warranty Deed. It is aware that the Buyers and its title insurance carrier will rely on the truthfulness and the statements made in this affidavit.

Signed and sworn to before me on

THE DAYTON POWER AND LIGHT COMPANY

By: _____

Printed Name: _____

Printed Title: _____

STATE OF OHIO)
COUNTY OF _____)

Subscribed to before me this _____ day of _____, 2014, by _____, _____ of The Dayton Power and Light Company, an Ohio company, and acknowledged the execution of this affidavit to be his/her voluntary act and deed for and on behalf of said corporation, and having been duly sworn state that any representations contained therein are true to the best of his/her personal knowledge.

My Commission Expires:

Notary Public

Printed Name _____

EXHIBIT “A” – LEGAL DESCRIPTION

EXHIBIT "B" - PERMITTED EXCEPTIONS

DP&L's share of the Plant has been bid into and "cleared" through PJM's Reliability Pricing Model ("RPM") capacity auctions for the current year and through the PJM year June 1, 2016 - May 31, 2017. Buyer's use of the Property will be subject to the rights and obligations associated with being a cleared PJM "capacity resource" as set forth in various PJM agreements and tariffs to which Buyer will be subject.

In May 2014, DP&L will be bidding its share of the Plant into the PJM RPM auction for PJM year June 1, 2017 - May 31, 2018 and, if it clears, the rights and obligations associated with being a cleared capacity resource will extend through that period as well.

TERMINATION AND RELEASE AGREEMENT

This TERMINATION AND RELEASE AGREEMENT (this "Termination Agreement") is made and entered into as of [_____], 2014 by and between Duke Energy Kentucky, Inc., a Kentucky corporation ("DEK"), and The Dayton Power and Light Company, an Ohio corporation ("DP&L") (each a "Party" and together the "Parties").

1. DP&L and DEK are co-owners of the coal-fired generating facility commonly referred to as East Bend Unit 2 (the "Plant") and, over time, have entered into a number of agreements governing various obligations and responsibilities relating to the Plant and the co-owner relationship. DP&L and DEK have entered into a Purchase and Sale Agreement dated as of [_____], 2014 (the "Agreement") pursuant to which DEK has agreed to purchase the Purchased Assets and to assume the Assumed Liabilities. Upon Closing, DEK will be the sole owner of the Plant, eliminating the need for certain agreements to remain in effect. All terms used, and not otherwise defined, in this Termination Agreement which are defined in the Agreement shall have the same meanings assigned to such terms in the Agreement.

2. To the extent that any of the following agreements by and between DP&L and DEK or their predecessors in interest remain in effect immediately prior to Closing, such agreements are hereby terminated effective upon Closing (collectively, the "Terminated Agreements"):

- (i) the East Bend Unit 2 Operation Agreement dated March 24, 1981;
- (ii) the Memorandum of Construction dated March 24, 1981;
- (iii) those portions of the Recommendation and Agreement dated June 5, 1981 that relate to the Plant, retaining those portions that relate to the Killen Generating Station;
- (iv) the Recommendation and Agreement dated January 30, 1980;
- (v) the Recommendation and Agreement East Bend Transmission Facilities dated November 28, 1977; and
- (vi) the Agreement of Representation (relating to certain environmental trading programs) dated September 26, 2006.

3. For good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, DEK hereby unconditionally and irrevocably releases DP&L and DP&L Related Parties from any and all Liabilities under the Terminated Agreements, whether arising prior to or after Closing or relating to actions or non-actions prior to or after Closing.

4. For good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, DP&L hereby unconditionally and irrevocably releases DEK and DEK

Related Parties from any and all Liabilities under the Terminated Agreements, whether arising prior to or after Closing or relating to actions or non-actions prior to or after Closing.

5.. This Termination Agreement is expressly being delivered pursuant to and is subject to, in all respects, the terms and conditions of the Agreement and the related agreements described therein and all representations, warranties, indemnities, covenants and agreements contained therein. In the event of any conflict between this Termination Agreement and the Agreement, the terms of the Agreement shall prevail.

6. The respective rights and obligations of the Parties hereto shall not be assignable, whether by operation of law or otherwise, without the prior written consent of the other party. This Termination Agreement shall be binding upon and inure to the benefit of the permitted successors and assigns of the parties hereto.

7. The validity, interpretation and effect of this Termination Agreement shall be governed by and construed under and enforced in accordance with the laws of the State of Ohio.

8. This Termination Agreement may be executed in multiple counterparts, each of which as so executed shall be deemed to be an original, but all of which together shall constitute one instrument.

[Signature Page Follows]

IN WITNESS WHEREOF, DP&L and DEK have executed and delivered this Termination Agreement as of the day and year first above written.

The Dayton Power and Light Company

By: _____

Title: _____

Duke Energy Kentucky, Inc.

By: _____

Title: _____

EXHIBIT 2

FIRST AMENDMENT TO PURCHASE AND SALE AGREEMENT

THIS FIRST AMENDMENT TO PURCHASE AND SALE AGREEMENT (this "**Amendment**") is entered into this 12th day of June, 2014, by and between **DUKE ENERGY KENTUCKY, INC.**, a Kentucky corporation ("**DEK**"), and **THE DAYTON POWER AND LIGHT COMPANY**, an Ohio corporation ("**DP&L**").

WHEREAS, DEK and DP&L entered into that certain Purchase and Sale Agreement dated May 15, 2014 (the "**Purchase and Sale Agreement**"), pursuant to which DP&L has agreed to convey to DEK the Purchased Assets and DEK has agreed to assume, and to pay, perform and discharge, the Assumed Liabilities (all capitalized terms used herein but not otherwise defined herein shall have the meanings ascribed to such terms in the Purchase and Sale Agreement);

WHEREAS, the parties wish to amend the Purchase and Sale Agreement and the schedules thereto.

NOW, THEREFORE, in consideration of the mutual promises and covenants contained herein and in the Purchase and Sale Agreement, and for other good and valuable consideration, the receipt of which is hereby acknowledged, the parties hereto hereby agree as follows:

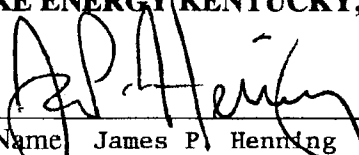

1. **Revised Schedule 1.2-2 to the Purchase and Sale Agreement.** Attached hereto as **Exhibit A** is an amended and restated Schedule 1.2-2 to the Purchase and Sale Agreement, which shall amend and replace in its entirety the existing Schedule 1.2-2 to the Purchase and Sale Agreement.
2. **Revised Schedule 3.2(a) to the Purchase and Sale Agreement.** Attached hereto as **Exhibit B** is an amended and restated Schedule 3.2(a) to the Purchase and Sale Agreement, which shall amend and replace in its entirety the existing Schedule 3.2(a) to the Purchase and Sale Agreement.
3. **Amendment to Section 3.2(a) of the Purchase and Sale Agreement.** In connection with the foregoing amendments, the parties wish to update Schedule 3.2(a) to the Purchase and Sale Agreement to reflect a hypothetical Closing Date of March 31, 2014. Accordingly, the reference to "February 28, 2014" in Section 3.2(a) of the Purchase and Sale Agreement is hereby deleted and replaced with a reference to "March 31, 2014".
4. **Counterparts; Facsimile Signatures.** This Amendment may be executed in more than one counterpart and may be executed by facsimile or other electronic signature and shall be binding upon the parties hereto and their respective successors, assigns, heirs, personal representatives and executors.
5. **Purchase Agreement Confirmed.** Except as provided in this Amendment, the Purchase and Sale Agreement is hereby confirmed and shall continue in full force and effect.

[Signatures appear on the following page.]

EXHIBIT 2

IN WITNESS WHEREOF, the parties have caused this Amendment to be executed as of the date first written above.

DUKE ENERGY KENTUCKY, INC.

By:  
Name James P. Henning
Title: State President - OH/KY

**THE DAYTON POWER AND LIGHT
COMPANY**

By: _____
Name:
Title:

IN WITNESS WHEREOF, the parties have caused this Amendment to be executed as of the date first written above.

DUKE ENERGY KENTUCKY, INC.

By: _____
Name:
Title:

**THE DAYTON POWER AND LIGHT
COMPANY**

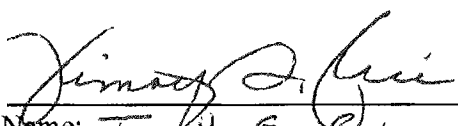
By: 
Name: Timothy G. Rice
Title: Secretary

Exhibit A

Schedule 1.2-2
Outage Costs

- | | |
|--------------|--|
| 1. EB021332 | RHO Pendant Replacement – Addition |
| 2. EB021332 | RHO Pendant Replacement – Retirement |
| 3. EB021423 | Precipitator Upgrade 2014 – Addition |
| 4. EB021423 | Precipitator Upgrade 2014 – Retirement |
| 5. EB201370 | Install Stack Lining – Addition |
| 6. EB201370 | Install Stack Lining – Retirement |
| 7. EB021438 | Replace IP Turbine Blades – Addition |
| 8. EB021438 | Replace IP Turbine Blades – Retirement |
| 9. EB021448 | SSHO Partial Pendants – Addition |
| 10. EB021448 | SSHO Partial Pendants – Retirement |

Exhibit B

Exhibit 3.2(a) to the Purchase Agreement

(attached)

This foregoing document was electronically filed with the Public Utilities

Commission of Ohio Docketing Information System on

6/13/2014 4:11:49 PM

in

Case No(s). 14-1084-EL-UNC

Summary: Application Application of The Dayton Power and Light Company for Approval of East Bend Transaction electronically filed by Mr. Charles J. Faruki on behalf of The Dayton Power and Light Company