UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

[X] QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended **June 30, 2006**

or

[ ] TRANSITION REPORT PURSUANT SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to _____

Commission File Number	Exact name of registrant as specified in its charter, state of incorporation, address of principal executive offices and telephone number	I.R.S. Employer Identification Number
001-32206	**GREAT PLAINS ENERGY INCORPORATED** (A Missouri Corporation) 1201 Walnut Street Kansas City, Missouri 64106 (816) 556-2200 www.greatplainsenergy.com	43-1916803
000-51873	**KANSAS CITY POWER & LIGHT COMPANY** (A Missouri Corporation) 1201 Walnut Street Kansas City, Missouri 64106 (816) 556-2200 www.kcpl.com	44-0308720

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Great Plains Energy Incorporated Yes X No _ Kansas City Power & Light Company Yes X No _

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, or a non-accelerated filer. See definition of "accelerated filer and large accelerated filer" in Rule 12b-2 of the Exchange Act.

Great Plains Energy Incorporated	Large accelerated filer X	Accelerated filer _	Non-accelerated filer _
Kansas City Power & Light Company	Large accelerated filer _	Accelerated filer _	Non-accelerated filer X

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Great Plains Energy Incorporated Yes _ No X Kansas City Power & Light Company Yes _ No X

On August 1, 2006, Great Plains Energy Incorporated had 80,238,266 shares of common stock outstanding.
On August 1, 2006, Kansas City Power & Light Company had one share of common stock outstanding, which was held by Great Plains Energy Incorporated.

Great Plains Energy Incorporated and Kansas City Power & Light Company (KCP&L) separately file this combined Quarterly Report on Form 10-Q. Information contained herein relating to an individual registrant and its subsidiaries is filed by such registrant on its own behalf. Each registrant makes representations only as to information relating to itself and its subsidiaries.

In March 2006, KCP&L filed a registration statement to register its common stock under Section 12(g) of the Securities Exchange Act of 1934, as amended (Exchange Act). This registration statement became effective in April 2006 and KCP&L is now required to file reports, including quarterly reports on Form 10-Q, under Section 13(a) of the Exchange Act.

This report should be read in its entirety. No one section of the report deals with all aspects of the subject matter. It should be read in conjunction with the consolidated financial statements and related notes and with the management's discussion and analysis included in the companies' 2005 Form 10-K.

CAUTIONARY STATEMENTS REGARDING CERTAIN FORWARD-LOOKING INFORMATION

Statements made in this report that are not based on historical facts are forward-looking, may involve risks and uncertainties, and are intended to be as of the date when made. Forward-looking statements include, but are not limited to, statements regarding projected delivered volumes and margins, the outcome of regulatory proceedings, cost estimates of the comprehensive energy plan and other matters affecting future operations. In connection with the safe harbor provisions of the Private Securities Litigation Reform Act of 1995, the registrants are providing a number of important factors that could cause actual results to differ materially from the provided forward-looking information. These important factors include: future economic conditions in the regional, national and international markets, including but not limited to regional and national wholesale electricity markets; market perception of the energy industry and Great Plains Energy; changes in business strategy, operations or development plans; effects of current or proposed state and federal legislative and regulatory actions or developments, including, but not limited to, deregulation, re-regulation and restructuring of the electric utility industry; decisions of regulators regarding rates KCP&L can charge for electricity; adverse changes in applicable laws, regulations, rules, principles or practices governing tax, accounting and environmental matters including, but not limited to, air and water quality; financial market conditions and performance including, but not limited to, changes in interest rates and in availability and cost of capital and the effects on pension plan assets and costs; credit ratings; inflation rates; effectiveness of risk management policies and procedures and the ability of counterparties to satisfy their contractual commitments; impact of terrorist acts; increased competition including, but not limited to, retail choice in the electric utility industry and the entry of new competitors; ability to carry out marketing and sales plans; weather conditions including weather-related damage; cost, availability, quality and deliverability of fuel; ability to achieve generation planning goals and the occurrence and duration of unplanned generation outages; delays in the anticipated in-service dates and cost increases of additional generating capacity; nuclear operations; ability to enter new markets successfully and capitalize on growth opportunities in non-regulated businesses and the effects of competition; application of critical accounting policies, including, but not limited to, those related to derivatives and pension liabilities; workforce risks including compensation and benefits costs; performance of projects undertaken by non-regulated businesses and the success of efforts to invest in and develop new opportunities and other risks and uncertainties.

This list of factors is not all-inclusive because it is not possible to predict all factors. Part II Item 1A. Risk Factors included in this report should be carefully read for further understanding of potential risks to the companies. Other sections of this report and other periodic reports filed by the companies with the Securities and Exchange Commission (SEC) should also be read for more information regarding risk factors.

GLOSSARY OF TERMS

The following is a glossary of frequently used abbreviations or acronyms that are found throughout this report.

Abbreviation or Acronym	Definition
BART	Best available retrofit technology
CAIR	Clean Air Interstate Rule
CAMR	Clean Air Mercury Rule
CO_2	Carbon Dioxide
Company	Great Plains Energy Incorporated and its subsidiaries
Consolidated KCP&L	KCP&L and its wholly owned subsidiaries
Digital Teleport	Digital Teleport, Inc.
DOE	Department of Energy
DTI	DTI Holdings, Inc. and its subsidiaries, Digital Teleport, Inc. and Digital Teleport of Virginia, Inc.
EBITDA	Earnings before interest, income taxes, depreciation and amortization
EEI	Edison Electric Institute
EIRR	Environmental Improvement Revenue Refunding
EPA	Environmental Protection Agency
EPS	Earnings per common share
FASB	Financial Accounting Standards Board
FELINE PRIDES℠	Flexible Equity Linked Preferred Increased Dividend Equity Securities, a service mark of Merrill Lynch & Co., Inc.
FERC	The Federal Energy Regulatory Commission
FIN	Financial Accounting Standards Board Interpretation
FSS	Forward Starting Swap
Great Plains Energy	Great Plains Energy Incorporated and its subsidiaries
HSS	Home Service Solutions Inc., a wholly owned subsidiary of KCP&L
IEC	Innovative Energy Consultants Inc., a wholly owned subsidiary of Great Plains Energy
ISO	Independent System Operator
KCC	The State Corporation Commission of the State of Kansas
KCP&L	Kansas City Power & Light Company, a wholly owned subsidiary of Great Plains Energy
KLT Gas	KLT Gas Inc., a wholly owned subsidiary of KLT Inc.
KLT Inc.	KLT Inc., a wholly owned subsidiary of Great Plains Energy
KLT Investments	KLT Investments Inc., a wholly owned subsidiary of KLT Inc.
KLT Telecom	KLT Telecom Inc., a wholly owned subsidiary of KLT Inc.
KW	Kilowatt
kWh	Kilowatt hour
MAC	Material Adverse Change
MD&A	Management's Discussion and Analysis of Financial Condition and Results of Operations
MISO	Midwest Independent Transmission System Operator, Inc.
MPSC	Public Service Commission of the State of Missouri
MW	Megawatt

Abbreviation or Acronym	Definition
MWh	Megawatt hour
NEIL	Nuclear Electric Insurance Limited
NO_x	Nitrogen Oxide
NPNS	Normal Purchases and Normal Sales
NRC	Nuclear Regulatory Commission
OCI	Other Comprehensive Income
PJM	PJM Interconnection
PRB	Powder River Basin
Receivables Company	Kansas City Power & Light Receivables Company, a wholly owned subsidiary of KCP&L
RTO	Regional Transmission Organization
SEC	Securities and Exchange Commission
SECA	Seams Elimination Charge Adjustment
SE Holdings	SE Holdings, L.L.C.
Services	Great Plains Energy Services Incorporated
SFAS	Statement of Financial Accounting Standards
SIP	State Implementation Plan
SO_2	Sulfur Dioxide
SPP	Southwest Power Pool, Inc.
STB	Surface Transportation Board
Strategic Energy	Strategic Energy, L.L.C., a subsidiary of KLT Energy Services
T - Locks	Treasury Locks
Union Pacific	Union Pacific Railroad Company
WCNOC	Wolf Creek Nuclear Operating Corporation
Wolf Creek	Wolf Creek Generating Station
Worry Free	Worry Free Service, Inc., a wholly owned subsidiary of HSS

GREAT PLAINS ENERGY
Consolidated Balance Sheets
(Unaudited)

	June 30 2006	December 31 2005
ASSETS	(thousands)	
Current Assets		
Cash and cash equivalents	**$ 96,176**	$ 103,068
Restricted cash	**-**	1,900
Receivables, net	**290,330**	259,043
Fuel inventories, at average cost	**29,912**	17,073
Materials and supplies, at average cost	**58,193**	57,017
Deferred income taxes	**31,469**	-
Assets of discontinued operations	**-**	627
Derivative instruments	**14,944**	39,189
Other	**18,184**	13,001
Total	**539,208**	490,918
Nonutility Property and Investments		
Affordable housing limited partnerships	**25,440**	28,214
Nuclear decommissioning trust fund	**94,991**	91,802
Other	**16,284**	17,291
Total	**136,715**	137,307
Utility Plant, at Original Cost		
Electric	**5,049,618**	4,959,539
Less-accumulated depreciation	**2,392,022**	2,322,813
Net utility plant in service	**2,657,596**	2,636,726
Construction work in progress	**219,646**	100,952
Nuclear fuel, net of amortization of $123,062 and $115,240	**41,355**	27,966
Total	**2,918,597**	2,765,644
Deferred Charges and Other Assets		
Regulatory assets	**205,195**	179,922
Prepaid pension costs	**83,514**	98,295
Goodwill	**88,139**	87,624
Derivative instruments	**4,281**	21,812
Other	**45,526**	52,204
Total	**426,655**	439,857
Total	**$ 4,021,175**	$ 3,833,726

The accompanying Notes to Consolidated Financial Statements are an integral part of these statements.

GREAT PLAINS ENERGY
Consolidated Balance Sheets
(Unaudited)

	June 30 2006	December 31 2005
LIABILITIES AND CAPITALIZATION	(thousands)	
Current Liabilities		
Notes payable	**$ -**	$ 6,000
Commercial paper	**82,400**	31,900
Current maturities of long-term debt	**389,902**	1,675
Accounts payable	**215,926**	231,496
Accrued taxes	**61,458**	37,140
Accrued interest	**13,680**	13,329
Accrued payroll and vacations	**29,385**	36,024
Accrued refueling outage costs	**14,996**	8,974
Deferred income taxes	**-**	1,351
Supplier collateral	**-**	1,900
Liabilities of discontinued operations	**-**	64
Derivative instruments	**50,067**	7,411
Other	**24,601**	25,658
Total	**882,415**	402,922
Deferred Credits and Other Liabilities		
Deferred income taxes	**608,070**	621,359
Deferred investment tax credits	**28,175**	29,698
Asset retirement obligations	**153,697**	145,907
Pension liability	**89,667**	87,355
Regulatory liabilities	**73,899**	69,641
Derivative instruments	**27,127**	7,750
Other	**63,602**	65,787
Total	**1,044,237**	1,027,497
Capitalization		
Common shareholders' equity		
Common stock-150,000,000 shares authorized without par value		
80,267,216 and 74,783,824 shares issued, stated value	**890,425**	744,457
Retained earnings	**458,291**	488,001
Treasury stock-45,680 and 43,376 shares, at cost	**(1,367)**	(1,304)
Accumulated other comprehensive loss	**(43,020)**	(7,727)
Total	**1,304,329**	1,223,427
Cumulative preferred stock $100 par value		
3.80% - 100,000 shares issued	**10,000**	10,000
4.50% - 100,000 shares issued	**10,000**	10,000
4.20% - 70,000 shares issued	**7,000**	7,000
4.35% - 120,000 shares issued	**12,000**	12,000
Total	**39,000**	39,000
Long-term debt (Note 8)	**751,194**	1,140,880
Total	**2,094,523**	2,403,307
Commitments and Contingencies (Note 13)		
Total	**$ 4,021,175**	$ 3,833,726

The accompanying Notes to Consolidated Financial Statements are an integral part of these statements.

GREAT PLAINS ENERGY
Consolidated Statements of Income
(Unaudited)

	Three Months Ended June 30		Year to Date June 30	
	2006	2005	**2006**	2005
Operating Revenues	(thousands, except per share amounts)			
Electric revenues - KCP&L	**$ 290,891**	$ 272,083	**$ 531,281**	$ 505,298
Electric revenues - Strategic Energy	**350,506**	359,172	**668,518**	670,488
Other revenues	**707**	466	**1,490**	1,049
Total	**642,104**	631,721	**1,201,289**	1,176,835
Operating Expenses				
Fuel	**56,197**	44,803	**103,597**	86,293
Purchased power - KCP&L	**8,570**	16,797	**13,687**	28,287
Purchased power - Strategic Energy	**329,347**	338,836	**655,105**	616,702
Skill set realignment costs (Note 9)	**5,123**	-	**14,516**	-
Other	**79,650**	84,375	**155,885**	164,270
Maintenance	**24,899**	20,552	**47,489**	49,910
Depreciation and amortization	**39,250**	38,241	**78,196**	76,103
General taxes	**27,764**	26,566	**55,408**	52,422
Gain on property	**(696)**	(994)	**(597)**	(1,513)
Total	**570,104**	569,176	**1,123,286**	1,072,474
Operating income	**72,000**	62,545	**78,003**	104,361
Non-operating income	**3,904**	9,847	**6,889**	11,771
Non-operating expenses	**(1,311)**	(9,657)	**(3,452)**	(10,972)
Interest charges	**(17,816)**	(18,386)	**(35,139)**	(35,873)
Income from continuing operations before income taxes, minority interest in subsidiaries and loss from equity investments	**56,777**	44,349	**46,301**	69,287
Income taxes	**(18,831)**	(9,805)	**(10,201)**	(15,096)
Minority interest in subsidiaries	**-**	(8,693)	**-**	(7,805)
Loss from equity investments, net of income taxes	**(289)**	(344)	**(579)**	(689)
Income from continuing operations	**37,657**	25,507	**35,521**	45,697
Discontinued operations, net of income taxes (Note 11)	**-**	(3,606)	**-**	(3,606)
Net income	**37,657**	21,901	**35,521**	42,091
Preferred stock dividend requirements	**412**	412	**823**	823
Earnings available for common shareholders	**$ 37,245**	$ 21,489	**$ 34,698**	$ 41,268
Average number of common shares outstanding	**76,997**	74,592	**75,834**	74,515
Basic and diluted earnings (loss) per common share				
Continuing operations	**$ 0.48**	$ 0.34	**$ 0.46**	$ 0.60
Discontinued operations	**-**	(0.05)	**-**	(0.05)
Basic and diluted earnings per common share	**$ 0.48**	$ 0.29	**$ 0.46**	$ 0.55
Cash dividends per common share	**$ 0.415**	$ 0.415	**$ 0.83**	$ 0.83

The accompanying Notes to Consolidated Financial Statements are an integral part of these statements.

GREAT PLAINS ENERGY
Consolidated Statements of Cash Flows
(Unaudited)

Year to Date June 30	**2006**	Revised 2005
Cash Flows from Operating Activities	(thousands)	
Net income	**$ 35,521**	$ 42,091
Adjustments to reconcile income to net cash from operating activities:		
Depreciation and amortization	**78,196**	76,103
Amortization of:		
Nuclear fuel	**7,822**	5,418
Other	**4,666**	5,374
Deferred income taxes, net	**(16,804)**	4,682
Investment tax credit amortization	**(1,523)**	(1,944)
Loss from equity investments, net of income taxes	**579**	689
Gain on property	**(597)**	(1,611)
Minority interest in subsidiaries	**-**	7,805
Fair value impacts from energy contracts	**37,925**	(7,785)
Other operating activities (Note 4)	**(33,419)**	(68,013)
Net cash from operating activities	**112,366**	62,809
Cash Flows from Investing Activities		
Utility capital expenditures	**(229,910)**	(224,496)
Allowance for borrowed funds used during construction	**(2,549)**	(767)
Purchases of investments	**(700)**	(14,976)
Purchases of nonutility property	**(2,805)**	(2,886)
Proceeds from sale of assets and investments	**206**	15,739
Purchases of nuclear decommissioning trust investments	**(26,387)**	(16,197)
Proceeds from nuclear decommissioning trust investments	**24,574**	14,421
Hawthorn No. 5 partial insurance recovery	**-**	10,000
Other investing activities	**(818)**	(2,269)
Net cash from investing activities	**(238,389)**	(221,431)
Cash Flows from Financing Activities		
Issuance of common stock	**149,363**	5,724
Issuance fees	**(5,728)**	(8)
Repayment of long-term debt	**(872)**	(2,495)
Net change in short-term borrowings	**44,500**	169,775
Dividends paid	**(65,197)**	(62,677)
Other financing activities	**(2,935)**	(2,820)
Net cash from financing activities	**119,131**	107,499
Net Change in Cash and Cash Equivalents	**(6,892)**	(51,123)
Less: Net Change in Cash and Cash Equivalents from Discontinued Operations	**-**	(537)
Cash and Cash Equivalents at Beginning of Year	**103,068**	127,129
Cash and Cash Equivalents at End of Period	**$ 96,176**	$ 76,543

The accompanying Notes to Consolidated Financial Statements are an integral part of these statements.

GREAT PLAINS ENERGY
Consolidated Statements of Common Shareholders' Equity
(Unaudited)

Year to Date June 30	**2006**		2005	
	Shares	**Amount**	Shares	Amount
Common Stock		(thousands, except share amounts)		
Beginning balance	**74,783,824**	**$ 744,457**	74,394,423	$ 731,977
Issuance of common stock	**5,436,566**	**149,363**	200,848	6,007
Issuance of restricted common stock	**46,826**	**1,320**	76,375	2,334
Common stock issuance fees		**(5,190)**		-
Equity compensation expense		**1,103**		879
Unearned Compensation				
Issuance of restricted common stock		**(1,355)**		(2,334)
Forfeiture of restricted common stock		**56**		106
Compensation expense recognized		**640**		731
Other		**31**		(174)
Ending balance	**80,267,216**	**890,425**	74,671,646	739,526
Retained Earnings				
Beginning balance		**488,001**		451,491
Net income		**35,521**		42,091
Dividends:				
Common stock		**(64,326)**		(61,854)
Preferred stock - at required rates		**(823)**		(823)
Performance shares		**(82)**		-
Ending balance		**458,291**		430,905
Treasury Stock				
Beginning balance	**(43,376)**	**(1,304)**	(28,488)	(856)
Treasury shares acquired	**(3,519)**	**(99)**	(3,596)	(109)
Treasury shares reissued	**1,215**	**36**	-	-
Ending balance	**(45,680)**	**(1,367)**	(32,084)	(965)
Accumulated Other Comprehensive Loss				
Beginning balance		**(7,727)**		(41,018)
Derivative hedging activity, net of tax		**(35,293)**		7,347
Minimum pension obligation, net of tax		-		(37)
Ending balance		**(43,020)**		(33,708)
Total Common Shareholders' Equity		**$ 1,304,329**		$ 1,135,758

The accompanying Notes to Consolidated Financial Statements are an integral part of these statements.

GREAT PLAINS ENERGY
Consolidated Statements of Comprehensive Income
(Unaudited)

	Three Months Ended June 30		Year to Date June 30	
	2006	2005	**2006**	2005
		(thousands)		
Net income	**$ 37,657**	$ 21,901	**$ 35,521**	$ 42,091
Other comprehensive income				
Gain (loss) on derivative hedging instruments	**(36,461)**	367	**(77,164)**	19,223
Income taxes	**15,052**	(324)	**32,335**	(8,371)
Net gain (loss) on derivative hedging instruments	**(21,409)**	43	**(44,829)**	10,852
Reclassification to expenses, net of tax	**4,314**	(1,420)	**9,536**	(3,505)
Derivative hedging activity, net of tax	**(17,095)**	(1,377)	**(35,293)**	7,347
Change in minimum pension obligation	-	-	-	(60)
Income taxes	-	-	-	23
Net change in minimum pension obligation	-	-	-	(37)
Comprehensive income	**$ 20,562**	$ 20,524	**$ 228**	$ 49,401

The accompanying Notes to Consolidated Financial Statements are an integral part of these statements.

KANSAS CITY POWER & LIGHT COMPANY
Consolidated Balance Sheets
(Unaudited)

	June 30 2006	December 31 2005
ASSETS	(thousands)	
Current Assets		
Cash and cash equivalents	**$ 3,854**	$ 2,961
Receivables, net	**97,777**	70,264
Fuel inventories, at average cost	**29,912**	17,073
Materials and supplies, at average cost	**58,193**	57,017
Deferred income taxes	**12,635**	8,944
Prepaid expenses	**12,721**	11,292
Derivative instruments	**8,787**	-
Total	**223,879**	167,551
Nonutility Property and Investments		
Nuclear decommissioning trust fund	**94,991**	91,802
Other	**6,825**	7,694
Total	**101,816**	99,496
Utility Plant, at Original Cost		
Electric	**5,049,618**	4,959,539
Less-accumulated depreciation	**2,392,022**	2,322,813
Net utility plant in service	**2,657,596**	2,636,726
Construction work in progress	**219,646**	100,952
Nuclear fuel, net of amortization of $123,062 and $115,240	**41,355**	27,966
Total	**2,918,597**	2,765,644
Deferred Charges and Other Assets		
Regulatory assets	**205,195**	179,922
Prepaid pension costs	**83,514**	98,002
Other	**29,023**	27,905
Total	**317,732**	305,829
Total	**$ 3,562,024**	$ 3,338,520

The disclosures regarding KCP&L included in the accompanying Notes to Consolidated Financial Statements are an integral part of these statements.

KANSAS CITY POWER & LIGHT COMPANY
Consolidated Balance Sheets
(Unaudited)

	June 30 2006	December 31 2005
LIABILITIES AND CAPITALIZATION	(thousands)	
Current Liabilities		
Notes payable to Great Plains Energy	**$ 500**	$ 500
Commercial paper	**82,400**	31,900
Current maturities of long-term debt	**225,500**	-
Accounts payable	**93,052**	106,040
Accrued taxes	**57,817**	27,448
Accrued interest	**11,872**	11,549
Accrued payroll and vacations	**24,866**	27,520
Accrued refueling outage costs	**14,996**	8,974
Derivative instruments	**3,494**	-
Other	**8,313**	8,600
Total	**522,810**	222,531
Deferred Credits and Other Liabilities		
Deferred income taxes	**628,929**	627,048
Deferred investment tax credits	**28,175**	29,698
Asset retirement obligations	**153,697**	145,907
Pension liability	**86,228**	85,301
Regulatory liabilities	**73,899**	69,641
Derivative instruments	**3,267**	2,601
Other	**42,109**	38,387
Total	**1,016,304**	998,583
Capitalization		
Common shareholder's equity		
Common stock-1,000 shares authorized without par value 1 share issued, stated value	**1,021,656**	887,041
Retained earnings	**277,646**	283,850
Accumulated other comprehensive loss	**(26,731)**	(29,909)
Total	**1,272,571**	1,140,982
Long-term debt (Note 8)	**750,339**	976,424
Total	**2,022,910**	2,117,406
Commitments and Contingencies (Note 13)		
Total	**$ 3,562,024**	$ 3,338,520

The disclosures regarding KCP&L included in the accompanying Notes to Consolidated Financial Statements are an integral part of these statements.

KANSAS CITY POWER & LIGHT COMPANY
Consolidated Statements of Income
(Unaudited)

	Three Months Ended June 30		Year to Date June 30	
	2006	2005	**2006**	2005
Operating Revenues		(thousands)		
Electric revenues	**$ 290,891**	$ 272,083	**$ 531,281**	$ 505,298
Other revenues	**-**	-	**-**	113
Total	**290,891**	272,083	**531,281**	505,411
Operating Expenses				
Fuel	**56,197**	44,803	**103,597**	86,293
Purchased power	**8,570**	16,797	**13,687**	28,287
Skill set realignment costs (Note 9)	**4,937**	-	**14,230**	-
Other	**64,808**	68,863	**127,366**	134,826
Maintenance	**24,900**	20,540	**47,478**	49,886
Depreciation and amortization	**37,346**	36,665	**74,346**	73,060
General taxes	**26,875**	25,454	**53,164**	50,009
(Gain) loss on property	**(695)**	3	**(598)**	(513)
Total	**222,938**	213,125	**433,270**	421,848
Operating income	**67,953**	58,958	**98,011**	83,563
Non-operating income	**2,822**	9,346	**4,535**	10,843
Non-operating expenses	**(1,235)**	(627)	**(2,292)**	(1,780)
Interest charges	**(15,046)**	(15,482)	**(29,904)**	(30,101)
Income before income taxes and minority interest in subsidiaries	**54,494**	52,195	**70,350**	62,525
Income taxes	**(18,680)**	(14,466)	**(22,553)**	(15,431)
Minority interest in subsidiaries	**-**	(8,693)	**-**	(7,805)
Net income	**$ 35,814**	$ 29,036	**$ 47,797**	$ 39,289

The disclosures regarding consolidated KCP&L included in the accompanying Notes to Consolidated Financial Statements are an integral part of these statements.

KANSAS CITY POWER & LIGHT COMPANY
Consolidated Statements of Cash Flows
(Unaudited)

Year to Date June 30	**2006**	2005
Cash Flows from Operating Activities	(thousands)	
Net income	**$ 47,797**	$ 39,289
Adjustments to reconcile income to net cash from operating activities:		
Depreciation and amortization	**74,346**	73,060
Amortization of:		
Nuclear fuel	**7,822**	5,418
Other	**3,302**	3,900
Deferred income taxes, net	**(2,159)**	(3,334)
Investment tax credit amortization	**(1,523)**	(1,944)
Gain on property	**(598)**	(513)
Minority interest in subsidiaries	**-**	7,805
Other operating activities (Note 4)	**(23,813)**	(65,568)
Net cash from operating activities	**105,174**	58,113
Cash Flows from Investing Activities		
Utility capital expenditures	**(229,910)**	(226,247)
Allowance for borrowed funds used during construction	**(2,549)**	(767)
Purchases of nonutility property	**(42)**	(117)
Proceeds from sale of assets	**206**	173
Purchases of nuclear decommissioning trust investments	**(26,387)**	(16,197)
Proceeds from nuclear decommissioning trust investments	**24,574**	14,421
Hawthorn No. 5 partial insurance recovery	**-**	10,000
Other investing activities	**(818)**	(2,739)
Net cash from investing activities	**(234,926)**	(221,473)
Cash Flows from Financing Activities		
Net change in short-term borrowings	**50,500**	174,100
Dividends paid to Great Plains Energy	**(54,001)**	(61,700)
Equity contribution from Great Plains Energy	**134,615**	-
Issuance fees	**(469)**	(8)
Net cash from financing activities	**130,645**	112,392
Net Change in Cash and Cash Equivalents	**893**	(50,968)
Cash and Cash Equivalents at Beginning of Year	**2,961**	51,619
Cash and Cash Equivalents at End of Period	**$ 3,854**	$ 651

The disclosures regarding consolidated KCP&L included in the accompanying Notes to Consolidated Financial Statements are an integral part of these statements.

KANSAS CITY POWER & LIGHT COMPANY
Consolidated Statements of Common Shareholder's Equity
(Unaudited)

Year to Date June 30	**2006**		2005	
	Shares	**Amount**	Shares	Amount
Common Stock		(thousands, except share amounts)		
Beginning balance	**1**	**$ 887,041**	1	$ 887,041
Equity contribution from Great Plains Energy	**-**	**134,615**	-	-
Ending balance	**1**	**1,021,656**	1	887,041
Retained Earnings				
Beginning balance		**283,850**		252,893
Net income		**47,797**		39,289
Dividends:				
Common stock held by Great Plains Energy		**(54,001)**		(61,700)
Ending balance		**277,646**		230,482
Accumulated Other Comprehensive Loss				
Beginning balance		**(29,909)**		(40,334)
Derivative hedging activity, net of tax		**3,178**		(1,414)
Minimum pension obligation, net of tax		**-**		(37)
Ending balance		**(26,731)**		(41,785)
Total Common Shareholder's Equity		**$ 1,272,571**		$ 1,075,738

The disclosures regarding consolidated KCP&L included in the accompanying Notes to Consolidated Financial Statements are an integral part of these statements.

KANSAS CITY POWER & LIGHT COMPANY
Consolidated Statements of Comprehensive Income
(Unaudited)

	Three Months Ended June 30		Year to Date June 30	
	2006	2005	**2006**	2005
		(thousands)		
Net income	**$ 35,814**	$ 29,036	**$ 47,797**	$ 39,289
Other comprehensive income				
Gain (loss) on derivative hedging instruments	**1,894**	(3,589)	**5,293**	(2,291)
Income taxes	**(712)**	1,378	**(1,990)**	880
Net gain on derivative hedging instruments	**1,182**	(2,211)	**3,303**	(1,411)
Reclassification to expenses, net of tax	**(63)**	(3)	**(125)**	(3)
Derivative hedging activity, net of tax	**1,119**	(2,214)	**3,178**	(1,414)
Change in minimum pension obligation	**-**	-	**-**	(60)
Income taxes	**-**	-	**-**	23
Net change in minimum pension obligation	**-**	-	**-**	(37)
Comprehensive income	**$ 36,933**	$ 26,822	**$ 50,975**	$ 37,838

The disclosures regarding consolidated KCP&L included in the accompanying Notes to Consolidated Financial Statements are an integral part of these statements.

The notes to unaudited consolidated financial statements that follow are a combined presentation for Great Plains Energy Incorporated and Kansas City Power & Light Company, both registrants under this filing. The terms "Great Plains Energy," "Company," "KCP&L" and "consolidated KCP&L" are used throughout this report. "Great Plains Energy" and the "Company" refer to Great Plains Energy Incorporated and its consolidated subsidiaries, unless otherwise indicated. "KCP&L" refers to Kansas City Power & Light Company, and "consolidated KCP&L" refers to KCP&L and its consolidated subsidiaries.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization
Great Plains Energy, a Missouri corporation incorporated in 2001, is a public utility holding company and does not own or operate any significant assets other than the stock of its subsidiaries. Great Plains Energy has four direct subsidiaries with operations or active subsidiaries:

- KCP&L is an integrated, regulated electric utility that provides electricity to customers primarily in the states of Missouri and Kansas. KCP&L has two wholly owned subsidiaries, Kansas City Power & Light Receivables Company (Receivables Company) and Home Service Solutions Inc. (HSS). HSS has no active operations.

- KLT Inc. is an intermediate holding company that primarily holds, directly or indirectly, interests in Strategic Energy, L.L.C. (Strategic Energy), which provides competitive retail electricity supply services in several electricity markets offering retail choice, and affordable housing limited partnerships. KLT Inc. also wholly owns KLT Gas Inc. (KLT Gas), which has no active operations in 2006.

- Innovative Energy Consultants Inc. (IEC) is an intermediate holding company that holds an indirect interest in Strategic Energy. IEC does not own or operate any assets other than its indirect interest in Strategic Energy. When combined with KLT Inc.'s indirect interest in Strategic Energy, the Company indirectly owns 100% of Strategic Energy.

- Great Plains Energy Services Incorporated (Services) provides services at cost to Great Plains Energy and its subsidiaries, including consolidated KCP&L.

The operations of Great Plains Energy and its subsidiaries are divided into two reportable segments, KCP&L and Strategic Energy. Great Plains Energy's legal structure differs from the functional management and financial reporting of its reportable segments. Other activities not considered a reportable segment include the operations of HSS, Services, all KLT Inc. operations other than Strategic Energy, and holding company operations.

2. BASIC AND DILUTED EARNINGS PER COMMON SHARE CALCULATION

There was no significant dilutive effect on Great Plains Energy's EPS from other securities for the three months ended and year to date June 30, 2006 and 2005. To determine basic EPS, preferred stock dividend requirements are deducted from income from continuing operations and net income before dividing by the average number of common shares outstanding. The loss per share impact of discontinued operations, net of income taxes, is determined by dividing discontinued operations, net of income taxes, by the average number of common shares outstanding. The effect of dilutive securities, calculated using the treasury stock method, assumes the issuance of common shares applicable to stock options, performance shares, restricted stock, a forward sale agreement and FELINE PRIDES[SM].

The following table reconciles Great Plains Energy's basic and diluted EPS.

	Three Months Ended June 30		Year to Date June 30	
	2006	2005	2006	2005
Income	(millions, except per share amounts)			
Income from continuing operations	$ 37.6	$ 25.5	$ 35.5	$ 45.7
Less: preferred stock dividend requirements	0.4	0.4	0.8	0.8
Income available to common shareholders	$ 37.2	$ 25.1	$ 34.7	$ 44.9
Common Shares Outstanding				
Average number of common shares outstanding	77.0	74.6	75.8	74.5
Add: effect of dilutive securities	-	0.2	-	0.2
Diluted average number of common shares outstanding	77.0	74.8	75.8	74.7
Basic and diluted EPS from continuing operations	$ 0.48	$ 0.34	$ 0.46	$ 0.60

The computation of diluted EPS excludes anti-dilutive shares for the three months ended and year to date June 30, 2006, of 183,874 and 89,715 performance shares and 166,007 and 121,181 restricted stock shares, respectively. Additionally, for the three months ended and year to date June 30, 2006, 6.5 million of anti-dilutive FELINE PRIDES were excluded from the computation of diluted EPS and there were no anti-dilutive shares applicable to stock options or a forward sale agreement. For the three months ended and year to date June 30, 2005, there were no anti-dilutive shares applicable to stock options, performance shares, restricted stock or FELINE PRIDES.

In July 2006, the Board of Directors declared a quarterly dividend of $0.415 per share on Great Plains Energy's common stock. The common dividend is payable September 20, 2006, to shareholders of record as of August 29, 2006. The Board of Directors also declared regular dividends on Great Plains Energy's preferred stock, payable December 1, 2006, to shareholders of record as of November 8, 2006.

3. CASH

Cash and Cash Equivalents
Cash equivalents consist of highly liquid investments with maturities of three months or less at acquisition. For Great Plains Energy, this includes Strategic Energy's cash held in trust of $14.1 million and $21.9 million at June 30, 2006 and December 31, 2005, respectively.

Strategic Energy has entered into collateral arrangements with selected electricity power suppliers that require selected customers to remit payment to lockboxes that are held in trust and managed by a Trustee. As part of the trust administration, the Trustee remits payment to the supplier of electricity purchased by Strategic Energy. On a monthly basis, any remittances into the lockboxes in excess of disbursements to the supplier are remitted back to Strategic Energy.

Restricted Cash
Strategic Energy has entered into Master Power Purchase and Sale Agreements with its power suppliers. Certain of these agreements contain provisions whereby, to the extent Strategic Energy has a net exposure to the purchased power supplier, collateral requirements are to be maintained. Collateral posted in the form of cash to Strategic Energy is restricted by agreement, but would become unrestricted in the event of a default by the purchased power supplier. Strategic Energy held no restricted cash collateral at June 30, 2006, and $1.9 million at December 31, 2005.

4. SUPPLEMENTAL CASH FLOW INFORMATION

Great Plains Energy Other Operating Activities

Year to Date June 30	2006	Revised 2005
Cash flows affected by changes in:	(millions)	
Receivables	$ (31.0)	$ (96.1)
Fuel inventories	(12.8)	(2.2)
Materials and supplies	(1.2)	(1.1)
Accounts payable	(16.2)	30.4
Accrued taxes	24.7	(3.6)
Accrued interest	0.3	(0.4)
Deposits with suppliers	(3.4)	(10.6)
Accrued refueling outage costs	6.0	(10.9)
Pension and postretirement benefit assets and obligations	4.3	18.4
Allowance for equity funds used during construction	(2.1)	(0.9)
Proceeds from the sale of SO_2 emission allowances	0.8	0.7
Other	(2.8)	8.3
Total other operating activities	$ (33.4)	$ (68.0)
Cash paid during the period:		
Interest	$ 33.4	$ 37.4
Income taxes	$ 14.9	$ 16.1

Consolidated KCP&L Other Operating Activities

Year to Date June 30	2006	2005
Cash flows affected by changes in:	(millions)	
Receivables	$ (27.5)	$ (79.8)
Fuel inventories	(12.8)	(2.2)
Materials and supplies	(1.2)	(1.1)
Accounts payable	(14.5)	4.1
Accrued taxes	30.4	13.8
Accrued interest	0.3	(0.3)
Accrued refueling outage costs	6.0	(10.9)
Pension and postretirement benefit assets and obligations	2.5	15.3
Allowance for equity funds used during construction	(2.1)	(0.9)
Proceeds from the sale of SO_2 emission allowances	0.8	0.7
Other	(5.7)	(4.3)
Total other operating activities	$ (23.8)	$ (65.6)
Cash paid during the period:		
Interest	$ 28.5	$ 29.2
Income taxes	$ 11.4	$ 20.6

Discontinued Operations and Proceeds From Sale of SO_2 Emission Allowances Presentation

In the fourth quarter of 2005, the Company changed the presentation of its consolidated statements of cash flows to include the cash flows from operating, investing and financing activities of discontinued operations within the respective categories of operating, investing and financing activities as well as to reflect proceeds from the sale of SO_2 emission allowances by consolidated KCP&L as operating activities rather than investing activities and retroactively revised the consolidated statement of cash flows year to date June 30, 2005, to be consistent with this presentation. Great Plains Energy's net cash flows from operating activities year to date June 30, 2005, increased $0.7 million for KCP&L's proceeds from the sale of SO_2 emission allowances and decreased $0.7 million for discontinued operations operating activities from amounts previously reported. Net cash flows from investing

activities increased $0.2 million for discontinued operations investing activities and decreased $0.7 million for KCP&L's proceeds from the sale of SO_2 emission allowances from amounts previously reported.

5. RECEIVABLES

The Company's receivables are detailed in the following table.

	June 30 2006	December 31 2005
Consolidated KCP&L	(millions)	
Customer accounts receivable [(a)]	$ 54.0	$ 34.0
Allowance for doubtful accounts	(1.4)	(1.0)
Other receivables	45.2	37.3
Consolidated KCP&L receivables	97.8	70.3
Other Great Plains Energy		
Other receivables	197.3	193.0
Allowance for doubtful accounts	(4.8)	(4.3)
Great Plains Energy receivables	$ 290.3	$ 259.0

[(a)] Customer accounts receivable included unbilled receivables of $51.7 million and $31.4 million at June 30, 2006 and December 31, 2005, respectively.

Consolidated KCP&L's other receivables at June 30, 2006 and December 31, 2005, consisted primarily of receivables from partners in jointly owned electric utility plants and wholesale sales receivables. Great Plains Energy's other receivables at June 30, 2006 and December 31, 2005, consisted primarily of accounts receivable held by Strategic Energy, including unbilled receivables of $108.7 million and $99.9 million, respectively.

Under an agreement, KCP&L sells all of its retail electric accounts receivable to its wholly owned subsidiary, Receivables Company, which in turn sells an undivided percentage ownership interest in the accounts receivable to Victory Receivables Corporation, an independent outside investor. KCP&L sells its receivables at a fixed price based upon the expected cost of funds and charge-offs. These costs comprise KCP&L's loss on the sale of accounts receivable. KCP&L services the receivables and receives an annual servicing fee of 2.5% of the outstanding principal amount of the receivables sold to Receivables Company. KCP&L does not recognize a servicing asset or liability since management determined the collection agent fee earned by KCP&L approximates market value.

Information regarding KCP&L's sale of accounts receivable to Receivables Company under this agreement is reflected in the following tables.

Three Months Ended June 30, 2006	KCP&L	Receivables Company	Consolidated KCP&L
		(millions)	
Receivables (sold) purchased	$ (252.1)	$ 252.1	$ -
Gain (loss) on sale of accounts receivable [(a)]	(2.5)	2.2	(0.3)
Servicing fees	0.6	(0.6)	-
Fees to outside investor	-	(1.0)	(1.0)
Cash flows during the period			
Cash from customers transferred to Receivables Company	(218.5)	218.5	-
Cash paid to KCP&L for receivables purchased	216.3	(216.3)	-
Servicing fees	0.6	(0.6)	-
Interest on intercompany note	0.5	(0.5)	-

Year to Date June 30, 2006	KCP&L	Receivables Company	Consolidated KCP&L
		(millions)	
Receivables (sold) purchased	$ (449.3)	$ 449.3	$ -
Gain (loss) on sale of accounts receivable [(a)]	(4.5)	4.3	(0.2)
Servicing fees	1.2	(1.2)	-
Fees to outside investor	-	(1.8)	(1.8)
Cash flows during the period			
Cash from customers transferred to Receivables Company	(431.0)	431.0	-
Cash paid to KCP&L for receivables purchased	426.7	(426.7)	-
Servicing fees	1.2	(1.2)	-
Interest on intercompany note	0.8	(0.8)	-

[(a)] The net loss is the result of the timing difference inherent in collecting receivables and over the life of the agreement will net to zero.

6. NUCLEAR PLANT

KCP&L owns 47% of Wolf Creek Nuclear Operating Corporation (WCNOC), the operating company for Wolf Creek Generating Station (Wolf Creek), its only nuclear generating unit. Wolf Creek is regulated by the Nuclear Regulatory Commission (NRC), with respect to licensing, operations and safety-related requirements.

Nuclear Liability and Insurance
The owners of Wolf Creek (Owners) maintain nuclear insurance for Wolf Creek in four areas: liability, worker radiation, property and accidental outage. These policies contain certain industry standard exclusions, including, but not limited to, ordinary wear and tear, and war. Both the nuclear liability and property insurance programs subscribed to by members of the nuclear power generating industry include industry aggregate limits for non-certified acts of terrorism and related losses, as defined by the Terrorism Risk Insurance Act, including replacement power costs. An industry aggregate limit of $0.3 billion exists for liability claims, regardless of the number of non-certified acts affecting Wolf Creek or any other nuclear energy liability policy or the number of policies in place. An industry aggregate limit of $3.2 billion plus any reinsurance recoverable by Nuclear Electric Insurance Limited (NEIL), the

Owners' insurance provider, exists for property claims, including accidental outage power costs for acts of terrorism affecting Wolf Creek or any other nuclear energy facility property policy within twelve months from the date of the first act. These limits are the maximum amount to be paid to members who sustain losses or damages from these types of terrorist acts. For certified acts of terrorism, the individual policy limits apply. In addition, industry-wide retrospective assessment programs (discussed below) can apply once these insurance programs have been exhausted.

Liability Insurance
Pursuant to the Price-Anderson Act, which was reauthorized through December 31, 2025, by the Energy Policy Act of 2005, the Owners are required to insure against public liability claims resulting from nuclear incidents to the full limit of public liability, which is currently $10.8 billion. This limit of liability consists of the maximum available commercial insurance of $0.3 billion, and the remaining $10.5 billion is provided through an industry-wide retrospective assessment program mandated by law, known as the Secondary Financial Protection (SFP) program. Under the SFP program, the Owners can be assessed up to $100.6 million ($47.3 million, KCP&L's 47% share) per incident at any commercial reactor in the country, payable at no more than $15 million ($7.1 million, KCP&L's 47% share) per incident per year. This assessment is subject to an inflation adjustment based on the Consumer Price Index and applicable premium taxes. This assessment also applies to worker radiation claims insurance. In addition, the U.S. Congress could impose additional revenue-raising measures to pay claims.

Property, Decontamination, Premature Decommissioning and Extra Expense Insurance
The Owners carry decontamination liability, premature decommissioning liability and property damage insurance for Wolf Creek totaling approximately $2.8 billion ($1.3 billion, KCP&L's 47% share). NEIL provides this insurance.

In the event of an accident, insurance proceeds must first be used for reactor stabilization and site decontamination in accordance with a plan mandated by the NRC. KCP&L's share of any remaining proceeds can be used for further decontamination, property damage restoration and premature decommissioning costs. Premature decommissioning coverage applies only if an accident at Wolf Creek exceeds $500 million in property damage and decontamination expenses, and only after trust funds have been exhausted.

Accidental Nuclear Outage Insurance
The Owners also carry additional insurance from NEIL to cover costs of replacement power and other extra expenses incurred in the event of a prolonged outage resulting from accidental property damage at Wolf Creek.

Under all NEIL policies, the Owners are subject to retrospective assessments if NEIL losses, for each policy year, exceed the accumulated funds available to the insurer under that policy. The estimated maximum amount of retrospective assessments under the current policies could total approximately $26.1 million ($12.3 million, KCP&L's 47% share) per policy year.

In the event of a catastrophic loss at Wolf Creek, the insurance coverage may not be adequate to cover property damage and extra expenses incurred. Uninsured losses, to the extent not recovered through rates, would be assumed by KCP&L and the other owners and could have a material adverse effect on KCP&L's results of operations, financial position and cash flows.

Low-Level Waste
The Low-Level Radioactive Waste Policy Amendments Act of 1985 mandated that the various states, individually or through interstate compacts, develop alternative low-level radioactive waste disposal facilities. The states of Kansas, Nebraska, Arkansas, Louisiana and Oklahoma formed the Central

Interstate Low-Level Radioactive Waste Compact (Compact) and selected a site in northern Nebraska to locate a disposal facility. WCNOC and the owners of the other five nuclear units in the Compact provided most of the pre-construction financing for this project.

After many years of effort, Nebraska regulators denied the facility developer's license application in December 1998, a prolonged lawsuit ensued, and Nebraska eventually settled the case by paying the Compact Commission $145.8 million in damages. The Compact Commission then paid out pro rata portions of the settlement money to the various parties who originally funded the project. To date, WCNOC has received refunds totaling $21.3 million (KCP&L's 47% share being $10 million), including $1.7 million ($0.8 million, KCP&L's 47% share) received in 2006. The Commission continues to explore alternative long-term waste disposal capability and has retained an insignificant portion of the settlement money. In April 2006, WCNOC and other affected generators filed a lawsuit in Federal District Court in Nebraska seeking to preserve their ability to continue to pursue their claim for their share of the retained amount plus interest.

7. REGULATORY MATTERS

KCP&L's Comprehensive Energy Plan
KCP&L continues to make progress in implementing its comprehensive energy plan and orders received from the Public Service Commission of the State of Missouri (MPSC) and The State Corporation Commission of the State of Kansas (KCC) in 2005. The Sierra Club and Concerned Citizens of Platte County have appealed the MPSC order, and the Sierra Club has appealed the KCC order. In March 2006, the Circuit Court of Cole County, Missouri, affirmed the MPSC Order and the Sierra Club has appealed the decision to the Missouri Court of Appeals. The Kansas District Court denied the Sierra Club's appeal in May 2006 and the Sierra Club has appealed to the Kansas Court of Appeals. Although subject to the appeals, the MPSC and KCC orders remain in effect pending the applicable court's decision.

In February 2006, KCP&L filed requests with the MPSC and KCC for annual rate increases of $55.8 million or 11.5% and $42.3 million or 10.5%, respectively. The requested rate increases reflect recovery of increasing operating costs including fuel, transportation and pensions as well as investments in wind generation and customer programs and compensation for wholesale sales volatility and construction risks. The request is based on a return on equity of 11.5% and an adjusted equity ratio of 53.8%. Discovery is underway and management anticipates that any approved rate adjustments for both jurisdictions will go into effect January 1, 2007. The MPSC and KCC staffs and other parties are scheduled to file their cases in August 2006. Formal evidentiary hearings before the MPSC and KCC are scheduled for October 2006.

Construction continues on KCP&L's Spearville Wind Energy Facility, a 100.5 MW wind project in western Kansas. Completed and commissioned turbines are expected to begin being put into service during the third quarter and management expects the entire project to be completed and on-line in time for inclusion in the current rate cases. The environmental upgrades at LaCygne No. 1 began with the spring 2006 outage and are anticipated to be completed during the spring 2007 outage. KCP&L has implemented nine affordability, energy efficiency and demand response programs in Missouri and three in Kansas. Year to date June 30, 2006, initial results from the implemented programs are beginning to demonstrate an ability to manage KCP&L's customers' retail load requirements.

KCP&L finalized Iatan No. 2 co-ownership agreements with Aquila Inc., The Empire District Electric Company, Kansas Electric Power Cooperative and Missouri Joint Municipal Electric Utility Commission during the second quarter. KCP&L will own 54.71% or approximately 465 MW of the new station. An owner's engineer has been hired and the engineering design for Iatan Station is in progress. The Iatan No. 2 boiler and steam turbine and the Iatan Nos. 1 and 2 air emission control equipment procurements

are in progress and plant construction site preparation work has started. In the first quarter of 2006, KCP&L received the air permit and a water quality certification from the Missouri Department of Natural Resources relating to Iatan Station. The Sierra Club is appealing the air permit. During the second quarter of 2006, KCP&L received the permits necessary to begin construction at Iatan Station, which included the wetlands permit and a permit for the construction of a temporary barge slip and collector wells from the U.S. Army Corps of Engineers (Corps). The Corps also executed an Environmental Assessment with a Finding of No Significant Impact.

Although contracting is not complete, developing market conditions indicate a potential increase in the overall cost estimates of the comprehensive energy plan in the range of 10% to 20%. The primary drivers are increases in materials and labor costs and some scope additions. Management anticipates completion of its definitive estimates later in 2006 upon finalizing the largest of the Iatan No. 2 contracts covering the boiler and air quality control systems and after review of these estimates with the Company's Board of Directors. The definitive estimates could be materially different than the current estimates; however, management believes project costs will be competitive with other similar projects built in the same timeframe.

Regulatory Assets and Liabilities
KCP&L is subject to the provisions of Statement of Financial Accounting Standards (SFAS) No. 71, "Accounting for the Effects of Certain Types of Regulation" and has recorded assets and liabilities on its balance sheet resulting from the effects of the ratemaking process, which would not be recorded under GAAP for non-regulated entities.

	Amortization ending period	June 30 2006	December 31 2005
Regulatory Assets		(millions)	
Taxes recoverable through future rates		$ 84.1	$ 85.7
Decommission and decontaminate federal uranium enrichment facilities	2007	1.0	1.3
Loss on reacquired debt	2037	6.8	7.1
January 2002 incremental ice storm costs (Missouri)	2007	2.7	4.9
Change in depreciable life of Wolf Creek	2045	36.4	27.4
Cost of removal		10.5	9.3
Asset retirement obligations		25.9	23.6
Future recovery of pension costs	(a)	27.3	15.6
Pension accounting method difference	(a)	2.6	-
Other	Various	7.9	5.0
Total Regulatory Assets		$ 205.2	$ 179.9
Regulatory Liabilities			
Emission allowances	(a)	$ 64.5	$ 64.3
Pension accounting method difference	(a)	-	1.0
Additional Wolf Creek amortization (Missouri)	(a)	9.4	4.3
Total Regulatory Liabilities		$ 73.9	$ 69.6

(a) Will be amortized in accordance with future rate cases.

Except as noted below, regulatory assets for which costs have been incurred have been included (or are expected to be included, for costs incurred subsequent to the most recently approved rate case) in KCP&L's rate base, thereby providing a return on invested costs when included in rate base. Certain regulatory assets do not result from cash expenditures and therefore do not represent investments included in rate base or have offsetting liabilities that reduce rate base. The pension accounting

method difference (which may be either a regulatory asset or liability) and certain insignificant items in other regulatory assets are not included in rate base.

Southwest Power Pool Regional Transmission Organization
KCP&L is a member of the Southwest Power Pool (SPP), which is a Federal Energy Regulatory Commission (FERC) approved Regional Transmission Organization (RTO). In February 2006, KCP&L reached an agreement with the MPSC staff and intervenors regarding approval to turn over functional control of KCP&L's transmission facilities to SPP and participate in the energy imbalance service market. The MPSC held an on-the-record presentation concerning this agreement in May 2006. In June 2006, the MPSC issued an order approving KCP&L's participation in the RTO. KCC has held workshops seeking additional information on KCP&L's request to turn over functional control of its transmission facilities to SPP. KCC held a hearing concerning KCP&L's application in July 2006 and an order is expected to be issued in late summer 2006. In July 2006, KCC granted interim approval for KCP&L to take SPP network integration transmission service for its retail customers. It is anticipated that the interim approval will become final once KCC rules on KCP&L's request to participate in the RTO. In May 2006, SPP made a compliance filing in response to a previously issued FERC order on the SPP energy imbalance service market. In July 2006, FERC issued an order on the compliance filing accepting in part, as modified, and rejecting in part the filing, permitting the start of the SPP energy imbalance service market no earlier than October 1, 2006, and required SPP to make additional filings. The SPP is planning to file its market metrics and status with FERC in the third quarter of 2006. Subsequent to this FERC order, the SPP Board of Directors decided to set November 1, 2006, as the new target date for the start of the energy imbalance service market, with market readiness certification to FERC on October 1, 2006. KCP&L is continuing preparation for this new start-up date.

Revenue Sufficiency Guarantee
Since the April 2005 implementation of Midwest Independent Transmission System Operator Inc. (MISO) market operations, MISO's business practice manuals and other instructions to market participants have stated that Revenue Sufficiency Guarantee (RSG) charges will not be imposed on day-ahead virtual offers to supply power not supported by actual generation. RSG charges are collected by MISO in order to compensate generators that are standing by to supply electricity when called upon by MISO. In April 2006, FERC issued an order regarding MISO RSG charges. In its order, FERC interpreted MISO's tariff to require that virtual supply offers be included in the calculation of RSG charges and that to the extent that MISO did not charge market participants RSG charges on virtual supply offers, MISO violated its tariff. The FERC order requires MISO to recalculate RSG rates back to April 1, 2005, and make refunds to customers who paid RSG charges on imbalances, with interest, reflecting the recalculated charges. In order to make such refunds, RSG charges may be retroactively imposed on market participants who submitted virtual supply offers during the recalculation period.

Strategic Energy is among the MISO participants that paid RSG charges on imbalances and could receive a refund as a result of the order. Strategic Energy may also be subject to a retroactive assessment from MISO for RSG charges on virtual supply offers it submitted during the recalculation period. Consistent with MISO's business practice manuals, management does not believe Strategic Energy should be assessed RSG charges retroactively or prospectively.

Numerous requests for rehearing have been filed and the matter remains pending before FERC. Management is currently unable to predict the outcome of these pending requests. In the event FERC affirms its order and MISO imposes retroactive RSG charges on virtual supply offers, Strategic Energy results of operations could be negatively impacted. Management has estimated the potential exposure could range from $0 to $6 million. The range of potential exposure is based on management's judgments and assumptions and does not contemplate all possible outcomes. The actual exposure, if any, could ultimately be greater than the estimated range depending on the outcome of the requests pending before FERC.

Seams Elimination Charge Adjustment
Seams Elimination Charge Adjustment (SECA) is a transitional pricing mechanism authorized by FERC and intended to compensate transmission owners for the revenue lost as a result of FERC's elimination of regional through and out rates between PJM Interconnection (PJM) and MISO during a 16-month transition period from December 1, 2004 through March 31, 2006. Each relevant PJM and MISO zone and the load-serving entities within that zone are allocated a portion of SECA based on transmission services provided to that zone during 2002 and 2003. For the three months ended June 30, 2006, Strategic Energy recorded a reduction of purchased power expense of $2.4 million for SECA recoveries from suppliers, which offset $2.7 million of expense recorded in the first quarter. Strategic Energy recorded purchased power expenses totaling $7.2 million in the second quarter of 2005 for these charges covering billings for the transition period through June 30, 2005. Strategic Energy recovered $0.9 million for the three months ended and $1.3 million year to date June 30, 2006, of its SECA costs through billings to its retail customers. No further billings are anticipated pending the outcome of proceedings discussed below.

There are several unresolved matters and legal challenges related to SECA that are pending before FERC on rehearing. FERC established a schedule for resolution of certain SECA issues, including the issue of shifting SECA allocations to the shipper. The shipper in Strategic Energy's situation is the wholesale supplier, which, through a contract with Strategic Energy, delivered power to various zones in which Strategic Energy was supplying retail customers. In most instances, the shipper was the purchaser of through and out transmission service and therefore included the cost of the through and out rate in its energy price. Management is unable to predict the outcome of legal and regulatory challenges to the SECA mechanism.

8. CAPITALIZATION

Great Plains Energy and consolidated KCP&L's long-term debt is detailed in the following table.

	Year Due	June 30 2006	December 31 2005
Consolidated KCP&L		(millions)	
General Mortgage Bonds			
7.95% Medium-Term Notes	2007	$ 0.5	$ 0.5
3.89%* EIRR bonds	2012-2035	158.8	158.8
Senior Notes			
6.00%	2007	225.0	225.0
6.50%	2011	150.0	150.0
6.05%	2035	250.0	250.0
Unamortized discount		(1.7)	(1.8)
EIRR bonds			
4.75% Series A & B	2015	104.1	104.6
4.75% Series D	2017	39.1	39.3
4.65% Series 2005	2035	50.0	50.0
Current maturities		(225.5)	-
Total consolidated KCP&L excluding current maturities		750.3	976.4
Other Great Plains Energy			
7.74% Affordable Housing Notes	2006-2008	1.7	2.6
4.25% FELINE PRIDES Senior Notes	2009	163.6	163.6
Current maturities **		(164.4)	(1.7)
Total consolidated Great Plains Energy excluding current maturities		$ 751.2	$ 1,140.9

* Weighted-average interest rates at June 30, 2006.

** Includes $163.6 million of FELINE PRIDES Senior Notes scheduled to mature in 2009 that must be remarketed between August 16, 2006 and February 16, 2007.

Effective Interest Rates on KCP&L's Unsecured Notes at June 30, 2006
Interest rate swaps on KCP&L's Series A, B and D EIRR bonds resulted in an effective interest rate of 6.27%. As a result of amortizing the gain recognized in other comprehensive income (OCI) on KCP&L's 2005 Treasury Locks (T-Locks), the effective interest rate on KCP&L's $250.0 million of 6.05% Senior Notes that were issued via a private placement during 2005 is 5.78%. In the second quarter of 2006, KCP&L completed an exchange of these privately placed notes for $250.0 million of registered 6.05% unsecured senior notes maturing in 2035 to fulfill its obligations under a 2005 registration rights agreement.

Amortization of Debt Expense
Great Plains Energy's and consolidated KCP&L's amortization of debt expense is detailed in the following table.

	Three Months Ended June 30		Year to Date June 30	
	2006	2005	2006	2005
		(millions)		
Consolidated KCP&L	$ 0.5	$ 0.5	$ 1.0	$ 1.1
Other Great Plains Energy	0.1	0.3	0.3	0.4
Total Great Plains Energy	$ 0.6	$ 0.8	$ 1.3	$ 1.5

Forward Starting Swaps
During 2006, KCP&L entered into two Forward Starting Swaps with a combined notional principal amount of $225.0 million to hedge interest rate volatility on the anticipated refinancing of KCP&L's $225.0 million senior notes that mature in March 2007. See Note 17 for additional information.

Short-Term Borrowings and Short-Term Bank Lines of Credit
During May 2006, Great Plains Energy entered into a five-year $600 million revolving credit facility with a group of banks. The facility replaced a $550 million revolving credit facility with a group of banks. A default by Great Plains Energy or any of its significant subsidiaries on other indebtedness totaling more than $25.0 million is a default under the facility. Under the terms of this agreement, Great Plains Energy is required to maintain a consolidated indebtedness to consolidated capitalization ratio, as defined in the agreement, not greater than 0.65 to 1.00 at all times. At June 30, 2006, the Company was in compliance with this covenant. At June 30, 2006, Great Plains Energy had no cash borrowings and had issued letters of credit totaling $77.9 million under the credit facility as credit support for Strategic Energy. At December 31, 2005, Great Plains Energy had $6.0 million of outstanding borrowings with an interest rate of 4.98% and had issued letters of credit totaling $38.5 million under the credit facility as credit support for Strategic Energy.

During May 2006, KCP&L entered into a five-year $400 million revolving credit facility with a group of banks to provide support for its issuance of commercial paper and other general corporate purposes. Great Plains Energy and KCP&L may transfer and re-transfer up to $200 million of unused lender commitments between Great Plains Energy's and KCP&L's facilities, so long as the aggregate lender commitments under either facility does not exceed $600 million and the aggregate lender commitments under both facilities does not exceed $1 billion. The facility replaced a $250 million revolving credit facility with a group of banks. A default by KCP&L on other indebtedness totaling more than $25.0 million is a default under the facility. Under the terms of the agreement, KCP&L is required to maintain a consolidated indebtedness to consolidated capitalization ratio, as defined in the agreement, not greater than 0.65 to 1.00 at all times. At June 30, 2006, KCP&L was in compliance with this covenant. At June 30, 2006, KCP&L had $82.4 million of commercial paper outstanding, at a weighted-average interest rate of 5.48% and no cash borrowings under the facility. At December 31, 2005, KCP&L had $31.9 million of commercial paper outstanding, at a weighted-average interest rate of 4.35% and no cash borrowings under the facility.

Strategic Energy has a $135 million revolving credit facility with a group of banks that expires in June 2009. So long as Strategic Energy is in compliance with the agreement, it may increase this amount by up to $15 million by increasing the commitment of one or more lenders that have agreed to such increase, or by adding one or more lenders with the consent of the administrative agent. Great Plains Energy has guaranteed $25.0 million of this facility. A default by Strategic Energy on other indebtedness, as defined in the facility, totaling more than $7.5 million is a default under the facility. Under the terms of this agreement, Strategic Energy is required to maintain a minimum net worth of

$75.0 million, a minimum fixed charge coverage ratio of at least 1.05 to 1.00 and a minimum debt service coverage ratio of at least 4.00 to 1.00, as those terms are defined in the agreement. In addition, under the terms of this agreement, Strategic Energy is required to maintain a maximum funded indebtedness to EBITDA ratio, as defined in the agreement, of 3.00 to 1.00, on a quarterly basis through June 30, 2007, and 2.75 to 1.00 thereafter. In the event of a breach of one or more of these four covenants, so long as no other default has occurred, Great Plains Energy may cure the breach through a cash infusion, a guarantee increase or a combination of the two. At June 30, 2006, Strategic Energy was in compliance with these covenants. At June 30, 2006, $58.6 million in letters of credit had been issued and there were no cash borrowings under the agreement. At December 31, 2005, $75.2 million in letters of credit had been issued and there were no cash borrowings under the agreement.

Common Shareholders' Equity
Great Plains Energy filed a shelf registration statement with the Securities and Exchange Commission (SEC) in May 2006 relating torelatere Senior Debt Securities, Subordinated Debt Securities, shares of Common Stock, Warrants, Stock Purchase Contracts and Stock Purchase Units. In May 2006, Great Plains Energy issued 5.2 million shares of common stock at $27.50 per share under this registration statement with $144.3 million in gross proceeds and issuance costs of $5.2 million.

In May 2006, Great Plains Energy also entered into a forward sale agreement with Merrill Lynch Financial Markets, Inc. (forward purchaser) for 1.8 million shares of Great Plains Energy common stock. The forward purchaser borrowed and sold the same number of shares of Great Plains Energy's common stock to hedge its obligations under the forward sale agreement. Great Plains Energy did not initially receive any proceeds from the sale of common stock shares by the forward purchaser. The forward sale agreement provides for a settlement date or dates to be specified at Great Plains Energy's discretion, subject to certain exceptions, no later than May 23, 2007. Subject to the provisions of the forward sale agreement, Great Plains Energy will receive an amount equal to $26.6062 per share, plus interest based on the federal funds rate less a spread and less certain scheduled decreases if Great Plains Energy elects to physically settle the forward sale agreement by delivering solely shares of common stock. In most circumstances, Great Plains Energy also has the right, in lieu of physical settlement, to elect cash or net physical settlement.

In May 2006, Great Plains Energy registered an additional 1.0 million shares of common stock with the SEC for its Dividend Reinvestment and Direct Stock Purchase Plan, bringing the total number of shares registered under this plan to 4.0 million. The plan allows for the purchase of common shares by reinvesting dividends or making optional cash payments.

In March 2006, Great Plains Energy registered an additional 1.0 million shares of common stock with the SEC for a defined contribution savings plan, bringing the total number of shares registered under this plan to 10.3 million. Shares issued under the plans may be either newly issued shares or shares purchased in the open market.

9. PENSION PLANS AND OTHER EMPLOYEE BENEFITS

The Company maintains defined benefit pension plans for substantially all employees, including officers, of KCP&L, Services and WCNOC. Pension benefits under these plans reflect the employees' compensation, years of service and age at retirement.

The MPSC and KCC issued orders in 2005 establishing KCP&L's annual pension costs at $22 million for the years 2005 and 2006 through the creation of regulatory assets and liabilities for future recovery from or refund to customers, as appropriate. During the third quarter of 2005, KCP&L implemented these orders retroactive to January 1, 2005. KCP&L's 2006 pension costs were reduced and the corresponding regulatory assets were increased by $15.3 million.

In addition to providing pension benefits, the Company provides certain postretirement health care and life insurance benefits for substantially all retired employees of KCP&L, Services and WCNOC. The cost of postretirement benefits charged to KCP&L are accrued during an employee's years of service and recovered through rates.

The following table provides the components of net periodic benefit costs prior to the effects of capitalization and sharing with joint-owners of power plants. Included in net periodic benefit costs are settlement charges related to the workforce realignment, discussed below. The total amount of 2006 pension settlement charges related to the workforce realignments and other retirements will be determined in the fourth quarter after the year-end of the pension plans.

	Pension Benefits		Other Benefits	
Three Months Ended June 30	**2006**	**2005**	**2006**	**2005**
Components of net periodic benefit cost		(millions)		
Service cost	$ 4.7	$ 4.3	$ 0.2	$ 0.2
Interest cost	7.7	7.5	0.8	0.7
Expected return on plan assets	(8.2)	(8.0)	(0.2)	(0.1)
Amortization of prior service cost	1.1	1.0	-	-
Recognized net actuarial loss (gain)	8.0	4.6	0.2	0.1
Transition obligation	-	-	0.3	0.3
Settlement charge	7.5	-	-	-
Net periodic benefit cost before regulatory adjustment	20.8	9.4	1.3	1.2
Regulatory adjustment	(7.7)	-	-	-
Net periodic benefit cost	$ 13.1	$ 9.4	$ 1.3	$ 1.2

	Pension Benefits		Other Benefits	
Year to Date June 30	**2006**	**2005**	**2006**	**2005**
Components of net periodic benefit cost		(millions)		
Service cost	$ 9.4	$ 8.6	$ 0.4	$ 0.5
Interest cost	15.4	14.9	1.5	1.4
Expected return on plan assets	(16.4)	(16.1)	(0.3)	(0.3)
Amortization of prior service cost	2.2	2.1	0.1	0.1
Recognized net actuarial loss (gain)	16.0	9.3	0.4	0.2
Transition obligation	-	-	0.6	0.6
Settlement charge	7.5	-	-	-
Net periodic benefit cost before regulatory adjustment	34.1	18.8	2.7	2.5
Regulatory adjustment	(15.3)	-	-	-
Net periodic benefit cost	$ 18.8	$ 18.8	$ 2.7	$ 2.5

Skill Set Realignment and Pension Settlement Charges

In 2005 and early 2006, management undertook a process to assess, improve and reposition the skill sets of employees for implementation of the comprehensive energy plan. KCP&L recorded $9.4 million year to date June 30, 2006, related to this workforce realignment process reflecting severance, benefits and related payroll taxes provided by KCP&L to employees. Management is actively filling positions with the specific skill sets and talent needed to achieve KCP&L's goals. Management believes that the realignment allows for optimization of employee levels and avoids future additional expense. In the second quarter of 2006, KCP&L incurred $7.3 million of pension settlement charges associated with the realignment resulting in $4.8 million of expense recorded after amounts capitalized and billed to joint

owners of power plants. The pension settlement charges were a result of the number of employees retiring and selecting the lump-sum payment option.

KCP&L anticipates recording additional expense related to pension settlement charges of approximately $7 million during the second half of 2006 associated with its management and union pension plans as a result of additional employees retiring and selecting the lump-sum payment option. The total amount of 2006 pension settlement charges related to the workforce realignments and other retirements will be determined in the fourth quarter after the year-end of the pension plans. In the second quarter of 2006, KCP&L requested regulatory accounting treatment from MPSC and KCC to defer pension settlement charges, retroactive to January 1, 2006, and amortize the deferred amount over a five-year period to be established in the rate proceeding following the current 2006 proceedings. At June 30, 2006, no amounts were deferred pending the outcome of this request.

10. EQUITY COMPENSATION

As of January 1, 2006, the Company adopted SFAS No. 123 (revised 2004), “Share-Based Payment” using the modified prospective application method. The adoption of SFAS No. 123R had an insignificant effect on the companies’ consolidated statements of income and cash flows for the three months ended and year to date June 30, 2006.

The Company’s Long-Term Incentive Plan is an equity compensation plan approved by its shareholders. KCP&L does not have an equity compensation plan; however, KCP&L officers participate in Great Plains Energy’s Long-Term Incentive Plan. The Long-Term Incentive Plan permits the grant of restricted stock, stock options, limited stock appreciation rights and performance shares to officers and other employees of the Company and its subsidiaries. The maximum number of shares of Great Plains Energy common stock that can be issued under the plan is 3.0 million. Common stock shares delivered by the Company under the Long-Term Incentive Plan may be authorized but unissued, held in the treasury or purchased on the open market (including private purchases) in accordance with applicable security laws. The Company has a policy of delivering newly issued shares, or shares surrendered by Plan participants on account of withholding taxes and held in treasury, or both, to satisfy share option exercises and does not expect to repurchase common shares during 2006 to satisfy stock option exercises for the period.

SFAS No. 123R requires forfeitures to be estimated. Forfeiture rates are based on historical forfeitures and future expectations and will be reevaluated annually. The following table summarizes Great Plains Energy’s and KCP&L’s equity compensation expense and income tax benefits.

	Three Months Ended June 30		Year to Date June 30	
	2006	**2005**	**2006**	**2005**
Compensation expense		(millions)		
Great Plains Energy	$ 0.9	$ 1.0	$ 1.7	$ 1.6
KCP&L	0.7	0.5	1.1	0.8
Income tax benefits				
Great Plains Energy	0.3	0.4	0.4	0.6
KCP&L	0.3	0.2	0.3	0.3

Stock Options Granted 2001 - 2003
Stock options were granted under the plan at market value of the shares on the grant date. The options vest three years after the grant date and expire in ten years if not exercised. The fair value for the stock options granted in 2001 - 2003 was estimated at the date of grant using the Black-Scholes option-pricing model. Compensation expense and accrued dividends related to stock options are

recognized over the stated vesting period. Exercise prices range from $24.90 to $27.73. The stock options are expected to be fully vested by the end of the third quarter of 2006 and management does not anticipate additional forfeitures for 2006. All stock option activity year to date June 30, 2006, is summarized in the following table.

Stock Options	Shares	Exercise Price*	Remaining Contractual Term*
Beginning balance	111,455	$ 25.56	
Forfeited or expired	(1,983)	27.73	
Ending balance	109,472	25.52	5.4
Exercisable at June 30	95,000	25.19	5.2

* weighted-average

A summary of the status of the Company's nonvested stock options as of June 30, 2006, and changes during the period, is presented in the following table.

Nonvested Stock Options	Shares	Fair Value *
Beginning balance	16,455	$ 3.15
Forfeited	(1,983)	3.15
Ending balance	14,472	3.15

* 2003 grant-date fair value

At June 30, 2006, there was an insignificant amount of total unrecognized compensation expense related to nonvested stock options granted under the Plan, which will be recognized by the end of the third quarter of 2006. The total fair value of shares vested was insignificant for the three months ended and year to date June 30, 2006 and 2005.

Performance Shares

The payment of performance shares is contingent upon achievement of specific performance goals over a stated period of time as approved by the Compensation and Development Committee of the Company's Board of Directors. The number of performance shares ultimately paid can vary from the number of shares initially granted depending on Company performance, based on internal and external measures, over stated performance periods. Performance shares have a value equal to the market value of the shares on the grant date with accruing dividends. Compensation expense, calculated by multiplying shares by the related grant-date fair value less the present value of dividends, and accrued dividends related to performance shares are recognized over the stated period. Performance share activity year to date June 30, 2006, is summarized in the following table.

Performance	Shares	Grant Date Fair Value *
Beginning balance	172,761	$ 30.17
Performance adjustment	(2,650)	
Granted	94,159	28.20
Issued	(9,499)	27.73
Ending balance	254,771	29.56

* weighted-average

At June 30, 2006, the remaining weighted-average contractual term was 1.6 years. There was no activity for performance shares during the three months ended and the weighted-average grant-date fair value for shares granted was $28.20 year to date June 30, 2006. The weighted-average grant-date

fair value of shares granted during the three months ended and year to date June 30, 2005, was $30.85 and $30.34, respectively. At June 30, 2006, there was $3.3 million of total unrecognized compensation expense, net of forfeiture rates, related to performance shares granted under the Plan, which will be recognized over the remaining weighted-average contractual term. The total fair value of shares vested was insignificant during the three months ended and year to date June 30, 2006 and 2005.

Restricted Stock
Restricted stock cannot be sold or otherwise transferred by the recipient prior to vesting and has a value equal to the fair market value of the shares on the issue date. Restricted stock shares vest over a stated period of time with accruing reinvested dividends. Compensation expense, calculated by multiplying shares by the related grant-date fair value less the present value of dividends, and accrued dividends related to restricted stock are recognized over the stated vesting period. Restricted stock activity year to date June 30, 2006, is summarized in the following table.

Nonvested Restricted stock	Shares	Grant Date Fair Value *
Beginning balance	119,966	$ 30.50
Issued	48,041	28.22
Forfeited	(2,000)	28.20
Ending balance	166,007	29.86

* weighted-average

At June 30, 2006, the remaining weighted-average contractual term was 1.6 years. The weighted-average grant-date fair value of shares granted during the three months ended and year to date June 30, 2006, was $28.81 and $28.22, respectively. The weighted-average grant-date fair value of shares granted during the three months ended and year to date June 30, 2005, was $31.05 and $30.56, respectively. At June 30, 2006, there was $2.1 million of total unrecognized compensation expense, net of forfeiture rates, related to nonvested restricted stock granted under the Plan, which will be recognized over the remaining weighted-average contractual term. No shares vested during the three months ended and year to date June 30, 2006 and 2005.

11. KLT GAS DISCONTINUED OPERATIONS

The KLT Gas natural gas properties (KLT Gas portfolio) was reported as discontinued operations in accordance with SFAS No. 144, “Accounting for the Impairment or Disposal of Long-Lived Assets” after the 2004 Board of Directors approval to sell the KLT Gas Portfolio and discontinue the gas business. During 2004 and 2005, KLT Gas completed sales of the KLT Gas portfolio and in 2006 KLT Gas has no active operations.

12. RELATED PARTY TRANSACTIONS AND RELATIONSHIPS

Consolidated KCP&L receives various support and administrative services from Services. These services are billed to consolidated KCP&L at cost, based on payroll and other expenses, incurred by Services for the benefit of consolidated KCP&L. These costs totaled $5.1 million and $9.5 million for the three months ended and year to date June 30, 2006, respectively, and $15.5 million and $30.9 million for the same periods in 2005. These costs consisted primarily of employee compensation, benefits and fees associated with various professional services. At June 30, 2006, and December 31, 2005, consolidated KCP&L had a net intercompany payable to Services of $2.7 million and $3.5 million, respectively. In the third quarter of 2005, approximately 80% of Services’ employees were transferred to KCP&L to better align resources with the operating business. At June 30, 2006, and December 31, 2005, consolidated KCP&L’s balance sheets reflect a note payable from HSS to Great Plains Energy of $0.5 million.

13.COMMITMENTS AND CONTINGENCIES

Environmental Matters
The Company is subject to regulation by federal, state and local authorities with regard to air and other environmental matters primarily through KCP&L's operations. The generation, transmission and distribution of electricity produces and requires disposal of certain hazardous products that are subject to these laws and regulations. In addition to imposing continuing compliance obligations, these laws and regulations authorize the imposition of substantial penalties for noncompliance, including fines, injunctive relief and other sanctions. Failure to comply with these laws and regulations could have a material adverse effect on consolidated KCP&L and Great Plains Energy.

KCP&L operates in an environmentally responsible manner and seeks to use current technology to avoid and treat contamination. KCP&L regularly conducts environmental audits designed to ensure compliance with governmental regulations and to detect contamination. At June 30, 2006, and December 31, 2005, KCP&L had $0.3 million accrued for environmental remediation expenses. The accrual covers water monitoring at one site. The amounts accrued were established on an undiscounted basis and KCP&L does not currently have an estimated time frame over which the accrued amounts may be paid out.

Environmental-related legislation is regularly introduced. Such legislation typically includes various compliance dates and compliance limits. Such legislation could have the potential for a significant financial impact on KCP&L, including the installation of new pollution control equipment to achieve compliance. However, KCP&L would seek recovery of capital costs and expenses for such compliance through rates. KCP&L will continue to monitor proposed legislation.

The following table contains estimates of expenditures to comply with environmental laws and regulations described below. The allocation between states is based on location of the facilities and has no bearing as to recovery in jurisdictional rates.

Clean Air Estimated Required Environmental Expenditures	**Missouri**	**Kansas**	**Total**	**Estimated Timetable**
		(millions)		
CAIR	$555 - 802	$ -	$555 - 802	2006 - 2015
Incremental BART	53 - 77	240 - 347	293 - 424	2006 - 2017
Incremental CAMR	41 - 59	4 - 6	45 - 65	2010 - 2018
Comprehensive energy plan retrofits	(171)	(101)	(272)	2006 - 2010
Estimated required environmental expenditures in excess of the comprehensive energy plan retrofits	$478 - 767	$143 - 252	$621 - 1,019	

Expenditure estimates provided in the table above include, but are not limited to, the accelerated environmental upgrade expenditures included in KCP&L's comprehensive energy plan. KCP&L expects to provide definitive estimates of comprehensive energy plan expenditures later in 2006, which could significantly differ from the retrofit estimates above. These expenditures are expected to reduce SO_2, NO_x, mercury and air particulate matter emissions. KCP&L's expectation is that any required environmental expenditures will be recovered through rates.

Clean Air Interstate Rule
The Environmental Protection Agency (EPA) Clean Air Interstate Rule (CAIR) requires reductions in SO_2 and NO_x emissions in 28 states, including Missouri. The reduction in both SO_2 and NO_x emissions will be accomplished through establishment of permanent statewide caps for NO_x effective January 1, 2009, and SO_2 effective January 1, 2010. More restrictive caps will be effective on January 1, 2015.

KCP&L's fossil fuel-fired plants located in Missouri are subject to CAIR, while its fossil fuel-fired plants in Kansas are not.

KCP&L expects to meet the emissions reductions required by CAIR at its Missouri plants through a combination of pollution control capital projects and the purchase of emission allowances in the open market as needed. The final rule establishes a market-based cap-and-trade program. Missouri has developed State Implementation Plan (SIP) rules, which include an emission allowance allocation mechanism, and is currently accepting comments on these preliminary rules. Facilities will demonstrate compliance with CAIR by holding sufficient allowances for each ton of SO_2 and NO_x emitted in any given year with SO_2 emission allowances transferable among all regulated facilities nationwide and NO_x emission allowances transferable among all regulated facilities within the 28 CAIR states. KCP&L will also be allowed to utilize unused SO_2 emission allowances that it has accumulated during previous years of the Acid Rain Program to meet the more stringent CAIR requirements. At June 30, 2006, KCP&L had accumulated unused SO_2 emission allowances sufficient to support just under 120,000 tons of SO_2 emission under the provisions of the Acid Rain program, which are recorded in inventory at zero cost. KCP&L is permitted to sell excess SO_2 emission allowances in accordance with KCP&L's comprehensive energy plan as approved by the MPSC and KCC.

Analysis of the final rule indicates that selective catalytic reduction technology for NO_x control and scrubbers for SO_2 control will likely be required for KCP&L's Montrose Station, in addition to the environmental upgrades at Iatan No. 1 included in the comprehensive energy plan. The timing of the installation of such control equipment is currently being developed. KCP&L continues to refine the preliminary cost estimates detailed in the table above and explore alternatives. The ultimate cost of these regulations could be significantly different from the amounts estimated. As discussed below, certain of the control technology for SO_2 and NO_x will also aid in the control of mercury.

Best Available Retrofit Technology Rule
The EPA best available retrofit technology rule (BART) directs state air quality agencies to identify whether visibility-reducing emissions from sources subject to BART are below limits set by the state or whether retrofit measures are needed to reduce emissions. BART applies to specific eligible facilities including LaCygne Nos. 1 and 2 in Kansas and Iatan No. 1 and Montrose No. 3 in Missouri. The CAIR suggests that states that meet the CAIR requirements may also meet BART requirements for individual sources. Missouri is considering this proposal as part of the CAIR SIP, but no final decision has been reached. Kansas is not a CAIR state and therefore BART will likely impact LaCygne Nos. 1 and 2. Kansas is in the process of completing modeling associated with the rule. States must submit a BART implementation plan in 2007 with required emission controls. If emission controls to comply with BART are required at LaCygne Nos. 1 and 2, additional capital expenditures will be required above comprehensive energy plan upgrades. KCP&L continues to refine its preliminary cost estimates detailed in the table above and explore alternatives. The ultimate cost of these regulations could be significantly different from the amounts estimated.

Mercury Emissions
The EPA Clean Air Mercury Rule (CAMR) regulates mercury emissions from coal-fired power plants located in 48 states, including Kansas and Missouri, under the New Source Performance Standards of the Clean Air Act. The rule established a market-based cap-and-trade program that will reduce nationwide utility emissions of mercury in two phases. The first phase cap is effective January 1, 2010, and will establish a permanent nationwide cap of 38 tons of mercury for coal-fired power plants. Management anticipates meeting the first phase cap by taking advantage of KCP&L's mercury reductions achieved through capital expenditures to comply with CAIR and BART. The second phase is effective January 1, 2018, and will establish a permanent nationwide cap of 15 tons of mercury for coal-fired power plants. When fully implemented, the rule will reduce utility emissions of mercury by nearly 70% from current emissions of 48 tons per year.

Facilities will demonstrate compliance with the standard by holding allowances for each ounce of mercury emitted in any given year and allowances will be readily transferable among all regulated facilities nationwide. Under the cap-and-trade program, KCP&L will be able to purchase mercury allowances or elect to install pollution control equipment to achieve compliance. While it is expected that mercury allowances will be available in sufficient quantities for purchase in the 2010-2018 timeframe, the significant reduction in the nationwide cap in 2018 may hamper KCP&L's ability to obtain reasonably priced allowances beyond 2018. Management expects capital expenditures will be required to install additional pollution control equipment to meet the second phase cap. During the ensuing years, management will closely monitor advances in technology for removal of mercury from Powder River Basin (PRB) coal and expects to make decisions regarding second phase removal based on then available technology to meet the 2018 compliance date. KCP&L participated in the Department of Energy (DOE) National Energy Technology Laboratory project to investigate control technology options for mercury removal from coal-fired plants burning sub-bituminous coal. The ultimate cost of this rule could be significantly different from the amounts estimated in the table above.

In May 2006, the EPA took final action on petitions to reconsider CAMR. In response to these requests for reconsideration, the EPA made several changes to the CAMR correcting a number of technical aspects to clarify CAMR. These changes do not significantly impact KCP&L. In response to the remaining issues under reconsideration, the EPA determined that its decisions were reasonable and should not be changed.

Carbon Dioxide

The Clear Skies Initiative includes a climate change policy, which is a voluntary program that relies heavily on incentives to encourage industry to voluntarily limit emissions. The strategy includes tax credits, energy conservation programs, funding for research into new technologies, and a plan to encourage companies to track and report their emissions so that companies could gain credits for use in any future emissions trading program. The greenhouse strategy links growth in emissions of greenhouse gases to economic output and is intended to reduce the greenhouse gas intensity of the U.S. economy 18% by 2012. Greenhouse gas intensity measures the ratio of greenhouse gas emissions to economic output as measured by Gross Domestic Product (GDP). Under this plan, as the economy grows, greenhouse gases also would continue to grow, although at a slower rate than they would have without these policies in place. When viewed per unit of economic output, the rate of emissions would drop. The plan projects that the U.S. would lower its rate of greenhouse gas emissions from an estimated 183 metric tons per $1 million of GDP in 2002 to 151 metric tons per $1 million of GDP by 2012.

KCP&L is a member of the Power Partners through Edison Electric Institute (EEI). Power Partners is a voluntary program with the DOE under which utilities commit to undertake measures to reduce, avoid or sequester CO_2 emissions. Power Partners entered into a cooperative umbrella memorandum of understanding (MOU) with the DOE. This MOU contains supply and demand-side actions as well as offset projects that will be undertaken to reduce the power sector's CO_2 emissions per kWh generated (carbon intensity), consistent with the EEI's 2003 commitment of a 3% to 5% reduction over the next decade.

Air Particulate Matter and Ozone

The EPA standards for ozone and particulate matter air quality include an eight-hour ozone standard and a standard for particulate matter less than 2.5 microns (PM-2.5) in diameter. The EPA has designated the Kansas City area as attainment with respect to the PM-2.5 National Ambient Air Quality Standards (NAAQS). Additionally, the EPA designated Jackson, Platte, Clay and Cass counties in Missouri and Johnson, Linn, Miami and Wyandotte counties in Kansas as attainment with respect to the eight-hour ozone NAAQS.

In January 2006, the EPA published proposed revisions to the NAAQS for particulate matter. With regard to PM-2.5, the EPA proposed to reduce the level of the 24-hour PM-2.5 standard from 65 to 35 micrograms per cubic meter and to retain the level of the annual PM-2.5 standard at 15 micrograms per cubic meter. With regard to particles generally less than or equal to 10 micrograms per cubic meter, PM-10, the EPA proposes to revise the 24-hour PM-10 standard by establishing a new indicator for coarse particles (particles generally between 2.5 and 10 micrograms per cubic meter), PM-10-2.5, at a level of 70 micrograms per cubic meter. The EPA outlined certain alternatives and issues related to implementation of the proposed revisions and sought public comment. The EPA plans to take action on the proposal by September 2006. At this time it is difficult to predict the final rule that might result from these proposed revisions and the subsequent impact of that final rule on attainment status of the revised NAAQS standards for particulate matter. If the EPA adopts a rule that results in the Kansas City area being designated as non-attainment, more restrictive regulation of new and existing units could result.

Water Use Regulations

The EPA Clean Water Act established standards for cooling water intake structures. This regulation applies to certain existing power producing facilities that employ cooling water intake structures that withdraw 50 million gallons or more per day and use 25% or more of that water for cooling purposes. KCP&L is required to complete a comprehensive demonstration study on each of its generating facilities' intake structures by the end of 2007. The studies are expected to cost a total of $1.2 million to $2.0 million. Depending on the outcome of the comprehensive demonstration studies, facilities may be required to implement technological, operational or restoration measures to achieve compliance. Compliance with this regulation is expected to be achieved between 2011 and 2014. Until the comprehensive demonstration studies are completed, the impact of this regulation cannot be quantified.

KCP&L holds a permit from the Missouri Department of Natural Resources covering water discharge from its Hawthorn Station. The permit authorizes KCP&L, among other things, to withdraw water from the Missouri river for cooling purposes and return the heated water to the Missouri river. KCP&L has applied for a renewal of this permit and the EPA has submitted an interim objection letter regarding the allowable amount of heat that can be contained in the returned water. Until this matter is resolved, KCP&L continues to operate under its current permit. KCP&L cannot predict the outcome of this matter; however, while less significant outcomes are possible, this matter may require KCP&L to reduce its generation at Hawthorn Station, install cooling towers or both. The outcome could also affect the terms of water permit renewals at KCP&L's Iatan and Montrose Stations.

Contractual Commitments

Great Plains Energy's and consolidated KCP&L's contractual obligations have not significantly changed at June 30, 2006, compared to December 31, 2005, except for KCP&L's fuel and Strategic Energy's purchased power. KCP&L's contractual commitments for fuel at June 30, 2006, totaled $464.1 million. Commitments for the remainder of 2006 total $91.9 million and for the years 2007 through 2010 total $97.2 million, $105.9 million, $45.9 million, and $43.6 million, respectively. Commitments after 2010 total $79.6 million. Great Plains Energy's contractual commitments at June 30, 2006, include KCP&L's commitments for fuel and Strategic Energy's commitments for purchased power. Strategic Energy's commitments for purchased power at June 30, 2006, totaled $795.7 million. Commitments for the remainder of 2006 total $320.6 million and for the years 2007 through 2011 total $237.7 million, $114.0 million, $63.3 million, $52.4 million and $7.7 million, respectively. Additionally, KCP&L has incurred contractual commitments related to its comprehensive energy plan totaling $242.5 million. These commitments are $126.2 million for the remainder of 2006, and $71.7 million, $33.5 million, $6.4 million and $4.7 million for the years 2007 through 2010, respectively.

Uncertain Tax Positions
In July 2006, the Financial Accounting Standards Board (FASB) issued FASB Interpretation (FIN) No. 48, "Accounting for Uncertainty in Income Taxes," an interpretation of SFAS No. 109 "Accounting for Income Taxes". FIN No. 48 clarifies how companies calculate and disclose uncertain tax positions. Great Plains Energy and consolidated KCP&L are required to adopt the provisions of FIN No. 48 for periods beginning in 2007, although earlier adoption is permitted. Management is currently evaluating the impact of FIN No. 48 and has not yet determined the impact on Great Plains Energy and consolidated KCP&L's consolidated financial statements. Management evaluates and records tax liabilities for uncertain tax positions based on the probability of ultimately sustaining the tax deductions or income positions. Management assesses the probabilities of successfully defending the tax deductions or income positions based upon statutory, judicial or administrative authority.

At June 30, 2006 and December 31, 2005, the Company had $4.7 million and $4.6 million, respectively, of liabilities for uncertain tax positions related to tax deductions or income positions taken on the Company's tax returns. Consolidated KCP&L had liabilities for uncertain tax positions of $1.7 million and $1.2 million at June 30, 2006 and December 31, 2005, respectively. Management believes the tax deductions or income positions are properly treated on such tax returns but has recorded reserves based upon its assessment of the probabilities that certain deductions or income positions may not be sustained when the returns are audited. The tax returns containing these tax deductions or income positions are currently under audit or will likely be audited. The timing of the resolution of these audits is uncertain. If the positions are ultimately sustained, the companies will reverse these tax provisions to net income. If the positions are not ultimately sustained, the companies may be required to make cash payments plus interest and/or utilize the companies' federal and state credit carryforwards.

14.LEGAL PROCEEDINGS

Union Pacific
In 2005, KCP&L filed a rate complaint case with the Surface Transportation Board (STB) charging that Union Pacific Railroad Company's (Union Pacific) rates for transporting coal from the PRB in Wyoming to KCP&L's Montrose Station are unreasonably high. Prior to the end of 2005, the rates were established under a contract with Union Pacific. Efforts to extend the term of the contract were unsuccessful and Union Pacific is the only service for coal transportation from the PRB to Montrose Station. KCP&L charged that Union Pacific possesses market dominance over the traffic and requested the STB prescribe maximum reasonable rates. In February 2006, the STB announced a rulemaking proceeding to address certain issues associated with the calculation of stand-alone costs in rate complaint cases. Proceedings in KCP&L's rate complaint case have been suspended pending the outcome of this rulemaking, and management currently expects a decision in the case in 2008. Until the STB case is decided, KCP&L is paying tariff rates subject to refund.

Framatome
In 2005, WCNOC filed a lawsuit on behalf of itself, KCP&L and the other two Wolf Creek owners against Framatome ANP, Inc., and Framatome ANP Richland, Inc. (Framatome) in the District Court of Coffey County, Kansas. The suit alleged various claims against Framatome related to the proposed design, licensing and installation of a digital control system. The suit sought recovery of approximately $16 million in damages from Framatome. Framatome filed a counterclaim against the three Wolf Creek owners seeking recovery of damages alleged to be in excess of $20 million. In May 2006, the parties settled this case. The settlement had no significant impact on KCP&L's results of operations or financial position.

Hawthorn No. 5 Subrogation Litigation
KCP&L filed suit in 2001, in Jackson County, Missouri Circuit Court against multiple defendants who are alleged to have responsibility for the 1999 Hawthorn No. 5 boiler explosion. KCP&L and National

Union Fire Insurance Company of Pittsburgh, Pennsylvania (National Union) have entered into a subrogation allocation agreement under which recoveries in this suit are generally allocated 55% to National Union and 45% to KCP&L. Certain defendants were dismissed from the suit and various defendants settled, with KCP&L receiving a total of $38.2 million, of which $18.5 million was recorded as a recovery of capital expenditures. Trial of this case with the one remaining defendant resulted in a March 2004 jury verdict finding KCP&L's damages as a result of the explosion were $452 million. After deduction of amounts received from pre-trial settlements with other defendants and an amount for KCP&L's comparative fault (as determined by the jury), the verdict would have resulted in an award against the defendant of approximately $97.6 million (of which KCP&L would have received $33 million pursuant to the subrogation allocation agreement after payment of attorney's fees). In response to post-trial pleadings filed by the defendant, in 2004, the trial judge reduced the award against the defendant to $0.2 million. Both KCP&L and the defendant appealed this case to the Court of Appeals for the Western District of Missouri, and in May 2006, the Court of Appeals ordered the Circuit Court to enter judgment in KCP&L's favor in accordance with the jury verdict. The defendant has filed a motion for transfer of this case to the Missouri Supreme Court.

KCP&L also received reimbursement for Hawthorn No. 5 damages under a property damage insurance policy with Travelers Property Casualty Company of America (Travelers). Travelers filed suit in the Federal District Court for the Eastern District of Missouri on November 18, 2005, against National Union, and KCP&L was added as a defendant on June 19, 2006. Travelers seeks recovery of $10 million that KCP&L has or will recover in the April 2001 lawsuit described in the preceding paragraph. Management is unable to predict the outcome of this litigation.

Emergis Technologies, Inc.
In March 2006, Emergis Technologies, Inc. f/k/a BCE Emergis Technologies, Inc. (Emergis) filed suit against KCP&L in Federal District Court for the Western District of Missouri, alleging infringement of a patent, entitled "Electronic Invoicing and Payment System." This patent relates to automated electronic bill presentment and payment systems, particularly those involving Internet billing and collection. In March 2006, KCP&L filed a response and denied infringing the patent. KCP&L counterclaimed for a declaration that the patent is invalid and not infringed. Emergis responded to KCP&L's counterclaims in April 2006. Court ordered mediation occurred in July 2006, but the case was not resolved. Management does not expect the outcome of this litigation to have a material impact on Great Plains Energy's or KCP&L's results of operations and financial position.

Spent Nuclear Fuel and Radioactive Waste
In 2004, KCP&L and the other two Wolf Creek owners filed suit against the United States in the U.S. Court of Federal Claims seeking an unspecified amount of monetary damages resulting from the government's failure to begin accepting spent fuel for disposal in January 1998, as the government was required to do by the Nuclear Waste Policy Act of 1982. Approximately sixty other similar cases are pending before that court. The court has stayed the Wolf Creek case until at least October 2006 to allow for some of the earlier cases to be decided first. Another federal court already has determined that the government breached its obligation to begin accepting spent fuel for disposal. The questions now before the court in the pending cases are whether and to what extent the utilities are entitled to monetary damages for that breach. KCP&L management cannot predict the outcome of the Wolf Creek case.

Class Action Complaint
In 2005, a class action complaint for breach of contract was filed against Strategic Energy. The plaintiffs purportedly represent the interests of certain customers in Pennsylvania who entered into Power Supply Coordination Service Agreements (Agreement) for a certain product in Pennsylvania. The complaint seeks monetary damages, attorney fees and costs and a declaration that the customers may terminate their Agreement with Strategic Energy. In response to Strategic Energy's preliminary

objections, plaintiffs have filed an amended complaint that management is evaluating. Management is unable to predict the outcome of this litigation.

Texas Customer Dispute
In February 2006, a customer in Texas that procures electricity for schools notified Strategic Energy that it had selected another provider for its school members during the time it was under contract with Strategic Energy. Strategic Energy exercised it rights under the agreement for breach. In June 2006, Strategic Energy received a notice of demand for arbitration from the customer pursuant to the agreement. Management is evaluating the merits of the customer's alleged damages and the parties are in the process of selecting an arbitrator. Management believes the ultimate outcome of this matter will not have a material impact on the Company's financial position or results of operations.

Haberstroh
In 2004, Robert C. Haberstroh filed suit for breach of employment contract and violation of the Pennsylvania Wage Payment Collection Act against Strategic Energy Partners, Ltd. (Partners), SE Holdings, L.L.C. (SE Holdings) and Strategic Energy in the Court of Common Pleas of Allegheny County, Pennsylvania. In the first quarter of 2006, the suit was settled and as part of the settlement, Great Plains Energy acquired the remaining indirect interest in Strategic Energy for an insignificant amount.

Weinstein v. KLT Telecom
Richard D. Weinstein (Weinstein) filed suit against KLT Telecom Inc. (KLT Telecom) in September 2003 in the St. Louis County, Missouri Circuit Court. KLT Telecom acquired a controlling interest in DTI Holdings, Inc. (Holdings) in February 2001 through the purchase of approximately two-thirds of the Holdings stock held by Weinstein. In connection with that purchase, KLT Telecom entered into a put option in favor of Weinstein, which granted Weinstein an option to sell to KLT Telecom his remaining shares of Holdings stock. The put option provided for an aggregate exercise price for the remaining shares equal to their fair market value with an aggregate floor amount of $15 million and was exercisable between September 1, 2003, and August 31, 2005. In June 2003, the stock of Holdings was cancelled and extinguished pursuant to the joint Chapter 11 plan confirmed by the Bankruptcy Court. In September 2003, Weinstein delivered a notice of exercise of his claimed rights under the put option. KLT Telecom rejected the notice of exercise, and Weinstein filed suit, alleging breach of contract. Weinstein sought damages of at least $15 million, plus statutory interest. In April 2005, summary judgment was granted in favor of KLT Telecom, and Weinstein appealed this judgment to the Missouri Court of Appeals for the Eastern District. In May 2006, the Court of Appeals affirmed the judgment. During July 2006, Weinstein filed an application for transfer of this case to the Missouri Supreme Court. The $15 million reserve has not been reversed pending the outcome of the appeal process.

15.SEGMENT AND RELATED INFORMATION

Great Plains Energy
Great Plains Energy has two reportable segments based on its method of internal reporting, which generally segregates the reportable segments based on products and services, management responsibility and regulation. The two reportable business segments are KCP&L, an integrated, regulated electric utility, and Strategic Energy, a competitive electricity supplier. Other includes the operations of HSS, Services, all KLT Inc. operations other than Strategic Energy, unallocated corporate charges, consolidating entries and intercompany eliminations. Intercompany eliminations include insignificant amounts of intercompany financing related activities. The summary of significant accounting policies applies to all of the reportable segments. For segment reporting, each segment's income taxes include the effects of allocating holding company tax benefits. Segment performance is evaluated based on net income.

The following tables reflect summarized financial information concerning Great Plains Energy's reportable segments.

Three Months Ended June 30, 2006	KCP&L	Strategic Energy	Other	Great Plains Energy
		(millions)		
Operating revenues	$ 290.9	$ 351.2	$ -	$ 642.1
Depreciation and amortization	(37.3)	(2.0)	-	(39.3)
Interest charges	(15.0)	(0.6)	(2.2)	(17.8)
Income taxes	(18.7)	(2.7)	2.5	(18.9)
Loss from equity investments	-	-	(0.3)	(0.3)
Net income (loss)	35.8	4.2	(2.4)	37.6

Three Months Ended June 30, 2005	KCP&L	Strategic Energy	Other	Great Plains Energy
		(millions)		
Operating revenues	$ 272.1	$ 359.6	$ -	$ 631.7
Depreciation and amortization	(36.7)	(1.5)	-	(38.2)
Interest charges	(15.5)	(0.7)	(2.2)	(18.4)
Income taxes	(14.5)	(3.0)	7.7	(9.8)
Loss from equity investments	-	-	(0.4)	(0.4)
Discontinued operations	-	-	(3.6)	(3.6)
Net income (loss)	29.1	3.7	(10.9)	21.9

Year to Date June 30, 2006	KCP&L	Strategic Energy	Other	Great Plains Energy
		(millions)		
Operating revenues	$ 531.3	$ 670.0	$ -	$ 1,201.3
Depreciation and amortization	(74.3)	(3.9)	-	(78.2)
Interest charges	(29.9)	(0.9)	(4.3)	(35.1)
Income taxes	(22.6)	7.2	5.2	(10.2)
Loss from equity investments	-	-	(0.6)	(0.6)
Net income (loss)	47.8	(6.7)	(5.6)	35.5

Year to Date June 30, 2005	KCP&L	Strategic Energy	Other	Great Plains Energy
		(millions)		
Operating revenues	$ 505.3	$ 671.4	$ 0.1	$ 1,176.8
Depreciation and amortization	(73.0)	(3.0)	(0.1)	(76.1)
Interest charges	(30.1)	(1.5)	(4.3)	(35.9)
Income taxes	(16.0)	(11.5)	12.4	(15.1)
Loss from equity investments	-	-	(0.7)	(0.7)
Discontinued operations	-	-	(3.6)	(3.6)
Net income (loss)	39.9	16.5	(14.3)	42.1

	KCP&L	Strategic Energy	Other	Great Plains Energy
June 30, 2006		(millions)		
Assets	$ 3,558.5	$ 421.0	$ 41.7	$ 4,021.2
Capital expenditures [a]	230.0	2.5	0.2	232.7
December 31, 2005				
Assets	$ 3,334.6	$ 441.8	$ 57.3	$ 3,833.7
Capital expenditures [a]	332.2	6.6	(4.7)	334.1

[a] Capital expenditures reflect year to date amounts for the periods presented.

Consolidated KCP&L

The following tables reflect summarized financial information concerning consolidated KCP&L's reportable segment. Other includes the operations of HSS and intercompany eliminations. Intercompany eliminations include insignificant amounts of intercompany financing related activities.

Three Months Ended June 30, 2006	KCP&L	Other	Consolidated KCP&L
		(millions)	
Operating revenues	$ 290.9	$ -	$ 290.9
Depreciation and amortization	(37.3)	-	(37.3)
Interest charges	(15.0)	-	(15.0)
Income taxes	(18.7)	-	(18.7)
Net income	35.8	-	35.8

Three Months Ended June 30, 2005	KCP&L	Other	Consolidated KCP&L
		(millions)	
Operating revenues	$ 272.1	$ -	$ 272.1
Depreciation and amortization	(36.7)	-	(36.7)
Interest charges	(15.5)	-	(15.5)
Income taxes	(14.5)	-	(14.5)
Net income (loss)	29.1	(0.1)	29.0

Year to Date June 30, 2006	KCP&L	Other	Consolidated KCP&L
		(millions)	
Operating revenues	$ 531.3	$ -	$ 531.3
Depreciation and amortization	(74.3)	-	(74.3)
Interest charges	(29.9)	-	(29.9)
Income taxes	(22.6)	-	(22.6)
Net income (loss)	47.8	-	47.8

Year to Date June 30, 2005	KCP&L	Other	Consolidated KCP&L
		(millions)	
Operating revenues	$ 505.3	$ 0.1	$ 505.4
Depreciation and amortization	(73.0)	(0.1)	(73.1)
Interest charges	(30.1)	-	(30.1)
Income taxes	(16.0)	0.6	(15.4)
Net income (loss)	39.9	(0.6)	39.3

	KCP&L	Other	Consolidated KCP&L
June 30, 2006		(millions)	
Assets	$ 3,558.5	$ 3.5	$ 3,562.0
Capital expenditures [a]	230.0	-	230.0
December 31, 2005			
Assets	$ 3,334.6	$ 3.9	$ 3,338.5
Capital expenditures [a]	332.2	-	332.2

[a] Capital expenditures reflect year to date amounts for the periods presented.

16.ASSET RETIREMENT OBLIGATIONS

Asset retirement obligations (ARO) associated with tangible long-lived assets are those for which a legal obligation exists under enacted laws, statutes and written or oral contracts, including obligations arising under the doctrine of promissory estoppel. These liabilities are recognized at estimated fair value as incurred and capitalized as part of the cost of the related long-lived assets and depreciated over their useful lives. Accretion of the liabilities due to the passage of time is recorded as an operating expense. Changes in the estimated fair values of the liabilities are recognized when known.

In the second quarter of 2006, KCP&L incurred an ARO related to decommissioning and site remediation associated with its Spearville Wind Energy Facility, a 100.5 MW wind project in western Kansas. KCP&L is obligated to remove the wind turbine towers and perform site remediation within 12 months after the end of the associated 30-year land lease agreements. The ARO was derived from a third party estimate of decommissioning and remediation costs. To estimate the ARO, KCP&L used a credit-adjusted risk free discount rate of 6.68%. This rate was based on the rate at which KCP&L could issue 30-year bonds.

At June 30, 2006, KCP&L recorded a $3.1 million ARO for the decommissioning and site remediation and increased property and equipment by $3.1 million. KCP&L is a regulated utility subject to the provisions of SFAS No. 71 and management believes it is probable that any differences between expenses under FIN No. 47, “Accounting for Conditional Asset Retirement Obligations” or SFAS No. 143, “Accounting for Asset Retirement Obligation,” and expense recovered currently in rates will be recoverable in future rates. The following table summarizes the change in Great Plains Energy’s and consolidated KCP&L’s AROs.

	June 30 2006	December 31 2005
	(millions)	
Beginning balance	$ 145.9	$ 113.7
Additions	3.1	26.7
Settlements	-	(2.0)
Accretion	4.7	7.5
Ending balance	$ 153.7	$ 145.9

17.DERIVATIVE INSTRUMENTS

The companies are exposed to a variety of market risks including interest rates and commodity prices. Management has established risk management policies and strategies to reduce the potentially adverse effects that the volatility of the markets may have on the companies’ operating results. The risk management activities, including the use of derivative instruments, are subject to the management, direction and control of internal risk management committees. Management’s interest rate risk management strategy uses derivative instruments to adjust the companies’ liability portfolio to optimize

the mix of fixed and floating rate debt within an established range. In addition, management uses derivative instruments to hedge against future interest rate fluctuations on anticipated debt issuances. Management maintains commodity-price risk management strategies that use derivative instruments to reduce the effects of fluctuations in fuel and purchased power expense caused by commodity price volatility. Counterparties to commodity derivatives and interest rate swap agreements expose the companies to credit loss in the event of nonperformance. This credit loss is limited to the cost of replacing these contracts at current market rates less the application of counterparty collateral held and contract-based netting of credit exposures against payable balances. Derivative instruments, excluding those instruments that qualify for the Normal Purchases and Normal Sales (NPNS) election, which are accounted for by accrual accounting, are recorded on the balance sheet at fair value as an asset or liability. Changes in the fair value are recognized currently in net income unless specific hedge accounting criteria are met.

Fair Value Hedges - Interest Rate Risk Management
In 2002, KCP&L remarketed its 1998 Series A, B and D EIRR bonds totaling $146.5 million to a five-year fixed interest rate of 4.75% ending October 1, 2007. Simultaneously with the remarketing, KCP&L entered into an interest rate swap for the $146.5 million based on the London Interbank Offered Rate (LIBOR) to effectively create a floating interest rate obligation. The transaction is a fair value hedge with no ineffectiveness. Changes in the fair market value of the swap are recorded on the balance sheet as an asset or liability with an offsetting entry to the respective debt balances with no net impact on net income.

Cash Flow Hedges - Forward Starting Swaps
In the first quarter of 2006, KCP&L entered into two Forward Starting Swaps (FSS) to hedge against interest rate fluctuations on the long-term debt that KCP&L plans to issue before the end of the first quarter of 2007. The FSS will be settled simultaneously with the issuance of the long-term fixed rate debt. The FSS effectively removes most of the interest rate and credit spread uncertainty with respect to the debt to be issued, thereby enabling KCP&L to predict with greater assurance what its future interest costs on that debt will be. The FSS is accounted for as a cash flow hedge and the fair value is recorded as a current asset or liability with an offsetting entry to OCI, to the extent the hedge is effective, until the forecasted transaction occurs. No ineffectiveness has been recorded on the FSS. The pre-tax gain or loss on the FSS recorded to OCI will be reclassified to interest expense over the life of the future debt issuance.

Cash Flow Hedges - Commodity Risk Management
KCP&L's risk management policy is to use derivative instruments to mitigate its exposure to market price fluctuations on a portion of its projected natural gas purchases to meet generation requirements for retail and firm wholesale sales. As of June 30, 2006, KCP&L had hedged nearly all of its 2006 projected natural gas usage for retail load and firm MWh sales, primarily by utilizing fixed forward physical contracts. The fair values of these instruments are recorded as current assets or current liabilities with an offsetting entry to OCI for the effective portion of the hedge. To the extent the hedges are not effective, the ineffective portion of the change in fair market value is recorded currently in fuel expense. KCP&L did not record any gains or losses due to ineffectiveness during the three months ended and year to date June 30, 2006 and 2005, respectively.

Strategic Energy maintains a commodity-price risk management strategy that uses forward physical energy purchases and other derivative instruments to reduce the effects of fluctuations in purchased power expense caused by commodity-price volatility. Derivative instruments are used to limit the unfavorable effect that price increases will have on electricity purchases, effectively fixing the future purchase price of electricity for the applicable forecasted usage and protecting Strategic Energy from significant price volatility. The maximum term over which Strategic Energy hedged its exposure and variability of future cash flows was approximately five years at June 30, 2006 and December 31, 2005.

Certain forward fixed price purchases and swap agreements are designated as cash flow hedges. The fair values of these instruments are recorded as assets or liabilities with an offsetting entry to OCI for the effective portion of the hedge. To the extent the hedges are not effective, the ineffective portion of the change in fair market value is recorded currently in purchased power. When the forecasted purchase is completed, the amounts in OCI are reclassified to purchased power. Purchased power expense for the three months ended and year to date June 30, 2006, includes a $3.4 million and $14.0 million loss, respectively, due to ineffectiveness of the cash flow hedges. Strategic Energy did not record any gains or losses for the three months ended June 30, 2005, and recorded a $2.1 million gain year to date June 30, 2005, due to ineffectiveness of the cash flow hedges.

As part of its commodity-price risk management strategy, Strategic Energy also enters into economic hedges (non-hedging derivatives) that do not qualify for cash flow hedge accounting. The changes in the fair value of these derivative instruments recorded to purchased power expense were a $1.4 million loss and $2.8 million gain for the three months ended June 30, 2006 and 2005, respectively, and a $23.9 million loss and $5.7 million gain year to date June 30, 2006 and 2005, respectively.

The fair value of non-hedging derivatives at June 30, 2006, also includes certain forward contracts at Strategic Energy that were amended during 2005. Prior to being amended, the contracts were accounted for under the NPNS election in accordance with SFAS No. 133, “Accounting for Derivative Instruments and Hedging Activities.” As a result of being amended, the contracts no longer qualify for NPNS exceptions or cash flow hedge accounting and are now accounted for as non-hedging derivatives with the fair value at amendment being recorded as a deferred liability that will be reclassified to net income as the contracts settle. For the three months ended and year to date June 30, 2006, Strategic Energy amortized $0.9 and $4.6 million of the deferred liability to purchased power expense related to the delivery of power under the contracts. Strategic Energy will amortize the remaining deferred liability over the remaining original contract lengths, which end in the first quarter of 2008. After the amendment, Strategic Energy is recording the change in fair value of these contracts to purchased power expense.

The notional and recorded fair values of the companies' derivative instruments are summarized in the following table. The fair values of these derivatives are recorded on the consolidated balance sheets.

	June 30 2006		December 31 2005	
	Notional Contract Amount	Fair Value	Notional Contract Amount	Fair Value
Great Plains Energy		(millions)		
Swap contracts				
Cash flow hedges	$ 341.8	$ (21.0)	$ 164.7	$ 23.8
Non-hedging derivatives	57.4	(6.5)	35.5	-
Forward contracts				
Cash flow hedges	402.6	(17.5)	121.9	21.0
Non-hedging derivatives	241.4	(18.4)	178.3	3.6
Forward starting swap				
Cash flow hedges	225.0	8.8	-	-
Interest rate swaps				
Fair value hedges	146.5	(3.3)	146.5	(2.6)
Consolidated KCP&L				
Forward contracts				
Cash flow hedges	13.6	(3.5)	-	-
Forward starting swap				
Cash flow hedges	225.0	8.8	-	-
Interest rate swaps				
Fair value hedges	146.5	(3.3)	146.5	(2.6)

The amounts recorded in accumulated OCI related to the cash flow hedges are summarized in the following table.

	Great Plains Energy		Consolidated KCP&L	
	June 30 2006	December 31 2005	June 30 2006	December 31 2005
		(millions)		
Current assets	$ 21.2	$ 35.8	$ 20.5	$ 11.9
Other deferred charges	1.4	11.8	-	-
Other current liabilities	(22.6)	1.6	(3.5)	-
Deferred income taxes	4.9	(20.5)	(6.4)	(4.5)
Other deferred credits	(10.5)	1.0	-	-
Total	$ (5.6)	$ 29.7	$ 10.6	$ 7.4

Great Plains Energy's accumulated OCI includes $21.9 million that is expected to be reclassified to expense over the next twelve months. Consolidated KCP&L's accumulated OCI includes an insignificant amount that is expected to be reclassified to expense over the next twelve months.

The amounts reclassified to expenses are summarized in the following table.

	Three Months Ended June 30		Year to Date June 30	
	2006	2005	2006	2005
Great Plains Energy		(millions)		
Purchased power expense	$ 7.5	$ (2.5)	$ 16.6	$ (6.1)
Interest expense	(0.2)	-	(0.2)	-
Income taxes	(3.0)	1.2	(6.9)	2.7
OCI	$ 4.3	$ (1.3)	$ 9.5	$ (3.4)
Consolidated KCP&L				
Interest expense	$ (0.2)	$ -	$ (0.2)	$ -
Income taxes	0.1	-	0.1	-
OCI	$ (0.1)	$ -	$ (0.1)	$ -

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The MD&A that follows is a combined presentation for Great Plains Energy and consolidated KCP&L, both registrants under this filing. The discussion and analysis by management focuses on those factors that had a material effect on the financial condition and results of operations of the registrants during the periods presented.

Great Plains Energy is a public utility holding company and does not own or operate any significant assets other than the stock of its subsidiaries. Great Plains Energy's direct subsidiaries with operations or active subsidiaries are KCP&L, KLT Inc., IEC and Services. As a diversified energy company, Great Plains Energy's reportable business segments include KCP&L and Strategic Energy.

EXECUTING ON STRATEGIC INTENT

KCP&L's Comprehensive Energy Plan

KCP&L continues to make progress in implementing its comprehensive energy plan and orders received from the MPSC and KCC in 2005. The Sierra Club and Concerned Citizens of Platte County have appealed the MPSC order, and the Sierra Club has appealed the KCC order. In March 2006, the Circuit Court of Cole County, Missouri, affirmed the MPSC Order and the Sierra Club has appealed the decision to the Missouri Court of Appeals. The Kansas District Court denied the Sierra Club's appeal in May 2006 and the Sierra Club has appealed to the Kansas Court of Appeals. Although subject to the appeals, the MPSC and KCC orders remain in effect pending the applicable court's decision.

In February 2006, KCP&L filed requests with the MPSC and KCC for annual rate increases of $55.8 million or 11.5% and $42.3 million or 10.5%, respectively. The requested rate increases reflect recovery of increasing operating costs including fuel, transportation and pensions as well as investments in wind generation and customer programs and compensation for wholesale sales volatility and construction risks. The request is based on a return on equity of 11.5% and an adjusted equity ratio of 53.8%. Discovery is underway and management anticipates that any approved rate adjustments for both jurisdictions will go into effect January 1, 2007. The MPSC and KCC staffs and other parties are scheduled to file their cases in August 2006. Formal evidentiary hearings before the MPSC and KCC are scheduled for October 2006.

Construction continues on KCP&L's Spearville Wind Energy Facility, a 100.5 MW wind project in western Kansas. Completed and commissioned turbines are expected to begin being put into service during the third quarter and management expects the entire project to be completed and on-line in time for inclusion in the current rate cases. The environmental upgrades at LaCygne No. 1 began with the spring 2006 outage and are anticipated to be completed during the spring 2007 outage. KCP&L has implemented nine affordability, energy efficiency and demand response programs in Missouri and three in Kansas. Year to date June 30, 2006, initial results from the implemented programs are beginning to demonstrate an ability to manage KCP&L's customers' retail load requirements.

KCP&L finalized Iatan No. 2 co-ownership agreements with Aquila Inc., The Empire District Electric Company, Kansas Electric Power Cooperative and Missouri Joint Municipal Electric Utility Commission during the second quarter. KCP&L will own 54.71% or approximately 465 MW of the new station. An owner's engineer has been hired and the engineering design for Iatan Station is in progress. The Iatan No. 2 boiler and steam turbine and the Iatan Nos. 1 and 2 air emission control equipment procurements are in progress and plant construction site preparation work has started. In the first quarter of 2006, KCP&L received the air permit and a water quality certification from the Missouri Department of Natural Resources relating to Iatan Station. The Sierra Club is appealing the air permit. During the second quarter of 2006, KCP&L received the permits necessary to begin construction at Iatan Station, which included the wetlands permit and a permit for the construction of a temporary barge slip and collector

wells from the U.S. Army Corps of Engineers (Corps). The Corps also executed an Environmental Assessment with a Finding of No Significant Impact.

Although contracting is not complete, developing market conditions indicate a potential increase in the overall cost estimates of the comprehensive energy plan in the range of 10% to 20%. The primary drivers are increases in materials and labor costs and some scope additions. Management anticipates completion of its definitive estimates later in 2006 upon finalizing the largest of the Iatan No. 2 contracts covering the boiler and air quality control systems and after review of these estimates with the Company's Board of Directors. The definitive estimates could be materially different than the current estimates; however, management believes project costs will be competitive with other similar projects built in the same timeframe.

KCP&L BUSINESS OVERVIEW

KCP&L is an integrated, regulated electric utility that engages in the generation, transmission, distribution and sale of electricity. KCP&L has over 4,000 MWs of generating capacity and has transmission and distribution facilities that provide electricity to slightly over 500,000 customers in the states of Missouri and Kansas. KCP&L has continued to experience modest load growth. Load growth consists of higher usage per customer and the addition of new customers. Retail electricity rates are below the national average.

KCP&L's residential customers' usage patterns are significantly affected by weather. Bulk power sales, the major component of wholesale sales, vary with system requirements, generating unit and purchased power availability, fuel costs and requirements of other electric systems. Less than 1% of revenues include an automatic fuel adjustment provision. KCP&L's coal base load equivalent availability factor was 80% for the three months ended and year to date June 30, 2006, consistent with the same periods in 2005.

KCP&L's nuclear unit, Wolf Creek, accounts for approximately 20% of its base load capacity. Replacement power costs for scheduled Wolf Creek outages are accrued evenly over the unit's 18-month operating cycle. The next refueling outage is scheduled to begin in October 2006. The owners of Wolf Creek have on hand or under contract all of the uranium and conversion services needed to operate Wolf Creek through March 2011 and approximately 75% after that date through September 2018. The owners also have under contract 100% of the uranium enrichment required to operate Wolf Creek through March 2008. A letter of intent has been issued with a supplier for a substantial portion of Wolf Creek's uranium enrichment requirements extending through at least 2024. Fabrication requirements are under contract through 2024. Management expects its cost of nuclear fuel to remain relatively stable through 2009 because of contracts in place. Between 2010 and 2018, management anticipates the cost of nuclear fuel to increase approximately 30% to 50% due to higher contracted prices and market conditions. Even with this anticipated increase, management expects nuclear fuel cost per MWh generated to remain less than the cost of other fuel sources.

The fuel cost per MWh generated and the purchased power cost per MWh has a significant impact on the results of operations for KCP&L. Generation fuel mix can substantially change the fuel cost per MWh generated. Nuclear fuel cost per MWh generated is substantially less than the cost of coal per MWh generated, which is significantly lower than the cost of natural gas and oil per MWh generated. The cost per MWh for purchased power is significantly higher than the cost per MWh of coal and nuclear generation. KCP&L continually evaluates its system requirements, the availability of generating units, availability and cost of fuel supply and purchased power, and the requirements of other electric systems to provide reliable power economically.

Rail companies have experienced longer cycle times for coal deliveries to utilities across the country since 2004. Approximately 98% of KCP&L's coal requirements come from the PRB and originate on the Burlington Northern Santa Fe and the Union Pacific railroads, both of which have been affected by the current rail situation. Maintenance to repair significant sections of track on this rail line began in 2005 and is expected to be completed by the end of 2006. These repairs must be completed before normal train operations from the PRB can resume, which affects all users of PRB coal. Year to date coal shipments have significantly improved compared to the 10% to 15% reduction in deliveries experienced in 2005 and as a result, inventory levels have improved. During the second quarter of 2006, KCP&L suspended its coal conservation measures of reducing coal generation and does not anticipate additional coal conservation measures in the second half of 2006. However, an inability to obtain timely delivery of coal to meet generation requirements could materially impact KCP&L's results of operations by increasing its cost to serve its retail customers and/or reducing wholesale MWh sales. Management is monitoring the situation closely and steps will be taken, as necessary, to maintain an adequate energy supply for KCP&L's retail load and firm MWh sales.

STRATEGIC ENERGY BUSINESS OVERVIEW

Great Plains Energy indirectly owns 100% of Strategic Energy. Strategic Energy does not own any generation, transmission or distribution facilities. Strategic Energy provides competitive retail electricity supply services by entering into power supply contracts to supply electricity to its end-use customers. Of the states that offer retail choice, Strategic Energy operates in California, Maryland, Massachusetts, Michigan, New Jersey, New York, Ohio, Pennsylvania and Texas. Strategic Energy has begun expansion into Illinois, as well as into additional utility territories in New York. Deliveries in Illinois are expected to begin in 2007.

In addition to competitive retail electricity supply services, Strategic Energy also provides strategic planning, consulting and billing and scheduling services in the natural gas and electricity markets. The cost of supplying electric service to retail customers can vary widely by geographic market. This variability can be affected by many factors, including, but not limited to, geographic differences in the cost per MWh of purchased power, renewable energy requirements and capacity charges due to regional purchased power availability and requirements of other electricity providers and differences in transmission charges.

Strategic Energy provides services to approximately 55,600 commercial, institutional and small manufacturing accounts for approximately 16,300 customers including numerous Fortune 500 companies, smaller companies and governmental entities. Strategic Energy offers an array of products, including fixed price, index-based and month-to-month renewal products, designed to meet the various requirements of a diverse customer base. Strategic Energy's volume-based customer retention rate, excluding month-to-month customers on market-based rates, was 54% for the three months ended and 52% year to date June 30, 2006. The corresponding volume-based customer retention rates including month-to-month customers on market-based rates were 65% and 63%, respectively. Retention rates for the three months ended and year to date June 30, 2006, are lower than Strategic Energy has experienced. The decline is attributable to customer contract expirations in midwestern states where the savings competitive suppliers can offer to customers are reduced or in some cases unavailable due to host utility default rates that are not aligned with market prices for power. In these states, customers can receive better rates from the host utility and are choosing to return to host utility service as their contracts with Strategic Energy expire. Management expects to have continued difficulty competing in these states until more competitive market-driven pricing mechanisms are in place or market prices for power decrease below host utility rates.

Management has repositioned sales and marketing efforts to focus on states that currently provide a more competitive pricing environment in relation to host utility default rates. In these states, Strategic

Energy continues to experience improvement in certain key metrics, including strong forecasted future MWh commitments (backlog) growth and longer contract durations. As a result, total backlog grew to 25.7 million at June 30, 2006, compared to 18.4 million at June 30, 2005, and average contract durations grew to 17 months from 14 months, respectively. Based solely on expected usage under current signed contracts, Strategic Energy has backlog of 8.5 million for the remainder of 2006, 8.9 million and 4.7 million for the years 2007 and 2008, respectively, and 3.6 million for 2009 through 2011. The combination of MWhs delivered in the first half of 2006 and backlog for the remainder of the year is 16.1 million. Total MWhs delivered in 2006 are projected to range from 16 to 18 million. Strategic Energy expects to deliver additional MWhs in 2007 through 2011 through new and renewed term contracts and MWh deliveries to month-to-month customers.

The average retail gross margin per MWh (retail revenues less retail purchased power divided by retail MWhs delivered) reflected in the 8.9 million MWhs of 2007 backlog is projected to be in the range of $4.50 to $5.50. This range excludes unrealized changes in fair value of non-hedging energy contracts and from hedge ineffectiveness because management does not predict the future impact of these unrealized changes. This range is higher than the retail gross margin per MWh for new customer contracts discussed below primarily due to more favorable customer and product mix. While this level of retail gross margin per MWh is currently in backlog, overall retail gross margin per MWh for 2007 is expected to end up slightly lower than the $4.50 to $5.50 range as sales to larger customers enter backlog later this year and early next year. Larger customers typically have shorter duration contracts and lower retail gross margins per MWh than smaller customers.

Management continues to expect Strategic Energy’s retail gross margin per MWh on new customer contracts entered into in 2006 to average from $3.00 to $4.00, excluding unrealized changes in fair value of non-hedging energy contracts and from hedge ineffectiveness. Management expects to realize additional retail gross margin on fixed price contracts of up to $0.50 per MWh over the life of the contract. The additional expected margin is derived from management of the retail portfolio load requirements. These activities include benefits from financial transmission rights and auction revenue rights, short-term load balancing activities, short-term arbitrage activities and identifying and executing on favorable transmission paths. Actual retail gross margin per MWh may differ from these estimates.

GREAT PLAINS ENERGY RESULTS OF OPERATIONS

The following table summarizes Great Plains Energy's comparative results of operations.

	Three Months Ended June 30		Year to Date June 30	
	2006	2005	2006	2005
	(millions)			
Operating revenues	$ 642.1	$ 631.7	$ 1,201.3	$ 1,176.8
Fuel	(56.2)	(44.8)	(103.6)	(86.3)
Purchased power	(337.9)	(355.6)	(668.8)	(645.0)
Skill set realignment costs	(5.1)	-	(14.5)	-
Other operating expenses	(132.3)	(131.5)	(258.8)	(266.5)
Depreciation and amortization	(39.3)	(38.2)	(78.2)	(76.1)
Gain on property	0.7	1.0	0.6	1.5
Operating income	72.0	62.6	78.0	104.4
Non-operating income (expenses)	2.6	0.2	3.4	0.8
Interest charges	(17.8)	(18.4)	(35.1)	(35.9)
Income taxes	(18.9)	(9.8)	(10.2)	(15.1)
Minority interest in subsidiaries	-	(8.7)	-	(7.8)
Loss from equity investments	(0.3)	(0.4)	(0.6)	(0.7)
Income from continuing operations	37.6	25.5	35.5	45.7
Discontinued operations	-	(3.6)	-	(3.6)
Net income	37.6	21.9	35.5	42.1
Preferred dividends	(0.4)	(0.4)	(0.8)	(0.8)
Earnings available for common shareholders	$ 37.2	$ 21.5	$ 34.7	$ 41.3

Great Plains Energy's earnings for the three months ended June 30, 2006, increased to $37.2 million, or $0.48 per share, from $21.5 million, or $0.29 per share, in the same period of 2005. Earnings year to date June 30, 2006, decreased to $34.7 million, or $0.46 per share, from $41.3 million, or $0.55 per share, compared to the same period of 2005.

Consolidated KCP&L's net income increased $6.8 million for the three months ended and $8.5 million year to date June 30, 2006, compared to the same periods in 2005 due to higher retail and wholesale revenues and lower purchased power expenses. These increases to net income were partially offset by costs related to skill set realignments and increased fuel expense.

Strategic Energy's net income increased $0.5 million for the three months ended and decreased $23.2 million year to date June 30, 2006, compared to the same periods in 2005. The year to date decrease was primarily the result of the impact of $37.9 million in changes in fair value related to non-hedging energy contracts and from cash flow hedge ineffectiveness.

Lower reductions in affordable housing investments partially offset by lower related tax credits increased other non-regulated operations net income for the three months ended and year to date June 30, 2006, compared to the same periods in 2005 by $3.9 million and $1.6 million, respectively.

CONSOLIDATED KCP&L RESULTS OF OPERATIONS

The following discussion of consolidated KCP&L results of operations includes KCP&L, an integrated, regulated electric utility and HSS, an unregulated subsidiary of KCP&L. References to KCP&L, in the discussion that follows, reflect only the operations of the utility. The following table summarizes consolidated KCP&L's comparative results of operations.

	Three Months Ended June 30		Year to Date June 30	
	2006	2005	2006	2005
	(millions)			
Operating revenues	$ 290.9	$ 272.1	$ 531.3	$ 505.4
Fuel	(56.2)	(44.8)	(103.6)	(86.3)
Purchased power	(8.6)	(16.8)	(13.7)	(28.3)
Skill set realignment costs	(4.9)	-	(14.2)	-
Other operating expenses	(116.7)	(114.8)	(228.1)	(234.6)
Depreciation and amortization	(37.3)	(36.7)	(74.3)	(73.1)
Gain on property	0.7	-	0.6	0.5
Operating income	67.9	59.0	98.0	83.6
Non-operating income (expenses)	1.6	8.7	2.3	9.0
Interest charges	(15.0)	(15.5)	(29.9)	(30.1)
Income taxes	(18.7)	(14.5)	(22.6)	(15.4)
Minority interest in subsidiaries	-	(8.7)	-	(7.8)
Net income	$ 35.8	$ 29.0	$ 47.8	$ 39.3

Consolidated KCP&L Sales Revenues and MWh Sales

	Three Months Ended June 30		%	Year to Date June 30		%
	2006	2005	Change	2006	2005	Change
Retail revenues	(millions)			(millions)		
Residential	$ 97.9	$ 91.8	7	$ 170.2	$ 165.0	3
Commercial	115.0	111.7	3	207.5	203.0	2
Industrial	26.7	26.3	1	48.9	49.1	-
Other retail revenues	2.2	2.1	4	4.4	4.3	4
Total retail	241.8	231.9	4	431.0	421.4	2
Wholesale revenues	46.2	37.3	24	93.7	76.4	23
Other revenues	2.9	2.9	3	6.6	7.5	(13)
KCP&L electric revenues	290.9	272.1	7	531.3	505.3	5
Subsidiary revenues	-	-	-	-	0.1	NM
Consolidated KCP&L revenues	$ 290.9	$ 272.1	7	$ 531.3	$ 505.4	5

	Three Months Ended June 30		%	Year to Date June 30		%
	2006	2005	Change	2006	2005	Change
Retail MWh sales	(thousands)			(thousands)		
Residential	1,305	1,223	7	2,463	2,403	2
Commercial	1,835	1,783	3	3,537	3,461	2
Industrial	555	548	1	1,064	1,058	1
Other retail MWh sales	20	19	7	42	40	6
Total retail	3,715	3,573	4	7,106	6,962	2
Wholesale MWh sales	1,078	1,038	4	2,182	2,248	(3)
KCP&L electric MWh sales	4,793	4,611	4	9,288	9,210	1

Retail revenues increased $9.9 million for the three months ended and $9.6 million year to date June 30, 2006, compared to the same periods in 2005 primarily due to warmer weather in the second quarter of 2006. Residential usage per customer increased 6% for the three months ended June 30, 2006, driven by a 27% increase in cooling degree-days, which were 53% above normal.

Wholesale revenues increased $8.9 million for the three months ended and $17.3 million year to date June 30, 2006, compared to the same periods in 2005 primarily due to an increase in the average market price per MWh. Average market price per MWh increased 23% to $47.02 for the three months and 33% to $48.68 year to date primarily due to coal conservation in the region and higher natural gas prices during the first quarter. Wholesale MWh sales in 2006 remained relatively consistent with comparable periods in 2005 despite the greater availability of Wolf Creek, resulting from the spring 2005 outage, due to KCP&L's lower coal base load capacity factor of 71% for the three months ended and year to date June 30, 2006, compared to 78% and 76% for the same periods in 2005. The lower capacity factor was due to KCP&L's coal conservation efforts during the first half of 2006.

Consolidated KCP&L Fuel and Purchased Power

	Three Months Ended June 30		%	Year to Date June 30		%
	2006	2005	Change	2006	2005	Change
Net MWhs Generated by Fuel Type	(thousands)			(thousands)		
Coal	3,471	3,813	(9)	6,878	7,416	(7)
Nuclear	1,215	651	87	2,425	1,694	43
Natural gas and oil	175	103	70	176	101	75
Total Generation	4,861	4,567	6	9,479	9,211	3

Fuel expense increased $11.4 million for the three months ended and $17.3 million year to date June 30, 2006, compared to the same periods in 2005 due to the 6% and 3% increases, respectively, in MWhs generated and increased coal and coal transportation costs. KCP&L's current coal and coal transportation contracts, including higher tariff rates being charged by Union Pacific, were entered into at higher average prices than related contracts in the same periods of 2005. KCP&L has filed a rate case complaint against Union Pacific with the STB and until the case is finalized, KCP&L is paying the tariff rates subject to refund. See Note 14 to the consolidated financial statements for more information.

Purchased power expense decreased $8.2 million for the three months ended and $14.6 million year to date June 30, 2006, compared to the same periods in 2005 primarily due to just under a 50% reduction in MWhs purchased for both periods and a $2.3 million and $5.9 million, respectively, decrease in capacity payments due to the expiration of two large contracts in the second quarter of 2005. KCP&L entered into new capacity contracts in June 2006. The reduction in MWhs purchased was due to

uneconomical purchased power prices and the increase in net MWhs generated as a result of the spring 2005 Wolf Creek refueling outage.

In August 2005, Hawthorn No. 5's generator step-up transformer (GSU) failed. A spare GSU was installed in September 2005; however, the size of the spare GSU limited the net capacity of the unit to 500 MW. During June 2006, a new GSU was installed at Hawthorn No. 5 returning its net capacity to 563 MW. The outage for the installation lasted 14 days.

Consolidated KCP&L Other Operating Expenses *(including other operating, maintenance and general taxes)*
Consolidated KCP&L's other operating expenses for the three months ended June 30, 2006, were relatively unchanged when compared to the same period of 2005. Reflected in other operating expenses were increased production maintenance expenses of $3.0 million primarily due to more significant scheduled plant maintenance in 2006 offset by decreased pension expense of $2.7 million due to the regulatory accounting treatment of pension expense in accordance with MPSC and KCC orders, which was first recorded in the third quarter of 2005.

Consolidated KCP&L's other operating expenses decreased $6.5 million year to date June 30, 2006, compared to the same period of 2005 primarily due to decreased pension expense of $5.5 million due to the regulatory accounting treatment of pension expense and decreased expenses of $5.0 million due to restoration costs for a January 2005 ice storm and June 2005 wind storms. Partially offsetting these decreases were increased property tax expenses of $2.0 million due to higher assessed values and tax levies.

Consolidated KCP&L Skill Set Realignment and Pension Settlement Charges
In 2005 and early 2006, management undertook a process to assess, improve and reposition the skill sets of employees for implementation of the comprehensive energy plan. KCP&L recorded $9.4 million year to date June 30, 2006, related to this workforce realignment process reflecting severance, benefits and related payroll taxes provided by KCP&L to employees. Management is actively filling positions with the specific skill sets and talent needed to achieve KCP&L's goals. Management believes that the realignment allows for optimization of employee levels and avoids future additional expense. In the second quarter of 2006, KCP&L incurred $7.3 million of pension settlement charges associated with the realignment resulting in $4.8 million of expense recorded after amounts capitalized and billed to joint owners of power plants. The pension settlement charges were a result of the number of employees retiring and selecting the lump-sum payment option.

KCP&L anticipates recording additional expense related to pension settlement charges of approximately $7 million during the second half of 2006 associated with its management and union pension plans as a result of additional employees retiring and selecting the lump-sum payment option. The total amount of 2006 pension settlement charges related to the workforce realignments and other retirements will be determined in the fourth quarter after the year-end of the pension plans. In the second quarter of 2006, KCP&L requested regulatory accounting treatment from MPSC and KCC to defer pension settlement charges, retroactive to January 1, 2006, and amortize the deferred amount over a five-year period to be established in the rate proceeding following the current 2006 proceedings. At June 30, 2006, no amounts were deferred pending the outcome of this request.

Potential Future Pension Settlement Charges
Through 2010, approximately 24% of KCP&L's current employees are eligible to retire with full pension benefits. The timing and number of employees retiring and selecting the lump-sum payment option could result in additional settlement charges that could materially affect KCP&L's results of operations for 2006 and thereafter.

Strategic Energy Results of Operations

The following table summarizes Strategic Energy's comparative results of operations.

	Three Months Ended June 30		Year to Date June 30	
	2006	2005	2006	2005
	(millions)			
Operating revenues	$ 351.2	$ 359.6	$ 670.0	$ 671.4
Purchased power	(329.3)	(338.8)	(655.1)	(616.7)
Other operating expenses	(13.4)	(12.6)	(25.9)	(23.3)
Depreciation and amortization	(2.0)	(1.5)	(3.9)	(3.0)
Operating income (loss)	6.5	6.7	(14.9)	28.4
Non-operating income (expenses)	1.0	0.7	1.9	1.1
Interest charges	(0.6)	(0.7)	(0.9)	(1.5)
Income taxes	(2.7)	(3.0)	7.2	(11.5)
Net income (loss)	$ 4.2	$ 3.7	$ (6.7)	$ 16.5

Retail MWhs delivered decreased 23% to 3.9 million for the three months ended and 22% to 7.6 million year to date June 30, 2006, compared to the same periods in 2005 due to the effect of market conditions in midwestern states and competition in other markets where Strategic Energy serves customers. The average retail gross margin per MWh improved to $5.32 for the three months ended and declined to $1.76 year to date June 30, 2006, compared to $3.87 and $5.43 for the same periods in 2005. The decline in the average retail gross margin per MWh year to date was primarily due to the impact of $37.9 million in changes in fair value related to non-hedging energy contracts and from cash flow hedge ineffectiveness.

	Three Months Ended June 30		Year to Date June 30	
	2006	2005	2006	2005
Average retail gross margin per MWh	$ 5.32	$ 3.87	$ 1.76	$ 5.43
Change in fair value related to non-hedging energy contracts and from cash flow hedge ineffectiveness	0.52	(0.54)	4.97	(0.80)
Average retail gross margin per MWh without fair value impacts	$ 5.84	$ 3.33	$ 6.73	$ 4.63

Average retail gross margin per MWh without fair value impacts is a non-GAAP financial measure that differs from GAAP because it excludes the impact of unrealized fair value gains or losses. Management and the Board of Directors use this as a measurement of Strategic Energy’s realized retail gross margin per delivered MWh, which are settled upon delivery at contracted prices. Fair value impacts result from changes in fair value of non-hedging energy contracts and from hedge ineffectiveness associated with MWhs under contract but not yet delivered. Due to their non-cash nature and volatility during periods prior to delivery, management believes excluding these fair value impacts results in a measure of retail gross margin per MWh that is more representative of contracted prices.

As detailed in the table above, average retail gross margin per MWh without the impact of unrealized fair value gains and losses increased to $5.84 for the three months ended and $6.73 year to date June 30, 2006, compared to $3.33 and $4.63 for the same periods in 2005. The increases for the three months ended and year to date June 30, 2006, were primarily due to the net impact of SECA

recoveries and charges as compared to the same periods of 2005. The net SECA impact increased average retail gross margin per MWh for the three months ended and year to date June 30, 2006, by $0.82 and $0.13, respectively, and decreased average retail gross margin per MWh in the same periods of 2005 by $1.40 and $0.74, respectively. The three months ended and year to date June 30, 2006, reflect recoveries from certain suppliers and retail customers of a portion of SECA charges incurred by Strategic Energy, partially offset in the three months ended by SECA charges incurred through the end of the March 2006 transition period. Strategic Energy was invoiced and recorded SECA charges in the three months ended June 30, 2005, totaling $7.2 million, which covered billings to Strategic Energy for the transition period beginning December 1, 2004, through June 30, 2005. Additional impacts to the average retail gross margin per MWh included increases primarily due to the management of retail portfolio load requirements, favorable product mix and settlements of supplier contracts. The increases were partially offset by higher customer acquisition fees in 2006. Additionally, the year to date increase was partially offset by a $1.2 million reduction of a gross receipts tax contingency in the first quarter of 2005.

Strategic Energy Purchased Power
Purchased power is the cost component of Strategic Energy's average retail gross margin. Strategic Energy purchases electricity from power suppliers based on forecasted peak demand for its retail customers. Actual customer demand does not always equate to the volume purchased based on forecasted peak demand. Consequently, Strategic Energy makes short-term power purchases in the wholesale market when necessary to meet actual customer requirements. Strategic Energy also sells any excess retail electricity supply over actual customer requirements back into the wholesale market. These sales occur on many contracts, are usually short-term power sales (day ahead) and typically settle within the reporting period. Excess retail electricity supply sales also include long-term and short-term forward physical sales to wholesale counterparties, which are accounted for on a mark-to-market basis. Strategic Energy typically executes these transactions to manage basis and credit risks. The proceeds from excess retail supply sales are recorded as a reduction of purchased power, as they do not represent the quantity of electricity consumed by Strategic Energy's customers. The amount of excess retail supply sales that reduced purchased power was $62.7 million for the three months ended and $114.1 million year to date June 30, 2006, compared to $30.8 million and $55.3 million for the same periods of 2005. Additionally, in certain markets, load-serving entities are required to sell to and purchase power from a RTO/ISO rather than directly transact with suppliers and end use customers. The sale and purchase activity related to these certain RTO/ISO markets is reflected on a net basis in Strategic Energy's purchased power.

Strategic Energy utilizes derivative instruments, including forward physical delivery contracts, in the procurement of electricity. Purchased power is also impacted by the net change in fair value related to non-hedging energy contracts and from cash flow hedge ineffectiveness. Net changes in fair value increased purchased power expenses by $2.0 million for the three months ended and $37.9 million year to date June 30, 2006, compared to reductions of $2.8 million and $7.8 million for the same periods in 2005. See Note 17 to the consolidated financial statements for more information.

OTHER NON-REGULATED ACTIVITIES

Investment in Affordable Housing Limited Partnerships - KLT Investments
KLT Investments Inc.'s (KLT Investments) net income for the three months ended June 30, 2006, totaled $1.4 million (including an insignificant after-tax reduction in its affordable housing investment) compared to a $2.5 million net loss for the three months ended June 30, 2005 (including an after tax reduction of $5.3 million in its affordable housing investment). KLT Investments accrued tax credits related to its investments in affordable housing limited partnerships of $2.3 million and $3.9 million for the three months ended June 30, 2006 and 2005, respectively. Net income year to date June 30, 2006, totaled $2.1 million (including an after tax reduction of $0.7 million in its affordable housing investment)

compared to net income of $0.5 million year to date June 30, 2005 (including an after tax reduction of $5.3 million in its affordable housing investment). KLT Investments' net income included accrued tax credits of $4.6 million and $7.8 million year to date June 30, 2006 and 2005, respectively.

At June 30, 2006, KLT Investments had $25.4 million in affordable housing limited partnerships. Approximately 61% of these investments were recorded at cost; the equity method was used for the remainder. Tax expense is reduced in the year tax credits are generated. The investments generate future cash flows from tax credits and tax losses of the partnerships. The investments also generate cash flows from sales of the properties. For most investments, tax credits are received over ten years. A change in accounting principle relating to investments made after May 19, 1995, requires the use of the equity method when a company owns more than 5% in a limited partnership investment. Of the investments recorded at cost, $15.1 million exceed this 5% level but were made before May 19, 1995. Management does not anticipate making additional investments in affordable housing limited partnerships at this time.

On a quarterly basis, KLT Investments compares the cost of properties accounted for by the cost method to the total of projected residual value of the properties and remaining tax credits to be received. Based on the latest comparison, KLT Investments reduced its investments in affordable housing limited partnerships by $0.1 million and $1.2 million for the three months ended and year to date June 30, 2006, respectively, compared to $8.6 million for the three months ended and year to date June 30, 2005. Pre-tax reductions in affordable housing investments are estimated to be insignificant for the remainder of 2006 and $2 million for 2007. These projections are based on the latest information available but the ultimate amount and timing of actual reductions could be significantly different from the above estimates. Even after these estimated reductions, net income from the investments in affordable housing is expected to be positive for 2006 through 2008. The properties underlying the partnership investment are subject to certain risks inherent in real estate ownership and management.

GREAT PLAINS ENERGY AND CONSOLIDATED KCP&L Significant Balance Sheet Changes (June 30, 2006 compared to December 31, 2005)

- Great Plains Energy's and consolidated KCP&L's receivables increased $31.3 million and $27.5 million, respectively. KCP&L's receivables increased $19.6 million due to seasonal increases from higher summer tariff rates and usage and $13.8 million due to additional receivables from joint owners related to Iatan No. 2. Partially offsetting these increases was a $6.3 million decrease in KCP&L's wholesale receivables primarily due to lower market prices resulting from lower natural gas prices.

- Great Plains Energy's and consolidated KCP&L's fuel inventories increased $12.8 million primarily due to coal conservation, scheduled plant outages and improved railroad performance in delivering coal during the first half of 2006.

- Great Plains Energy's combined deferred income taxes - current assets and deferred income taxes - current liabilities changed from a liability of $1.3 million at December 31, 2005, to an asset of $31.5 million. The change in the fair value of Strategic Energy's energy-related derivative instruments increased the asset $28.2 million. Consolidated KCP&L's deferred income taxes - current assets increased $3.7 million primarily due to the timing of the Wolf Creek refueling outage.

- Great Plains Energy's derivative instruments, including current and deferred assets and liabilities, decreased $103.8 million primarily due to a $108.4 million decrease in the fair value of Strategic Energy's energy-related derivative instruments as a result of decreases in the forward market prices for power compounded by increased contract volume. Consolidated KCP&L's

derivative instruments, including current and deferred assets and liabilities, increased $4.6 million to reflect the $8.8 million change in the fair value of Forward Starting Swaps offset by a $3.5 million decrease in the fair value of commodity derivatives resulting from decreasing gas prices and a $0.7 million decrease in the fair value of EIRR swaps.

- Great Plains Energy's and consolidated KCP&L's construction work in progress increased $118.7 million primarily due to $78.1 million related to KCP&L's comprehensive energy plan, including $45.5 million for wind generation, $14.2 million for environmental upgrades and $18.4 million related to Iatan No. 2.

- Great Plains Energy's and consolidated KCP&L's regulatory assets increased $25.3 million primarily due to the regulatory accounting treatment for pension expense and the change in Wolf Creek depreciable life for regulatory purposes in accordance with MPSC and KCC orders.

- Great Plains Energy's and consolidated KCP&L's prepaid pension costs decreased $14.8 million and $14.5 million, respectively, due to 2006 pension expense accruals, including pension settlement charges of $6.8 million, in excess of contributions.

- Great Plains Energy's and consolidated KCP&L's commercial paper increased $50.5 million primarily to support expenditures related to the comprehensive energy plan.

- Great Plains Energy's and consolidated KCP&L's accounts payable decreased $15.6 million and $13.0 million primarily due to the timing of cash payments partially offset by higher coal and coal transportation costs and increased natural gas purchases during June 2006.

- Great Plains Energy's and consolidated KCP&L's accrued taxes increased $24.3 million and $30.4 million, respectively, primarily due to the timing of property tax payments and income taxes currently payable due to year to date June 30, 2006, taxable income.

- Great Plains Energy's and consolidated KCP&L's accrued payroll and vacations decreased $6.6 million and $2.7 million primarily due to the payout of employee incentive compensation accrued at December 31, 2005, partially offset by incentive compensation accruals for 2006.

- Great Plains Energy's accumulated other comprehensive loss increased $35.3 million primarily due to changes in the fair value of Strategic Energy's energy related derivative instruments mostly due to decreases in the forward market prices for power compounded by increased contract volume.

- Great Plains Energy's long-term debt decreased $389.7 million primarily to reflect FELINE PRIDES Senior Notes and consolidated KCP&L's $225.0 million 6.00% Senior Notes as current maturities. Current maturities of long-term debt for the respective companies increased as a result of these classifications.

CAPITAL REQUIREMENTS AND LIQUIDITY

Great Plains Energy operates through its subsidiaries and has no material assets other than the stock of its subsidiaries. Great Plains Energy's ability to make payments on its debt securities and its ability to pay dividends is dependent on its receipt of dividends or other distributions from its subsidiaries and proceeds from the issuance of its securities.

Great Plains Energy's capital requirements are principally comprised of KCP&L's utility construction and other capital expenditures, debt maturities and credit support provided to Strategic Energy. These items as well as additional cash and capital requirements for the companies are discussed below.

Great Plains Energy's liquid resources at June 30, 2006, consisted of $96.2 million of cash and cash equivalents on hand, including $3.9 million at consolidated KCP&L, and $916.1 million of unused bank lines of credit. The unused lines consisted of $317.6 million from KCP&L's revolving credit facility, $76.4 million from Strategic Energy's revolving credit facility and $522.1 million from Great Plains Energy's revolving credit facility. See the Debt Agreements section below for more information on these agreements. At July 31, 2006, Great Plains Energy's unused bank lines of credit decreased $45.4 million from the amount at June 30, 2006, due to a $25.5 million decrease at consolidated KCP&L and a $19.9 million decrease due to more letters of credit outstanding due to a combination of higher collateral requirements at Strategic Energy and more emphasis on using Great Plains Energy's facilities for credit support due to its lower cost. The $25.5 million decrease at consolidated KCP&L is due to an increase in commercial paper outstanding used to fund comprehensive energy plan expenditures.

KCP&L currently expects to fund its comprehensive energy plan from a combination of internal and external sources including, but not limited to, contributions from rate increases, capital contributions to KCP&L from Great Plains Energy's proceeds of new equity financing and 2004 FELINE PRIDES equity in 2007, new short and long-term debt financing and internally generated funds.

KCP&L expects to meet day-to-day cash flow requirements including interest payments, construction requirements (excluding its comprehensive energy plan), dividends to Great Plains Energy and pension benefit plan funding requirements, discussed below, with internally generated funds. KCP&L might not be able to meet these requirements with internally generated funds because of the effect of inflation on operating expenses, the level of MWh sales, regulatory actions, compliance with future environmental regulations and the availability of generating units. The funds Great Plains Energy and consolidated KCP&L need to retire maturing debt will be provided from operations, the issuance of long and short-term debt and/or the issuance of equity or equity-linked instruments. In addition, the Company may issue debt, equity and/or equity-linked instruments to finance growth or take advantage of new opportunities.

Strategic Energy expects to meet day-to-day cash flow requirements including interest payments, credit support fees, capital expenditures and dividends to Great Plains Energy with internally generated funds. Strategic Energy might not be able to meet these requirements with internally generated funds because of the effect of inflation on operating expenses, the level of MWh sales, seasonal working capital requirements, commodity-price volatility and the effects of counterparty non-performance.

Cash Flows from Operating Activities
Great Plains Energy and consolidated KCP&L generated positive cash flows from operating activities for the periods presented. The increase in cash flows from operating activities for Great Plains Energy and consolidated KCP&L year to date June 30, 2006, compared to the same period in 2005 was primarily due to KCP&L's $65.0 million change in cash flows from accounts receivable as a result of the January 2005 termination of KCP&L's previous customer accounts receivables sales agreement. The timing of the Wolf Creek outage affects the refueling outage accrual, deferred income taxes and amortization of nuclear fuel. Other changes in working capital detailed in Note 4 to the consolidated financial statements also impacted operating cash flows. The individual components of working capital vary with normal business cycles and operations.

Cash Flows from Investing Activities
Great Plains Energy's and consolidated KCP&L's cash used for investing activities varies with the timing of utility capital expenditures and purchases of investments and nonutility property. Investing activities are offset by the proceeds from the sale of properties and insurance recoveries. During 2006, KCP&L's cash utility capital expenditures included $75.2 million related to KCP&L's comprehensive energy plan, $11.0 million to upgrade a transmission line and $13.8 million to purchase automated

meter reading equipment. During 2005, KCP&L's capital expenditures included the exercise of its early termination option in the combustion turbine synthetic lease to purchase the leased property for $154.0 million. Additionally in 2005, KCP&L received $10.0 million of insurance recoveries related to Hawthorn No. 5.

Cash Flows from Financing Activities
The change in Great Plains Energy's cash flows from financing activities year to date June 30, 2006, compared to the same period in 2005 reflects Great Plains Energy's May 2006 proceeds of $144.3 million from the issuance of 5.2 million shares of common stock at $27.50 per share. Fees related to this issuance were $5.2 million. Great Plains Energy used the proceeds to make a $134.6 million equity contribution to KCP&L. KCP&L's equity contribution proceeds were offset by lower short-term borrowings year to date June 30, 2006, compared to the same period in 2005, due to the 2005 purchase of the combustion turbine synthetic lease property.

Significant Financing Activities
Great Plains Energy filed a shelf registration statement with the Securities and Exchange Commission (SEC) in May 2006 relating torelatere Senior Debt Securities, Subordinated Debt Securities, shares of Common Stock, Warrants, Stock Purchase Contracts and Stock Purchase Units. In May 2006, Great Plains Energy issued 5.2 million shares of common stock at $27.50 per share under this registration statement with $144.3 million in gross proceeds and issuance costs of $5.2 million.

In May 2006, Great Plains Energy also entered into a forward sale agreement with Merrill Lynch Financial Markets, Inc. (forward purchaser) for 1.8 million shares of Great Plains Energy common stock. The forward purchaser borrowed and sold the same number of shares of Great Plains Energy's common stock to hedge its obligations under the forward sale agreement. Great Plains Energy did not initially receive any proceeds from the sale of common stock shares by the forward purchaser. The forward sale agreement provides for a settlement date or dates to be specified at Great Plains Energy's discretion, subject to certain exceptions, no later than May 23, 2007. Subject to the provisions of the forward sale agreement, Great Plains Energy will receive an amount equal to $26.6062 per share, plus interest based on the federal funds rate less a spread and less certain scheduled decreases if Great Plains Energy elects to physically settle the forward sale agreement by delivering solely shares of common stock. In most circumstances, Great Plains Energy also has the right, in lieu of physical settlement, to elect cash or net physical settlement.

KCP&L's long-term financing activities are subject to the authorization of the MPSC. In November 2005, the MPSC authorized KCP&L to issue up to $635.0 million of long-term debt and to enter into interest rate hedging instruments in connection with such debt through December 31, 2009. KCP&L utilized $250.0 million of this amount with the issuance of its 6.05% unsecured senior notes maturing in 2035 leaving $385.0 million of authorization remaining. Under stipulations with the MPSC and KCC, Great Plains Energy and KCP&L maintain common equity at not less than 30% and 35%, respectively, of total capitalization.

During 2006, FERC authorized KCP&L to issue up to a total of $600.0 million in outstanding short-term debt instruments through February 2008. The authorizations are subject to four restrictions: (i) proceeds of debt backed by utility assets must be used for utility purposes; (ii) if any utility assets that secure authorized debt are divested or spun off, the debt must follow the assets and also be divested or spun off; (iii) if any proceeds of the authorized debt are used for non-utility purposes, the debt must follow the non-utility assets (specifically, if the non-utility assets are divested or spun off, then a proportionate share of the debt must follow the divested or spun off non-utility assets); and (iv) if utility assets financed by the authorized short-term debt are divested or spun off to another entity, a proportionate share of the debt must also be divested or spun off.

During 2006, KCP&L entered into two Forward Starting Swaps with a combined notional principal amount of $225.0 million to effectively remove most of the interest rate and credit spread uncertainty with respect to the anticipated refinancing of KCP&L's $225.0 million senior notes that mature in March 2007. See Note 17 to the consolidated financial statements. KCP&L is planning to file a shelf registration statement in the second half of 2006 for authority to issue long-term debt securities to refinance these senior notes, as well as to finance capital expenditures and to meet other general corporate requirements.

In the second quarter of 2006, KCP&L completed an exchange of $250.0 million privately placed notes for $250.0 million registered 6.05% unsecured senior notes maturing in 2035 to fulfill its obligations under a 2005 registration rights agreement.

Debt Agreements
During May 2006, Great Plains Energy entered into a five-year $600 million revolving credit facility with a group of banks. The facility replaced a $550 million revolving credit facility with a group of banks. A default by Great Plains Energy or any of its significant subsidiaries on other indebtedness totaling more than $25.0 million is a default under the facility. Under the terms of this agreement, Great Plains Energy is required to maintain a consolidated indebtedness to consolidated capitalization ratio, as defined in the agreement, not greater than 0.65 to 1.00 at all times. At June 30, 2006, the Company was in compliance with this covenant. At June 30, 2006, Great Plains Energy had no cash borrowings and had issued letters of credit totaling $77.9 million under the credit facility as credit support for Strategic Energy.

During May 2006, KCP&L entered into a five-year $400 million revolving credit facility with a group of banks to provide support for its issuance of commercial paper and other general corporate purposes. Great Plains Energy and KCP&L may transfer and re-transfer up to $200 million of unused lender commitments between Great Plains Energy's and KCP&L's facilities, so long as the aggregate lender commitments under either facility does not exceed $600 million and the aggregate lender commitments under both facilities does not exceed $1 billion. The facility replaced a $250 million revolving credit facility with a group of banks. A default by KCP&L on other indebtedness totaling more than $25.0 million is a default under the facility. Under the terms of the agreement, KCP&L is required to maintain a consolidated indebtedness to consolidated capitalization ratio, as defined in the agreement, not greater than 0.65 to 1.00 at all times. At June 30, 2006, KCP&L was in compliance with this covenant. At June 30, 2006, KCP&L had $82.4 million of commercial paper outstanding, at a weighted-average interest rate of 5.48% and no cash borrowings under the facility.

Strategic Energy has a $135 million revolving credit facility with a group of banks that expires in June 2009. So long as Strategic Energy is in compliance with the agreement, it may increase this amount by up to $15 million by increasing the commitment of one or more lenders that have agreed to such increase, or by adding one or more lenders with the consent of the administrative agent. Great Plains Energy has guaranteed $25.0 million of this facility. A default by Strategic Energy on other indebtedness, as defined in the facility, totaling more than $7.5 million is a default under the facility. Under the terms of this agreement, Strategic Energy is required to maintain a minimum net worth of $75.0 million, a minimum fixed charge coverage ratio of at least 1.05 to 1.00 and a minimum debt service coverage ratio of at least 4.00 to 1.00, as those terms are defined in the agreement. In addition, under the terms of this agreement, Strategic Energy is required to maintain a maximum funded indebtedness to EBITDA ratio, as defined in the agreement, of 3.00 to 1.00, on a quarterly basis through June 30, 2007, and 2.75 to 1.00 thereafter. In the event of a breach of one or more of these four covenants, so long as no other default has occurred, Great Plains Energy may cure the breach through a cash infusion, a guarantee increase or a combination of the two. At June 30, 2006, Strategic Energy was in compliance with these covenants. At June 30, 2006, $58.6 million in letters of credit had been issued and there were no cash borrowings under the agreement.

Great Plains Energy has agreements with KLT Investments associated with notes KLT Investments issued to acquire its affordable housing investments. Great Plains Energy has agreed not to take certain actions including, but not limited to, merging, dissolving or causing the dissolution of KLT Investments, or withdrawing amounts from KLT Investments if the withdrawals would result in KLT Investments not being in compliance with minimum net worth and cash balance requirements. The agreements also give KLT Investments' lenders the right to have KLT Investments repurchase the notes if Great Plains Energy's senior debt rating falls below investment grade or if Great Plains Energy ceases to own at least 80% of KCP&L's stock. At June 30, 2006, KLT Investments had $1.7 million in outstanding notes, including current maturities.

KCP&L Projected Utility Capital Expenditures
KCP&L's utility capital expenditure plan is subject to continual review and change and includes utility capital expenditures related to KCP&L's comprehensive energy plan for environmental investments and new capacity. Based on the latest information available, management believes approximately $85 million originally estimated to be expended in 2009 related to Iatan No. 2 will be expended in 2007, raising projected 2007 expenditures reported in the companies' 2005 Form 10-K for Iatan No. 2 from $120.4 million to approximately $205 million. Although contracting is not complete, developing market conditions indicate a potential increase in the overall cost estimates of the comprehensive energy plan in the range of 10% to 20%. The primary drivers are increases in materials and labor costs and some scope additions. Management anticipates completion of its definitive estimates later in 2006 upon finalizing the largest of the Iatan No. 2 contracts covering the boiler and air quality control systems and after review of these estimates with the Company's Board of Directors. The definitive estimates could be materially different than the current estimates; however, management is confident that project costs will be competitive with other similar projects built in the same timeframe.

Pensions
The Company maintains defined benefit plans for substantially all employees of KCP&L, Services and WCNOC and incurs significant costs in providing the plans, with the majority incurred by KCP&L. At a minimum, plans are funded on an actuarial basis to provide assets sufficient to meet benefits to be paid to plan participants consistent with the funding requirements of the Employee Retirement Income Security Act of 1974 (ERISA) and further contributions may be made when deemed financially advantageous.

Year to date June 30, 2006, the Company has contributed $16.5 million to the plans and expects to contribute an additional $3.3 million during the remainder of 2006, all of which will be paid by KCP&L. Management believes the Company has adequate access to capital resources through cash flows from operations or through existing lines of credit to support the funding requirements.

Participants in the plans may request a lump-sum cash payment upon termination of their employment. A change in payment assumptions, including the amount and timing of lump-sum distributions, could result in increased cash requirements from pension plan assets with the Company being required to accelerate future funding. Under the terms of the pension plans, the Company reserves the right to amend or terminate the plans, and from time to time benefits have changed.

Legislative changes have been proposed that would alter the manner in which pension plan assets and liabilities are valued for purposes of calculating required pension contributions and change the timing and manner in which required contributions to underfunded plans are made. If these proposals are adopted, the funding requirements could be significantly affected.

Strategic Energy Supplier Concentration and Credit
Strategic Energy enters into forward physical contracts with multiple suppliers. At June 30, 2006, Strategic Energy's five largest suppliers under forward supply contracts represented 76% of the total

future dollar committed purchases. Strategic Energy's five largest suppliers, or their guarantors, are rated investment grade. In the event of supplier non-delivery or default, Strategic Energy's results of operations could be affected to the extent the cost of replacement power exceeded the combination of the contracted price with the supplier and the amount of collateral held by Strategic Energy to mitigate its credit risk with the supplier. In addition to the collateral, if any, that the supplier provides, Strategic Energy's risk may be further mitigated by the obligation of the supplier to make a default payment equal to the shortfall and to pay liquidated damages in the event of a failure to deliver power. There is no assurance that the supplier in such an instance would make the default payment and/or pay liquidated damages. Strategic Energy's results of operations and financial position could also be affected, in a given period, if it were required to make a payment upon termination of a supplier contract to the extent the contracted price with the supplier exceeded the market value of the contract at the time of termination.

The following tables provide information on Strategic Energy's credit exposure to suppliers, net of collateral, at June 30, 2006.

Rating	Exposure Before Credit Collateral	Credit Collateral	Net Exposure	Number Of Counterparties Greater Than 10% Of Net Exposure	Net Exposure Of Counterparties Greater Than 10% of Net Exposure
External rating	(millions)				(millions)
Investment Grade	$ 46.4	$ -	$ 46.4	1	$ 30.7
Non-Investment Grade	10.8	10.8	-	-	-
Internal rating					
Investment Grade	0.3	-	0.3	-	-
Non-Investment Grade	1.2	1.0	0.2	-	-
Total	$ 58.7	$ 11.8	$ 46.9	1	$ 30.7

Maturity Of Credit Risk Exposure Before Credit Collateral			
Rating	Less Than 2 Years	2 - 5 Years	Total Exposure
External rating		(millions)	
Investment Grade	$ 46.1	$ 0.3	$ 46.4
Non-Investment Grade	6.1	4.7	10.8
Internal rating			
Investment Grade	0.3	-	0.3
Non-Investment Grade	(0.3)	1.5	1.2
Total	$ 52.2	$ 6.5	$ 58.7

External ratings are determined by using publicly available credit ratings of the counterparty. If a counterparty has provided a guarantee by a higher rated entity, the determination has been based on the rating of its guarantor. Internal ratings are determined by, among other things, an analysis of the counterparty's financial statements and consideration of publicly available credit ratings of the counterparty's parent. Investment grade counterparties are those with a minimum senior unsecured debt rating of BBB- from Standard & Poor's or Baa3 from Moody's Investors Service. Exposure before credit collateral has been calculated considering all netting agreements in place, netting accounts payable and receivable exposure with net mark-to-market exposure. Exposure before credit collateral, after consideration of all netting agreements, is impacted significantly by the power supply volume under contract with a given counterparty and the relationship between current market prices and contracted power supply prices. Credit collateral includes the amount of cash deposits and letters of

credit received from counterparties. Net exposure has only been calculated for those counterparties to which Strategic Energy is exposed and excludes counterparties exposed to Strategic Energy.

In December 2005, Calpine Energy Services filed a motion in bankruptcy court seeking to reject a power sales agreement with Strategic Energy. In the second quarter of 2006, Strategic Energy terminated its agreement with Calpine Energy Services, which did not materially affect results of operations.

Strategic Energy's total exposure before credit collateral at June 30, 2006, decreased $166.6 million from December 31, 2005, primarily due to lower wholesale electricity prices. At June 30, 2006, Strategic Energy had exposure before collateral to non-investment grade counterparties totaling $12.0 million, of which 48% is scheduled to mature in less than two years. In addition, Strategic Energy held collateral totaling $11.8 million limiting its exposure to these non-investment grade counterparties to $0.2 million.

Strategic Energy contracts with national and regional counterparties that have direct supplies and assets in the region of demand. Strategic Energy also manages its counterparty portfolio through disciplined margining, collateral requirements and contract-based netting of credit exposures against payable balances.

Supplemental Capital Requirements and Liquidity Information
Great Plains Energy's and consolidated KCP&L's contractual obligations have not significantly changed at June 30, 2006, compared to December 31, 2005, except for KCP&L's fuel and Strategic Energy's purchased power. KCP&L's contractual commitments for fuel at June 30, 2006, totaled $464.1 million. Commitments for the remainder of 2006 total $91.9 million and for the years 2007 through 2010 total $97.2 million, $105.9 million, $45.9 million, and $43.6 million, respectively. Commitments after 2010 total $79.6 million. Great Plains Energy's contractual commitments at June 30, 2006, include KCP&L's commitments for fuel and Strategic Energy's commitments for purchased power. Strategic Energy's commitments for purchased power at June 30, 2006, totaled $795.7 million. Commitments for the remainder of 2006 total $320.6 million and for the years 2007 through 2011 total $237.7 million, $114.0 million, $63.3 million, $52.4 million and $7.7 million, respectively. Additionally, KCP&L has incurred contractual commitments related to its comprehensive energy plan totaling $242.5 million. These commitments are $126.2 million for the remainder of 2006, and $71.7 million, $33.5 million, $6.4 million and $4.7 million for the years 2007 through 2010, respectively.

Off-Balance Sheet Arrangements
In the normal course of business, Great Plains Energy and certain of its subsidiaries enter into various agreements providing financial or performance assurance to third parties on behalf of certain subsidiaries. Such agreements include, for example, guarantees, stand-by letters of credit and surety bonds. These agreements are entered into primarily to support or enhance the creditworthiness otherwise attributed to a subsidiary on a stand-alone basis, thereby facilitating the extension of sufficient credit to accomplish the subsidiaries' intended business purposes. Great Plains Energy's guarantees provided on behalf of Strategic Energy for its power purchases and regulatory requirements increased $55.0 million to $177.0 million at June 30, 2006, compared to $122.0 million at December 31, 2005. This increase is comprised of $15.5 million in direct guarantees and $39.4 million of letters of credit and is due to a combination of higher collateral requirements at Strategic Energy and more emphasis on using Great Plains Energy's facilities for credit support due to its lower cost. Consolidated KCP&L's guarantees of $3.9 million at June 30, 2006, were unchanged from December 31, 2005.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Great Plains Energy and consolidated KCP&L are exposed to market risks associated with commodity price and supply, interest rates and equity prices. Market risks are handled in accordance with established policies, which may include entering into various derivative transactions. In the normal course of business, Great Plains Energy and consolidated KCP&L also face risks that are either non-financial or non-quantifiable. Such risks principally include business, legal, regulatory, operational and credit risks and are discussed elsewhere in this document as well as in the 2005 Form 10-K and therefore are not represented here.

Great Plains Energy and consolidated KCP&L interim period disclosures about market risk included in quarterly reports on Form 10-Q address material changes, if any, from the most recently filed annual report on Form 10-K. Therefore, these interim period disclosures should be read in connection with Item 7A. Quantitative and Qualitative Disclosures About Market Risk, included in the companies' 2005 Form 10-K, incorporated herein by reference. There have been no material changes in Great Plains Energy's or consolidated KCP&L's market risk since December 31, 2005.

ITEM 4. CONTROLS AND PROCEDURES

Disclosure Controls and Procedures
Great Plains Energy and KCP&L carried out evaluations of their disclosure controls and procedures (as defined in Rules 13a-15(e) or 15d-15(e) under the Securities Exchange Act of 1934, as amended) as of the end of the fiscal quarter ended June 30, 2006. These evaluations were conducted under the supervision, and with the participation, of each company's management, including the chief executive officer and chief financial officer of each company and the companies' disclosure committee.

Based upon these evaluations, the chief executive officer and chief financial officer of Great Plains Energy, and the chief executive officer and chief financial officer of KCP&L, respectively, have concluded as of the end of the period covered by this report that the disclosure controls and procedures of Great Plains Energy and KCP&L are functioning effectively to provide reasonable assurance that: (i) the information required to be disclosed by the respective companies in the reports that they file or submit under the Securities Exchange Act of 1934, as amended, is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms, and (ii) the information required to be disclosed by the respective companies in the reports that they file or submit under the Securities Exchange Act of 1934, as amended, is accumulated and communicated to their respective management, including the principal executive and principal financial officers, as appropriate to allow timely decisions regarding required disclosure.

Changes in Internal Control Over Financial Reporting
There has been no change in Great Plains Energy's or KCP&L's internal control over financial reporting that occurred during the quarterly period ended June 30, 2006, that has materially affected, or is reasonably likely to materially affect, those companies' internal control over financial reporting.

PART II - OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

KCP&L Stipulations and Agreements
On March 28, 2005, and April 27, 2005, KCP&L filed Stipulations and Agreements with the MPSC and KCC, respectively, containing a regulatory plan and other provisions. The MPSC issued its Report and Order, approving the Stipulation and Agreement, on July 28, 2005, and KCC issued its Order Approving Stipulation and Agreement on August 5, 2005. On September 22, 2005, the Sierra Club and Concerned Citizens of Platte County, two nonprofit corporations, filed a petition for review in the Circuit Court of Cole County, Missouri, seeking to review and set aside the MPSC Report and Order. On

March 13, 2006, the Circuit Court affirmed the MPSC Order. On April 21, 2006, the Sierra Club filed a Notice of Appeal from the Circuit Court decision to the Missouri Court of Appeals, Western District. On October 21, 2005, the Sierra Club filed a petition for review in the District Court of Shawnee County, Kansas, seeking to set aside or remand the KCC order. The Kansas District Court denied the Sierra Club's appeal on May 1, 2006, and the Sierra Club has appealed to the Kansas Court of Appeals. Although subject to the appeals, the MPSC and KCC orders remain in effect pending the court's decision.

Hawthorn No. 5 Litigation
KCP&L filed suit on April 3, 2001, in Jackson County, Missouri Circuit Court against multiple defendants who are alleged to have responsibility for the 1999 boiler explosion at KCP&L's Hawthorn No. 5 generating unit, which was subsequently reconstructed and returned to service. KCP&L and National Union Fire Insurance Company of Pittsburgh, Pennsylvania (National Union) entered into a subrogation allocation agreement under which recoveries in this suit are generally allocated 55% to National Union and 45% to KCP&L. Certain defendants were dismissed from the suit and various defendants settled, with KCP&L receiving a total of $38.2 million under the terms of the subrogation allocation agreement. Trial of this case with the one remaining defendant resulted in a March 2004 jury verdict finding KCP&L's damages as a result of the explosion were $452 million. After deduction of amounts received from pre-trial settlements with other defendants and an amount for KCP&L's comparative fault (as determined by the jury), the verdict would have resulted in an award against the defendant of approximately $97.6 million (of which KCP&L would have received $33 million pursuant to the subrogation allocation agreement after payment of attorney's fees). In response to post-trial pleadings filed by the defendant, in May 2004, the trial judge reduced the award against the defendant to $0.2 million. Both KCP&L and the defendant appealed this case to the Court of Appeals for the Western District of Missouri, and on May 9, 2006, the Court of Appeals ordered the Circuit Court to enter judgment in KCP&L's favor in accordance with the jury verdict. The defendant has filed a motion for transfer of this case to the Missouri Supreme Court.

KCP&L also received reimbursement for Hawthorn No. 5 damages under a property damage insurance policy with Travelers Property Casualty Company of America (Travelers). Travelers filed suit in the Federal District Court for the Eastern District of Missouri on November 18, 2005, against National Union, and KCP&L was added as a defendant on June 19, 2006. Travelers seeks recovery of $10 million that KCP&L has or will recover in the April 2001 lawsuit described in the preceding paragraph.

Framatome
In 2005, WCNOC filed a lawsuit on behalf of itself, KCP&L and the other two Wolf Creek owners against Framatome ANP, Inc., and Framatome ANP Richland, Inc. (Framatome) in the District Court of Coffey County, Kansas. The suit alleged various claims against Framatome related to the proposed design, licensing and installation of a digital control system. The suit sought recovery of approximately $16 million in damages from Framatome. Framatome removed the case to U.S. District Court for the District of Kansas. Thereafter, the plaintiffs filed a motion to remand the case back to Coffey County District Court, which was granted. Framatome filed a counterclaim against the three Wolf Creek owners seeking recovery of damages alleged to be in excess of $20 million. In May 2006, the parties settled this case. The settlement had no significant impact on KCP&L's results of operations or financial position.

Weinstein v. KLT Telecom
Richard D. Weinstein (Weinstein) filed suit against KLT Telecom Inc. (KLT Telecom) in September 2003 in the St. Louis County, Missouri Circuit Court. KLT Telecom acquired a controlling interest in DTI Holdings, Inc. (Holdings) in February 2001 through the purchase of approximately two-thirds of the Holdings stock held by Weinstein. In connection with that purchase, KLT Telecom entered into a put option in favor of Weinstein, which granted Weinstein an option to sell to KLT Telecom his remaining

shares of Holdings stock. The put option provided for an aggregate exercise price for the remaining shares equal to their fair market value with an aggregate floor amount of $15 million and was exercisable between September 1, 2003, and August 31, 2005. In June 2003, the stock of Holdings was cancelled and extinguished pursuant to the joint Chapter 11 plan confirmed by the Bankruptcy Court. In September 2003, Weinstein delivered a notice of exercise of his claimed rights under the put option. KLT Telecom rejected the notice of exercise, and Weinstein filed suit alleging breach of contract. Weinstein sought damages of at least $15 million, plus statutory interest. In April 2005, summary judgment was granted in favor of KLT Telecom, and Weinstein appealed this judgment to the Missouri Court of Appeals for the Eastern District. On May 16, 2006, the Court of Appeals affirmed the judgment. Weinstein has filed a motion for transfer of this case to the Missouri Supreme Court. The $15 million reserve has not been reversed pending the outcome of the appeal process.

ITEM 1A. RISK FACTORS

Actual results in future periods for Great Plains Energy and consolidated KCP&L could differ materially from historical results and the forward-looking statements contained in this report. Factors that might cause or contribute to such differences include, but are not limited to, those discussed below and in Item 1A. Risk Factors included in the companies' 2005 Form 10-K. The companies' business is influenced by many factors that are difficult to predict, involve uncertainties that may materially affect actual results, and are often beyond the companies' control. Additional risks and uncertainties not presently known or that the companies' management currently believes to be immaterial may also adversely affect the companies. The information presented below updates the risk factors described in the companies' 2005 Form 10-K. This information, as well as the other information included in this report and in the other documents filed with the SEC, should be carefully considered before making an investment in the securities of Great Plains Energy and KCP&L. Risk factors of consolidated KCP&L are also risk factors for Great Plains Energy.

The outcome of KCP&L's pending retail rate proceedings, which could have a material impact on its business, are largely outside its control.
The rates that KCP&L is allowed to charge its customers are the single most important item influencing its results of operations, financial position and liquidity. These rates are subject to the determination, in large part, of governmental entities outside of KCP&L's control, including the MPSC, KCC and FERC. Decisions made by these entities could have a material impact on KCP&L's business including its results of operations, financial position, or liquidity.

In February 2006, for the first time in 20 years, KCP&L filed with the MPSC and KCC requests to increase the rates it is permitted to charge its retail customers in Missouri and Kansas, respectively. In these initial filings KCP&L is seeking an increase in annual rates of 11.5% in Missouri and 10.5% in Kansas. The requested rate increases are subject to the approval of the MPSC and KCC, which are expected to rule by December 2006. It is possible that the MPSC and/or KCC will authorize a lower rate increase than what KCP&L has requested, or no increase or a rate reduction. Management cannot predict or provide any assurances regarding the outcome of these proceedings. Any rate changes approved by the MPSC and KCC are expected to take effect on January 1, 2007.

As a part of the Missouri and Kansas stipulations approved by the MPSC and KCC in 2005, KCP&L undertook to implement a Comprehensive Energy Plan (Plan). Under the Plan, KCP&L will undertake certain projects, including building and owning a portion of Iatan No. 2, installing a new wind-powered generating facility, and installing environmental upgrades to certain existing plants. A reduction or rejection by the MPSC or KCC of rate increase requests may result in increased financing requirements for KCP&L. This could have a material impact on its results of operations, financial position or liquidity.

In response to competitive, economic, political, legislative and regulatory pressures, KCP&L may be subject to rate moratoriums, rate refunds, limits on rate increases or rate reductions, including phase-in plans. Any or all of these could have a significant adverse effect on KCP&L's results of operations, financial position or liquidity.

KCP&L has Retirement-Related Risks
Through 2010, approximately 24% of KCP&L's current employees will be eligible to retire with full pension benefits. Failure to hire and adequately train replacement employees, including the transfer of significant internal historical knowledge and expertise to the new employees, may adversely affect KCP&L's ability to manage and operate its business.

Substantially all of KCP&L's employees participate in defined benefit and postretirement plans. If KCP&L employees retire when they become eligible for retirement through 2010, or if KCP&L's plans experience adverse market returns on their investments, or if interest rates materially fall, KCP&L's pension expense and contributions to the plans could rise substantially over historical levels. KCP&L expects to recognize additional pension settlement charges in 2006 resulting from employees retiring and electing to receive the pension benefit lump-sum payment option. The current estimate of additional expense related to pension settlement charges, based on retirement-eligible employees who left the company through July 2006, is approximately $7 million. The actual pension settlement charges in 2006 will depend on actual pension plan results during the pension plan year and the number of employees retiring throughout the year who select the lump-sum payment option. The amount of expense related to pension settlement charges to be recognized in 2006 may be materially greater than the current estimate. The timing and number of employees retiring after 2006 and selecting the lump-sum payment option could result in further pension settlement charges that could materially affect KCP&L's results of operations. KCP&L has requested regulatory accounting treatment from MPSC and KCC to defer pension settlement charges, retroactive to January 1, 2006, and amortize the deferred amount over a five-year period to be established in the rate proceeding following the current 2006 proceedings. At June 30, 2006, no amounts were deferred pending the outcome of this request. In addition, assumptions related to future costs, returns on investments, interest rates and other actuarial assumptions, including projected retirements, have a significant impact on KCP&L's results of operations and financial position. Proposed legislation pending in Congress on pension reform could result in increased pension funding requirements. The FASB has a project to reconsider the accounting for pensions and other post-retirement benefits. This project may result in accelerated expense, liability recognition and contributions.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

None

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

None.

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

Great Plains Energy
Great Plains Energy's annual meeting of shareholders was held on May 2, 2006. The shareholders elected eleven directors and ratified the appointment of Deloitte & Touch LLP as independent auditors.

The eleven persons named below were elected, as proposed in the proxy statement, to serve as directors until Great Plains Energy's annual meeting in 2007 and until their successors are elected and qualified.

Nominee	Votes For	Votes Withheld	Total Votes*
David L. Bodde	65,941,374	1,103,235	67,044,609
Michael J. Chesser	65,880,647	1,163,963	67,044,610
William H. Downey	65,877,877	1,166,732	67,044,609
Mark A. Ernst	57,646,323	9,398,287	67,044,610
Randall C. Ferguson, Jr.	66,048,234	996,375	67,044,609
William K. Hall	65,982,503	1,062,106	67,044,609
Luis A. Jimenez	66,040,620	1,003,989	67,044,609
James A. Mitchell	66,014,343	1,028,267	67,042,610
William C. Nelson	65,986,984	1,057,626	67,044,610
Linda H. Talbot	65,860,476	1,184,133	67,044,609
Robert H. West	65,870,782	1,173,827	67,044,609

*No votes were cast against the nominees due to cumulative voting.

Great Plains Energy shareholders ratified the appointment of Deloitte & Touche LLP as independent auditors for 2006. The voting regarding the appointment was as follows:

	Votes For	Votes Against	Abstentions	Total Votes
Deloitte & Touche LLP	66,256,666	461,879	326,061	67,044,606

KCP&L
Great Plains Energy is KCP&L's sole shareholder. By a unanimous written consent dated as of May 2, 2006, Great Plains Energy, as the sole shareholder, elected the following directors of Great Plains Energy as the directors of KCP&L for the ensuing year and until their successors are duly elected and qualified, or until their resignations: David L. Bodde; Michael J. Chesser; William H. Downey; Mark A. Ernst; Randall C. Ferguson, Jr.; Juis A. Jimenez; James A. Mitchell; William C. Nelson and Linda H. Talbot.

ITEM 5. OTHER INFORMATION

None.

ITEM 6. EXHIBITS

Great Plains Energy Documents

Exhibit Number		Description of Document
10.1.a	*	Confirmation of Forward Stock Sale Transaction between Great Plains Energy Incorporated and Merrill Lynch Financial Markets, Inc., dated May 17, 2006 (Exhibit 1.2 to Form 8-K filed May 23, 2006).
10.1.b		Credit Agreement dated as of May 11, 2006, among Great Plains Energy Incorporated, Bank of America, N.A., JPMorgan Chase Bank, N.A., BNP Paribas, The Bank of Tokyo-Mitsubishi UFJ, Limited, Chicago Branch, Wachovia Bank N.A., The Bank of New York, Keybank National Association, The Bank of Nova Scotia, UMB Bank, N.A., and Commerce Bank, N.A.

10.1.c	Consent dated as of May 31, 2006, to Amended and Restated Credit Agreement, dated as of July 2, 2004, by and among Strategic Energy, L.L.C., LaSalle Bank National Association, PNC Bank, National Association, Citizens Bank of Pennsylvania, National City Bank of Pennsylvania, Fifth Third Bank, Sky Bank and First National Bank of Pennsylvania.
12.1	Ratio of Earnings to Fixed Charges.
31.1.a	Rule 13a-14(a)/15d-14(a) Certifications of Michael J. Chesser.
31.1.b	Rule 13a-14(a)/15d-14(a) Certifications of Terry Bassham.
32.1	Section 1350 Certifications.

* Filed with the SEC as exhibits to prior reports and are incorporated herein by reference and made a part hereof. The exhibit number and the number of the documents so filed and incorporated herein by reference are stated in parentheses in the description of such exhibit.

Copies of any of the exhibits filed with the SEC in connection with this document may be obtained from Great Plains Energy upon written request.

KCP&L Documents

Exhibit Number	Description of Document
10.2.a	Iatan Unit 2 and Common Facilities Ownership Agreement, dated as of May 19, 2006, among Kansas City Power & Light Company, Aquila, Inc., The Empire District Electric Company, Kansas Electric Power Cooperative, Inc., and Missouri Joint Municipal Electric Utility Commission.
10.2.b	Credit Agreement dated as of May 11, 2006, among Kansas City Power & Light Company, Bank of America, N.A., JPMorgan Chase Bank, N.A., BNP Paribas, The Bank of Tokyo-Mitsubishi UFJ, Limited, Chicago Branch, Wachovia Bank N.A., The Bank of New York, Keybank National Association, The Bank of Nova Scotia, UMB Bank, N.A., and Commerce Bank, N.A.
12.2	Ratio of Earnings to Fixed Charges.
31.2.a	Rule 13a-14(a)/15d-14(a) Certifications of William H. Downey.
31.2.b	Rule 13a-14(a)/15d-14(a) Certifications of Terry Bassham.
32.2	Section 1350 Certifications.

Copies of any of the exhibits filed with the SEC in connection with this document may be obtained from KCP&L upon written request.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, Great Plains Energy Incorporated and Kansas City Power & Light Company have duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

GREAT PLAINS ENERGY INCORPORATED

Dated: August 4, 2006

By: /s/Michael J. Chesser
(Michael J. Chesser)
(Chief Executive Officer)

Dated: August 4, 2006

By: /s/Lori A. Wright
(Lori A. Wright)
(Principal Accounting Officer)

KANSAS CITY POWER & LIGHT COMPANY

Dated: August 4, 2006

By: /s/William H. Downey
(William H. Downey)
(Chief Executive Officer)

Dated: August 4, 2006

By: /s/Lori A. Wright
(Lori A. Wright)
(Principal Accounting Officer)

Exhibit 10.1.b

[Published CUSIP Number: ____]

CREDIT AGREEMENT

Dated as of May 11, 2006

among

GREAT PLAINS ENERGY INCORPORATED,

CERTAIN LENDERS,

BANK OF AMERICA, N.A.,

as Administrative Agent,

JPMORGAN CHASE BANK, N.A.,

as Syndication Agent,

and

BNP PARIBAS, THE BANK OF TOKYO-MITSUBISHI UFJ, LIMITED, CHICAGO BRANCH and WACHOVIA BANK N.A.,

as Co-Documentation Agents

BANC OF AMERICA SECURITIES LLC

and

J.P. MORGAN SECURITIES INC.

Joint Lead Arrangers and Joint Book Runners

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SCHEDULES

EXHIBITS

CREDIT AGREEMENT

This Credit Agreement dated as of May 11, 2006 is among Great Plains Energy Incorporated, a Missouri corporation, the Lenders, JPMorgan Chase Bank, N.A., as Syndication Agent and Bank of America, N.A., as Administrative Agent. The parties hereto agree as follows:

ARTICLE I

DEFINITIONS

1.1 Definitions.

As used in this Agreement, the following terms have the following meanings (such meanings to be equally applicable to both the singular and plural forms of such terms):

"Additional Commitment Lender" is defined in Section 2.20(d).

"Administrative Agent" means Bank of America in its capacity as administrative agent under any of the Loan Documents, or any successor administrative agent.

"Administrative Questionnaire" means an Administrative Questionnaire in a form supplied by the Administrative Agent.

"Advance" means a borrowing hereunder (or conversion or continuation thereof) consisting of the aggregate amount of the several Loans made on the same Borrowing Date (or date of conversion or continuation) by the Lenders to the Borrower of the same Type and, in the case of Eurodollar Advances, for the same Interest Period.

"Affiliate" of any Person means any other Person directly or indirectly controlling, controlled by or under common control with such Person. For purposes of this definition, "control" (including, with correlative meanings, the terms "controlled by" and "under common control with") shall mean the possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of a Person, whether through the ownership of voting securities or by contract or otherwise.

"Agents" means, collectively, the Administrative Agent and the Syndication Agent, and "Agent" means either of them.

"Aggregate Commitment" means the aggregate of the Commitments of all Lenders, as changed from time to time pursuant to the terms hereof. The amount of the Aggregate Commitment in effect as of the Closing Date is SIX HUNDRED MILLION DOLLARS ($600,000,000).

"Aggregate Outstanding Credit Exposure" means, at any time, the aggregate of the Outstanding Credit Exposure of all Lenders.

"Agreement" means this credit agreement, as it may be amended or modified and in effect from time to time.

"Alternate Base Rate" means for any day a fluctuating rate per annum equal to the higher of (a) the Federal Funds Effective Rate plus 1/2 of 1% and (b) the rate of interest in effect for such day as publicly announced from time to time by Bank of America as its "prime rate." The "prime rate" is a rate set by Bank of America based upon various factors including Bank of America's costs and desired return, general economic conditions and other factors, and is used as a reference point for pricing some loans, which may be priced at, above, or below such announced rate. Any change in such rate announced by Bank of America shall take effect at the opening of business on the day specified in the public announcement of such change.

"Applicable Margin" means, with respect to Advances of any Type at any time, the percentage rate per annum which is applicable at such time with respect to Advances of such Type as set forth in the Pricing Schedule.

"Approved Fund" means any Fund that is administered or managed by (a) a Lender, (b) an Affiliate of a Lender or (c) an entity or an Affiliate of an entity that administers or manages a Lender.

"Approving Lenders" is defined in Section 2.20(e).

"Arrangers" means Banc of America Securities LLC and J.P. Morgan Securities, Inc., and "Arranger" means either of them.

"Article" means an article of this Agreement unless another document is specifically referenced.

"Assignment Agreement" means an assignment and assumption entered into by a Lender and an Eligible Assignee (with the consent of any party whose consent is required by Section 12.1(b)), and accepted by the Administrative Agent, in substantially the form of Exhibit B or any other form approved by the Administrative Agent.

"Attributable Indebtedness" means, on any date, (i) in respect of any Capitalized Lease Obligation of any Person, the capitalized amount thereof that would appear on a balance sheet of such Person prepared as of such date in accordance with GAAP, and (ii) in respect of any Synthetic Lease Obligation, the capitalized amount of the remaining lease payments under the relevant lease that would appear on a balance sheet of such Person prepared as of such date in accordance with GAAP if such lease were accounted for as a Capitalized Lease.

"Authorized Officer" means any of the President, any Vice President, the Chief Financial Officer or the Treasurer of the Borrower, in each case acting singly.

"Bank of America" means Bank of America, N.A. in its individual capacity and its successors.

"BAS" means Banc of America Securities LLC.

"Borrower" means Great Plains Energy Incorporated, a Missouri corporation, and its permitted successors and assigns.

"Borrowing Date" means a date on which an Advance is made hereunder.

"Borrowing Notice" is defined in Section 2.8.

"Business Day" means (i) with respect to any borrowing, payment or rate selection of Eurodollar Advances, a day (other than a Saturday or Sunday) on which banks generally are open in Chicago and New York City for the conduct of substantially all of their commercial lending activities and on which dealings in United States dollars are carried on in the London interbank market and (ii) for all other purposes, a day (other than a Saturday or Sunday) on which banks generally are open in Chicago and New York City for the conduct of substantially all of their commercial lending activities.

"Capitalized Lease" of a Person means any lease of Property by such Person as lessee which would be capitalized on a balance sheet of such Person prepared in accordance with GAAP.

"Capitalized Lease Obligations" of a Person means the amount of the obligations of such Person under Capitalized Leases which would be shown as a liability on a balance sheet of such Person prepared in accordance with GAAP.

"Change of Control" means an event or series of events by which:

(i) any "person" or "group" (as such terms are used in Sections 13(d) and 14(d) of the Securities Exchange Act of 1934, but excluding any employee benefit plan of the Borrower or its Subsidiaries, or any Person acting in its capacity as trustee, agent or other fiduciary or administrator of any such plan) becomes the "beneficial owner" (as defined in Rules 13d-3 and 13d-5 under the Securities Exchange Act of 1934), directly or indirectly, of 33 1/3% or more of the equity interests of the Borrower; or

(ii) during any period of 12 consecutive months (or such lesser period of time as shall have elapsed since the formation of the Borrower), a majority of the members of the board of directors or other equivalent governing body of the Borrower ceases to be composed of individuals (x) who were members of that board or equivalent governing body on the first day of such period, (y) whose election or nomination to that board or equivalent governing body was approved by individuals referred to in clause (x) above constituting at the time of such election or nomination at least a majority of that board or equivalent governing body or (z) whose election or nomination to that board or other equivalent governing body was approved by individuals referred to in clauses (x) and (y) above constituting at the time of such election or nomination at least a majority of that board or equivalent governing body.

"Closing Date" means May 11, 2006.

"Code" means the Internal Revenue Code of 1986, as amended, reformed or otherwise modified from time to time.

"Commitment" means, for each Lender, the obligation of such Lender to make Loans and to participate in Letters of Credit in an aggregate amount not exceeding the amount set forth on Schedule I hereto or as set forth in any Assignment Agreement relating to any assignment that has become effective pursuant to Section 12.1(b), as such amount may be modified from time to time pursuant to the terms hereof.

"Consolidated Net Income" means, for any period, for the Borrower and its Consolidated Subsidiaries, the net income of the Borrower and its Consolidated Subsidiaries from continuing operations, excluding extraordinary items for that period.

"Consolidated Subsidiaries" means all Subsidiaries of the Borrower that are (or should be) included when preparing the consolidated financial statements of the Borrower.

"Consolidated Tangible Net Worth" means, as of any date of determination, for the Borrower and its Consolidated Subsidiaries, Shareholders' Equity of the Borrower and its Consolidated Subsidiaries on that date minus the Intangible Assets of the Borrower and its Consolidated Subsidiaries on that date.

"Contingent Obligation" of a Person means any agreement, undertaking or arrangement by which such Person assumes, guarantees, endorses, contingently agrees to purchase or provide funds for the payment of, or otherwise becomes or is contingently liable upon, the obligation or liability of any other Person, or agrees to maintain the net worth or working capital or other financial condition of any other Person, or otherwise assures any creditor of such other Person against loss.

"Controlled Group" means all members of a controlled group of corporations or other business entities and all trades or businesses (whether or not incorporated) under common control which, together with the Borrower or any of its Subsidiaries, are treated as a single employer under Section 414 of the Code.

"Conversion/Continuation Notice" is defined in Section 2.9.

"Credit Extension" means the making of an Advance or the issuance of a Letter of Credit.

"Default" means an event described in Article VII.

"Eligible Assignee" means (a) a Lender; (b) an Affiliate of a Lender; (c) an Approved Fund; and (d) any other Person (other than a natural person) approved by (i) the Administrative Agent and the Issuers, and (ii) unless a Default has occurred and is continuing, the Borrower (each such approval not to be unreasonably withheld or delayed); provided that notwithstanding

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the foregoing, "Eligible Assignee" shall not include the Borrower or any of the Borrower's Affiliates or Subsidiaries.

"Environmental Laws" means any and all federal, state, local and foreign statutes, laws, judicial decisions, regulations, ordinances, rules, judgments, orders, decrees, plans, injunctions, permits, concessions, grants, franchises, licenses, agreements and other governmental restrictions relating to (i) the protection of the environment, (ii) the effect of the environment on human health, (iii) emissions, discharges or releases of pollutants, contaminants, hazardous substances or wastes into surface water, ground water or land, or (iv) the manufacture, processing, distribution, use, treatment, storage, disposal, transport or handling of pollutants, contaminants, hazardous substances or wastes or the clean-up or other remediation thereof.

"Equity-Linked Securities" means (i) all securities issued by the Borrower or any Subsidiary that contain two distinct components: (a) medium-term debt and (b) a forward contract for the issuance of common stock of the Borrower or such Subsidiary prior to the maturity of, and in an amount not less than, such debt, including the securities commonly referred to by the tradenames "FELINE PRIDES", "PEPS", "HITS" and "DECS" and generally referred to as "equity units"; provided that such securities shall not contain any provision permitting them to be put to the Borrower or any Subsidiary prior to the settlement of the related purchase contract and (ii) all other securities issued by the Borrower or any Subsidiary that are similar to those described in clause (i).

"ERISA" means the Employee Retirement Income Security Act of 1974, as amended from time to time, and any rule or regulation issued thereunder.

"Eurodollar Advance" means an Advance which bears interest at the applicable Eurodollar Rate.

"Eurodollar Rate" means for any Interest Period with respect to a Eurodollar Loan, a rate per annum (rounded to the nearest multiple of 1/16 of 1%) determined by the Administrative Agent pursuant to the following formula:

$$\text{Eurodollar Rate} = \frac{\text{Eurodollar Base Rate}}{1.00 - \text{Eurodollar Reserve Percentage}}$$

Where,

"Eurodollar Base Rate" means, for such Interest Period, the rate per annum equal to the British Bankers Association LIBOR Rate ("BBA LIBOR"), as published by Reuters (or other commercially available source providing quotations of BBA LIBOR as designated by the Administrative Agent from time to time) at approximately 11:00 a.m., London time, two Business Days prior to the commencement of such Interest Period, for Dollar deposits (for delivery on the first day of such Interest Period) with a term equivalent to such Interest Period. If such rate is not available at such time for any reason, then the "Eurodollar Base Rate" for such Interest Period shall be the rate per annum determined by the Administrative Agent to be the rate at which deposits in Dollars for delivery on the first day of such Interest Period in same day

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funds in the approximate amount of the Eurodollar Loan being made, continued or converted by Bank of America and with a term equivalent to such Interest Period would be offered by Bank of America's London Branch to major banks in the London interbank eurodollar market at their request at approximately 11:00 a.m. (London time) two Business Days prior to the commencement of such Interest Period.

"Eurodollar Reserve Percentage" means, for any day during any Interest Period, the reserve percentage (expressed as a decimal, carried out to five decimal places) in effect on such day, whether or not applicable to any Lender, under regulations issued from time to time by the FRB for determining the maximum reserve requirement (including any emergency, supplemental or other marginal reserve requirement) with respect to Eurocurrency funding (currently referred to as "Eurocurrency liabilities"). The Eurodollar Rate for each outstanding Eurodollar Loan shall be adjusted automatically as of the effective date of any change in the Eurodollar Reserve Percentage.

"Eurodollar Loan" means a Loan which bears interest at the applicable Eurodollar Rate.

"Excluded Taxes" means, in the case of each Lender or applicable Lending Installation and the Administrative Agent, taxes imposed on its overall net income, and franchise taxes imposed on it, by (i) the jurisdiction under the laws of which such Lender or the Administrative Agent is incorporated or organized or (ii) the jurisdiction in which the Administrative Agent's or such Lender's principal executive office or such Lender's applicable Lending Installation is located.

"Exhibit" refers to an exhibit to this Agreement, unless another document is specifically referenced.

"Existing Credit Facility" means the credit agreement among the Borrower, JPMorgan Chase Bank, N.A., as administrative agent and the other lenders party thereto dated as of December 15, 2004, as amended or modified from time to time.

"Existing Letters of Credit" means those letters of credit identified on Schedule II.

"Facility Fee Rate" means, at any time, the percentage rate per annum at which facility fees are accruing at such time as set forth in the Pricing Schedule.

"Facility Termination Date" means (a) the later of (i) May 11, 2011 and (ii) with respect to some or all of the Lenders if the facility termination date is extended pursuant to Section 2.20, such extended facility termination date or (b) any earlier date on which the Aggregate Commitment is reduced to zero or otherwise terminated pursuant to the terms hereof.

"Federal Funds Effective Rate" means, for any day, the rate per annum equal to the weighted average of the rates on overnight Federal funds transactions with members of the Federal Reserve System arranged by Federal funds brokers on such day, as published by the Federal Reserve Bank of New York on the Business Day next succeeding such day; provided that (a) if such day is not a Business Day, the Federal Funds Effective Rate for such day shall be

such rate on such transactions on the next preceding Business Day as so published on the next succeeding Business Day, and (b) if no such rate is so published on such next succeeding Business Day, the Federal Funds Effective Rate for such day shall be the average rate (rounded upward, if necessary, to a whole multiple of 1/100 of 1%) charged to Bank of America on such day on such transactions as determined by the Administrative Agent.

"Fee Letter" means that certain fee letter dated April 6, 2006 among the Agents, the Arrangers, the Borrower and KCPL.

"Floating Rate Advance" means an Advance which bears interest at the Alternate Base Rate.

"Floating Rate Loan" means a Loan which bears interest at the Alternate Base Rate.

"FRB" means the Board of Governors of the Federal Reserve System.

"Fund" means any Person (other than a natural person) that is (or will be) engaged in making, purchasing, holding or otherwise investing in commercial loans and similar extensions of credit in the ordinary course of its business.

"GAAP" means generally accepted accounting principles set forth from time to time in the opinions and pronouncements of the Accounting Principles Board and the American Institute of Certified Public Accountants and statements of the Financial Accounting Standards Board.

"Governmental Authority" means the government of the United States or any other nation, or of any political subdivision thereof, whether state or local, and any agency, authority, instrumentality, regulatory body, court, central bank or other entity exercising executive, legislative, judicial, taxing, regulatory or administrative powers or functions of or pertaining to government.

"including" means "including without limiting the generality of the following".

"Indebtedness" means, as to any Person at a particular time, all of the following, without duplication, to the extent recourse may be had to the assets or properties of such Person in respect thereof: (i) all obligations of such Person for borrowed money and all obligations of such Person evidenced by bonds, debentures, notes, loan agreements or other similar instruments; (ii) any direct or contingent obligations of such Person in the aggregate in excess of $2,000,000 arising under letters of credit (including standby and commercial), banker's acceptances, bank guaranties, surety bonds and similar instruments; (iii) net obligations of such Person under Swap Contracts; (iv) all obligations of such Person to pay the deferred purchase price of property or services (except trade accounts payable arising, and accrued expenses incurred, in the ordinary course of business), and indebtedness (excluding prepaid interest thereon) secured by a Lien on property owned or being purchased by such Person (including indebtedness arising under conditional sales or other title retention agreements), whether or not such indebtedness shall have been assumed by such Person or is limited in recourse; (v) Capitalized Lease Obligations and

Synthetic Lease Obligations of such Person; and (vi) all Contingent Obligations of such Person in respect of any of the foregoing.

For all purposes hereof, the Indebtedness of any Person shall include the Indebtedness of any partnership or joint venture in which such Person is a general partner or a joint venturer, unless such Indebtedness is non-recourse to such Person. It is understood and agreed that Indebtedness (including Contingent Obligations) shall not include any obligations of the Borrower with respect to (i) subordinated, deferrable interest debt securities, and any related securities issued by a trust or other special purpose entity in connection therewith, as long as the maturity date of such debt is subsequent to the Facility Termination Date; provided that the amount of mandatory principal amortization or defeasance of such debt prior to the Facility Termination Date shall be included in this definition of Indebtedness; or (ii) Equity-Linked Securities until the mandatory redemption date therefor, provided that the principal amount of all outstanding Equity-Linked Securities in excess of 20% of Total Capitalization shall constitute Indebtedness. The amount of any Capitalized Lease Obligation or Synthetic Lease Obligation as of any date shall be deemed to be the amount of Attributable Indebtedness in respect thereof as of such date.

"Intangible Assets" means, assets that are considered to be intangible assets under GAAP, including, but not limited to, customer lists, goodwill, computer software, copyrights, trade names, trademarks, patents, franchises and licenses.

"Interest Period" means, with respect to a Eurodollar Advance, a period of one, two, three or six months commencing on a Business Day selected by the Borrower pursuant to this Agreement. Such Interest Period shall end on the day which corresponds numerically to such date one, two, three or six months thereafter; provided that if there is no such numerically corresponding day in such next, second, third or sixth succeeding month, such Interest Period shall end on the last Business Day of such next, second, third or sixth succeeding month. If an Interest Period would otherwise end on a day which is not a Business Day, such Interest Period shall end on the next succeeding Business Day; provided that if said next succeeding Business Day falls in a new calendar month, such Interest Period shall end on the immediately preceding Business Day.

"Issuer" means each of Bank of America, JPMorgan and any other Lender approved by the Borrower and the Administrative Agent, in each case in its capacity as an issuer of Letters of Credit hereunder. Notwithstanding the foregoing, The Bank of Tokyo-Mitsubishi UFJ, Limited, Chicago Branch shall be the Issuer with respect to those Existing Letters of Credit identified on Part B of Schedule II.

"Issuer Documents" means with respect to any Letter of Credit, the Letter Credit Application and any other document, agreement and instrument entered into by the applicable Issuer and the Borrower or in favor of the applicable Issuer and relating to such Letter of Credit.

"JPMorgan" means JPMorgan Chase Bank, N.A. in its individual capacity, and its successors.

"KCPL" means Kansas City Power & Light Company, a Missouri corporation.

"KCPL Credit Agreement" means that certain Credit Agreement dated of the Closing Date among KCPL, the financial institutions party thereto, JPMorgan, as syndication agent and Bank of America, N.A., as administrative agent, as amended or modified from time to time.

"LC Collateral Account" is defined in Section 2.19(k).

"Lenders" means the lending institutions listed on the signature pages of this Agreement and their respective successors and assigns.

"Lending Installation" means, with respect to a Lender or the Administrative Agent, the office, branch, subsidiary or affiliate of such Lender or the Administrative Agent listed on the signature pages hereof or on a Schedule or otherwise selected by such Lender or the Administrative Agent pursuant to Section 2.17.

"Letter of Credit" means any standby letter of credit issued pursuant to Section 2.19 and any Existing Letter of Credit.

"Letter of Credit Application" is defined in Section 2.19(c).

"Letter of Credit Fee" is defined in Section 2.19(d).

"Letter of Credit Fee Rate" means, at any time, the percentage rate per annum applicable to Letter of Credit Fees at such time as set forth in the Pricing Schedule.

"Letter of Credit Obligations" means, at any time, the sum, without duplication, of (i) the aggregate undrawn stated amount of all Letters of Credit at such time plus (ii) the aggregate unpaid amount of all Reimbursement Obligations at such time.

"Lien" means any lien (statutory or other), mortgage, pledge, hypothecation, assignment, deposit arrangement, encumbrance or preference, priority or other security agreement or preferential arrangement of any kind or nature whatsoever (including the interest of a vendor or lessor under any conditional sale, Capitalized Lease or other title retention agreement).

"Loan" means, with respect to a Lender, such Lender's loans made pursuant to Article II (or any conversion or continuation thereof).

"Loan Documents" means this Agreement, each Note issued pursuant to Section 2.13, each Letter of Credit, each Letter of Credit Application and the Fee Letter.

"Material Adverse Effect" means a material adverse effect on (i) the business, Property, condition (financial or otherwise), results of operations, or prospects of the Borrower and its Subsidiaries taken as a whole, (ii) the ability of the Borrower to perform its obligations under the Loan Documents or (iii) the validity or enforceability of any of the Loan Documents or the rights or remedies of the Agents, the Lenders or the Issuers thereunder.

"Material Indebtedness" is defined in Section 7.5.

"Modification" and "Modify" are defined in Section 2.19(a).

"Moody's" means Moody's Investors Service, Inc.

"Multiemployer Plan" means a Plan maintained pursuant to a collective bargaining agreement or any other arrangement to which the Borrower or any member of the Controlled Group is a party to which more than one employer is obligated to make contributions.

"Non-Extending Lender" is defined in Section 2.20(b).

"Non-U.S. Lender" is defined in Section 3.5(iv).

"Note" is defined in Section 2.13.

"Notice Date" is defined in Section 2.20(b).

"Obligations" means all unpaid principal of and accrued and unpaid interest on the Loans, all Reimbursement Obligations and accrued and unpaid interest thereon, all accrued and unpaid fees and all expenses, reimbursements, indemnities and other obligations of the Borrower to any Lender, any Issuer, either Agent or any indemnified party arising under any Loan Document.

"Other Taxes" is defined in Section 3.5(ii).

"Outstanding Credit Exposure" means, as to any Lender at any time, the sum of (i) the aggregate principal amount of its Loans outstanding at such time, plus (ii) its Pro Rata Share of the Letter of Credit Obligations at such time.

"Participant" is defined in Section 12.1(d).

"Payment Date" means the last Business Day of each March, June, September and December.

"PBGC" means the Pension Benefit Guaranty Corporation, or any successor thereto.

"Person" means any natural person, corporation, firm, joint venture, partnership, limited liability company, association, enterprise, trust or other entity or organization, or any government or political subdivision or any agency, department or instrumentality thereof.

"Plan" means an employee pension benefit plan which is covered by Title IV of ERISA or subject to the minimum funding standards under Section 412 of the Code as to which the Borrower or any member of the Controlled Group may have any liability.

"Pricing Schedule" means Schedule III attached hereto identified as such.

"Prime Rate" means a rate per annum equal to the prime rate of interest announced by Bank of America from time to time (which is not necessarily the lowest rate charged to any customer). The "prime rate" is a rate set by Bank of America based upon various factors including Bank of America's costs and desired return, general economic conditions and other factors, and is used as a reference point for pricing some loans, which may be priced at, above, or below such announced rate. Any change in such rate announced by Bank of America shall take effect at the opening of business on the day specified in the public announcement of such change.

"Project Finance Subsidiary" means any Subsidiary that meets the following requirements: (i) it is primarily engaged, directly or indirectly, in the ownership, operation and/or financing of independent power production and related facilities and assets; and (ii) neither the Borrower nor any other Subsidiary (other than another Project Finance Subsidiary) has any liability, contingent or otherwise, for the Indebtedness or other obligations of such Subsidiary (other than non-recourse liability resulting from the pledge of stock of such Subsidiary).

"Property" of a Person means any and all property, whether real, personal, tangible, intangible, or mixed, of such Person, or other assets owned or leased by such Person.

"Pro Rata Share" means, with respect to any Lender on any date of determination, the percentage which the amount of such Lender's Commitment is of the Aggregate Commitment (or, if the Commitments have terminated, which such Lender's Outstanding Credit Exposure is of the Aggregate Outstanding Credit Exposure) as of such date. For purposes of determining liability for any indemnity obligation under Section 2.19(j) or 9.6(iii), each Lender's Pro Rata Share shall be determined as of the date the applicable Issuer or the Administrative Agent notifies the Lenders of such indemnity obligation (or, if such notice is given after termination of this Agreement, as of the date of such termination).

"Register" is defined in Section 12.1(c).

"Regulation D" means Regulation D of the FRB as from time to time in effect and any successor thereto or other regulation or official interpretation of the FRB relating to reserve requirements applicable to member banks of the Federal Reserve System.

"Regulation U" means Regulation U of the FRB as from time to time in effect and any successor or other regulation or official interpretation of the FRB relating to the extension of credit by banks for the purpose of purchasing or carrying margin stocks applicable to member banks of the Federal Reserve System.

"Reimbursement Obligations" means, at any time, the aggregate of all obligations of the Borrower then outstanding under Section 2.19 to reimburse the Issuers for amounts paid by the Issuers in respect of any one or more drawings under Letters of Credit.

"Related Parties" means, with respect to any Person, such Person's Affiliates and the partners, directors, officers, employees, agents and advisors of such Person and of such Person's Affiliates.

"Reportable Event" means a reportable event as defined in Section 4043 of ERISA and the regulations issued under such section, with respect to a Plan, excluding, however, such events as to which the PBGC has by regulation waived the requirement of Section 4043(a) of ERISA that it be notified within 30 days of the occurrence of such event; provided that a failure to meet the minimum funding standard of Section 412 of the Code and of Section 302 of ERISA shall be a Reportable Event regardless of the issuance of any such waiver of the notice requirement in accordance with either Section 4043(a) of ERISA or Section 412(d) of the Code.

"Required Lenders" means Lenders in the aggregate having more than 50% of the Aggregate Commitment or, if the Aggregate Commitment has been terminated, Lenders in the aggregate holding more than 50% of the Aggregate Outstanding Credit Exposure.

"Re-Transfer" is defined in Section 2.6(b).

"S&P" means Standard and Poor's Ratings Services, a division of The McGraw Hill Companies, Inc.

"Schedule" refers to a specific schedule to this Agreement, unless another document is specifically referenced.

"SEC" means the Securities and Exchange Commission.

"Section" means a numbered section of this Agreement, unless another document is specifically referenced.

"Shareholders' Equity" means, as of any date of determination for the Borrower and its Consolidated Subsidiaries on a consolidated basis, shareholders' equity as of that date determined in accordance with GAAP.

"Significant Subsidiary" means, at any time, KCPL and each other Subsidiary which (i) as of the date of determination, owns consolidated assets equal to or greater than 15% of the consolidated assets of the Borrower and its Subsidiaries or (ii) which had consolidated net income from continuing operations (excluding extraordinary items) during the four most recently ended fiscal quarters equal to or greater than 15% of Consolidated Net Income during such period.

"Single Employer Plan" means a Plan maintained by the Borrower or any member of the Controlled Group for employees of the Borrower or any member of the Controlled Group.

"Subsidiary" of a Person means (i) any corporation more than 50% of the outstanding securities having ordinary voting power of which shall at the time be owned or controlled, directly or indirectly, by such Person or by one or more of its Subsidiaries or by such Person and

one or more of its Subsidiaries, (ii) any partnership, limited liability company, association, joint venture or similar business organization more than 50% of the ownership interests having ordinary voting power of which shall at the time be so owned or controlled; or (iii) any other Person the operations and/or financial results of which are required to be consolidated with those of such first Person in accordance with GAAP. Unless otherwise expressly stated, all references herein to a "Subsidiary" shall mean a Subsidiary of the Borrower.

"Substantial Portion" means, with respect to the Property of the Borrower and its Subsidiaries, Property which (i) represents more than 10% of the consolidated assets of the Borrower and its Consolidated Subsidiaries as would be shown in the consolidated financial statements of the Borrower and its Consolidated Subsidiaries as at the beginning of the twelve-month period ending with the month in which such determination is made, or (ii) is responsible for more than 10% of the consolidated net sales or of the Consolidated Net Income of the Borrower and its Consolidated Subsidiaries as reflected in the financial statements referred to in clause (i) above.

"Swap Contract" means (i) any and all rate swap transactions, basis swaps, credit derivative transactions, forward rate transactions, commodity swaps, commodity options, forward commodity contracts, equity or equity index swaps or options, bond or bond price or bond index swaps or options or forward bond or forward bond price or forward bond index transactions, interest rate options, forward foreign exchange transactions, cap transaction, floor transactions, collar transactions, currency swap transactions, cross-currency rate swap transactions, currency options, spot contracts, or any other similar transactions or any combination of any of the foregoing (including any options to enter into any of the foregoing), whether or not any such transaction is governed by or subject to any master agreement, and (ii) any and all transactions of any kind, and the related confirmations, which are subject to the terms and conditions of, or governed by, any form of master agreement published by the International Swaps and Derivatives Association, Inc., any International Foreign Exchange Master Agreement, or any other master agreement (any such master agreement, together with any related schedules, a "Master Agreement"), including any such obligations or liabilities under any Master Agreement.

"Syndication Agent" means JPMorgan, in its capacity as syndication agent hereunder, and not in its individual capacity as a Lender, and any successor thereto.

"Synthetic Lease Obligation" means the monetary obligation of a Person under (i) a so-called synthetic or off-balance sheet or tax retention lease, or (ii) an agreement for the use or possession of property creating obligations that do not appear on the balance sheet of such Person but which, upon the insolvency or bankruptcy of such Person, would be characterized as the indebtedness of such Person (without regard to accounting treatment).

"Taxes" means any and all present or future taxes, duties, levies, imposts, deductions, charges or withholdings, and any and all liabilities with respect to the foregoing, but excluding Excluded Taxes.

"'34 Act Reports" means the periodic reports of the Borrower filed with the SEC on Forms 10-K, 10-Q and 8-K (or any successor forms thereto).

"Total Capitalization" means Total Indebtedness of the Borrower and its Consolidated Subsidiaries plus the sum of (i) Shareholder's Equity (without giving effect to the application of FASB Statement No. 133 or 149) and (ii) to the extent not otherwise included in Indebtedness or Shareholder's Equity, preferred and preference stock and securities of the Borrower and its Subsidiaries included in a consolidated balance sheet of the Borrower and its Consolidated Subsidiaries in accordance with GAAP.

"Total Indebtedness" means all Indebtedness of the Borrower and its Consolidated Subsidiaries on a consolidated basis (and without duplication), excluding (i) Indebtedness arising under Swap Contracts entered into in the ordinary course of business to hedge bona fide transactions and business risks and not for speculation, (ii) Indebtedness of Project Finance Subsidiaries, (iii) Contingent Obligations incurred after May 15, 1996 with respect to obligations of Strategic Energy, L.L.C. in an aggregate amount not exceeding $400,000,000 and (iv) Indebtedness of KLT Investments Inc. incurred in connection with the acquisition and maintenance of its interests (whether direct or indirect) in low income housing projects.

"Transfer" is defined in Section 2.6(b).

"Type" means, with respect to any Advance, its nature as a Floating Rate Advance or a Eurodollar Advance.

"Unmatured Default" means an event which but for the lapse of time or the giving of notice, or both, would constitute a Default.

"Utilization Fee Rate" means, at any time, the percentage rate per annum at which utilization fees are accruing at such time as set forth in the Pricing Schedule.

"Wholly-Owned Subsidiary" of a Person means (i) any Subsidiary all of the outstanding voting securities of which shall at the time be owned or controlled, directly or indirectly, by such Person or one or more Wholly-Owned Subsidiaries of such Person, or by such Person and one or more Wholly-Owned Subsidiaries of such Person, or (ii) any partnership, limited liability company, association, joint venture or similar business organization 100% of the ownership interests having ordinary voting power of which shall at the time be so owned or controlled.

1.2 Accounting Principles.

Unless the context otherwise clearly requires, all accounting terms not expressly defined herein shall be construed, and all financial computations required under this Agreement shall be made, in accordance with GAAP, consistently applied; provided that if the Borrower notifies the Administrative Agent that the Borrower wishes to amend any covenant in Section 6 to eliminate the effect of any change in GAAP on the operation of such covenant (or if the Administrative Agent notifies the Borrower that the Required Lenders wish to amend any covenant in Section 6 for such purpose), then the Borrower's compliance with such covenant shall be determined on

the basis of GAAP in effect immediately before the relevant change in GAAP became effective, until either such notice is withdrawn or such covenant is amended in a manner satisfactory to the Borrower and the Required Lenders.

1.3 Letter of Credit Amounts.

Unless otherwise specified herein, the amount of a Letter of Credit at any time shall be deemed to be the stated amount of such Letter of Credit in effect at such time; provided that with respect to any Letter of Credit that, by its terms or the terms of any Issuer Document related thereto, provides for one or more automatic increases in the stated amount thereof, the amount of such Letter of Credit shall be deemed to be the maximum stated amount of such Letter of Credit after giving effect to all such increases, whether or not such maximum stated amount is in effect at such time.

ARTICLE II

THE CREDITS

2.1 Commitment.

From and including the date of this Agreement and prior to the Facility Termination Date, subject to the terms and conditions set forth in this Agreement, (a) each Lender severally agrees to make Loans to the Borrower from time to time in amounts not to exceed in the aggregate at any one time outstanding the amount of its Commitment and (b) each Issuer agrees to issue Letters of Credit for the account of the Borrower from time to time (and each Lender severally agrees to participate in each such Letter of Credit as more fully set forth in Section 2.19); provided (i) that the Aggregate Outstanding Credit Exposure shall not at any time exceed the Aggregate Commitment; and (ii) the Outstanding Credit Exposure of any Lender shall not at any time exceed the amount of such Lender's Commitment. Subject to the terms of this Agreement, the Borrower may borrow, repay and reborrow at any time prior to the Facility Termination Date. The Commitments shall expire on the Facility Termination Date.

2.2 Required Payments; Termination.

The Borrower shall (a) repay the principal amount of all Advances made to it on the Facility Termination Date and (b) deposit into the LC Collateral Account on the Facility Termination Date an amount in immediately available funds equal to the aggregate stated amount of all Letters of Credit that will remain outstanding after the Facility Termination Date.

2.3 Ratable Loans.

Each Advance hereunder shall consist of Loans made from the several Lenders ratably in proportion to their respective Pro Rata Shares.

2.4 Types of Advances; Minimum Amount.

The Advances may be Floating Rate Advances or Eurodollar Advances, or a combination thereof, selected by the Borrower in accordance with Sections 2.8 and 2.9. Each Eurodollar Advance shall be in the amount of $5,000,000 or a higher integral multiple of $1,000,000, and each Floating Rate Advance shall be in the amount of $1,000,000 or an integral multiple thereof.

2.5 Facility Fee; Utilization Fee.

The Borrower agrees to pay to the Administrative Agent for the account of each Lender (a) a facility fee at a per annum rate equal to the Facility Fee Rate on such Lender's Commitment (regardless of usage) from the date hereof to but excluding the Facility Termination Date, payable on each Payment Date and on the Facility Termination Date and, if applicable, thereafter on demand and (b) a utilization fee at a rate per annum equal to the Utilization Fee Rate on such Lender's Outstanding Credit Exposure for any date on which the Aggregate Outstanding Credit Exposure exceeds 50% of the Aggregate Commitment such utilization fee to be payable on each Payment Date, on the Facility Termination Date and, if applicable, thereafter on demand.

2.6 Changes in Aggregate Commitment.

(a) The Borrower may permanently reduce the Aggregate Commitment in whole, or in part ratably among the Lenders (according to their respective Pro Rata Shares) in integral multiples of $5,000,000, upon at least three Business Days' prior written notice to the Administrative Agent, which notice shall specify the amount of any such reduction; provided that the amount of the Aggregate Commitment may not be reduced below the Aggregate Outstanding Credit Exposure. All accrued facility fees and utilization fees shall be payable on the effective date of any termination of the obligations of the Lenders to make Loans hereunder.

(b) (i) Subject to Section 4.2 of the KCPL Credit Agreement, the Borrower and KCPL may, by joint election in a written notice to the Administrative Agent (which shall promptly provide a copy of such notice to the Lenders) and the "Administrative Agent" under the KCPL Credit Agreement, transfer up to $200,000,000 of the unused Commitments to the Commitments (as such term is defined in the KCPL Credit Agreement) under the KCPL Credit Agreement (any such reduction, a "Transfer") and (ii) subject to Section 4.2, the Borrower and KCPL may, by joint election in a written notice to the Administrative Agent (which shall promptly provide a copy of such notice to the Lenders) and the "Administrative Agent" under the KCPL Credit Agreement, re-transfer up to $200,000,000 of the unused Commitments (as such term is defined in the KCPL Credit Agreement) previously transferred from this Agreement to the KCPL Credit Agreement pursuant to subclause (b)(i) above back to the Commitments hereunder (any such addition, a "Re-Transfer"). For the avoidance of doubt, the parties acknowledge and agree that after giving effect to any Transfer or Re-Transfer contemplated in subclauses (i) and (ii) above, (x) the aggregate Commitments hereunder shall not exceed $600,000,000, (y) the aggregate Commitments under and as defined in the KCPL Credit Agreement shall not exceed $600,000,000 and (z) the aggregate commitments under both this Agreement and the KCPL Credit Agreement shall not exceed $1,000,000,000.

(c) On the effective date of a Transfer, which shall be specified in the notice delivered pursuant to Section 2.6(b)(i) and which shall not be less than five (5) Business Days subsequent to the date of giving of such notice, then subject to the satisfaction of the conditions precedent specified in Section 4.2 of the KCPL Credit Agreement, (i) the Commitments hereunder shall be ratably decreased by the aggregate amount specified in such notice and (ii) the aggregate amount of the "Commitments" under and as defined in the KCPL Credit Agreement shall be ratably increased by such amount. Such Transfer and the consequent decreases and increases shall be irrevocable subject, however, to subsequent permissible Re-Transfers in accordance with the terms hereof.

(d) On the effective date of a Re-Transfer, which shall be specified in the notice delivered pursuant to Section 2.6(b)(ii) and which shall not be less than five (5) Business Days subsequent to the date of giving of such notice, then subject to the satisfaction of the conditions precedent specified in Section 4.2, (i) the Commitments hereunder shall be ratably increased by the aggregate amount specified in such notice and (ii) the aggregate amount of the "Commitments" under and as defined in the KCPL Credit Agreement shall be ratably decreased by such amount. Such Re-Transfer and the consequent decreases and increases shall be irrevocable.

2.7 Optional Prepayments.

(a) The Borrower may from time to time prepay Floating Rate Advances upon one Business Day's prior notice to the Administrative Agent, without penalty or premium. Each partial prepayment of Floating Rate Advances shall be in an aggregate amount of $1,000,000 or an integral multiple thereof.

(b) The Borrower may from time to time prepay Eurodollar Advances (subject to the payment of any funding indemnification amounts required by Section 3.4) upon three Business Days' prior notice to the Administrative Agent, without penalty or premium. Each partial prepayment of Eurodollar Advances shall be in an aggregate amount of $5,000,000 or a higher integral multiple of $1,000,000.

(c) All prepayments of Advances shall be applied ratably to the Loans of the Lenders in accordance with their respective Pro Rata Shares.

2.8 Method of Selecting Types and Interest Periods for New Advances.

The Borrower shall select the Type of Advance and, in the case of each Eurodollar Advance, the Interest Period applicable thereto from time to time. The Borrower shall give the Administrative Agent irrevocable notice (a "Borrowing Notice") not later than noon (Charlotte, North Carolina time) on the Borrowing Date of each Floating Rate Advance and not later than noon (Charlotte, North Carolina time) three Business Days before the Borrowing Date for each Eurodollar Advance, specifying:

(i) the Borrowing Date, which shall be a Business Day, of such Advance,

(ii) the aggregate amount of such Advance,

(iii) the Type of Advance selected, and

(iv) in the case of each Eurodollar Advance, the Interest Period applicable thereto.

Not later than 1:00 p.m. (Charlotte, North Carolina time) on each Borrowing Date, each Lender shall make available its Loan or Loans in funds immediately available to the Administrative Agent at its address specified pursuant to Article XIII. The Administrative Agent will make the funds so received from the Lenders available to the Borrower at the Administrative Agent's aforesaid address.

2.9 Conversion and Continuation of Outstanding Advances.

Floating Rate Advances shall continue as Floating Rate Advances unless and until such Floating Rate Advances are converted into Eurodollar Advances pursuant to this Section 2.9 or are repaid in accordance with Section 2.7. Each Eurodollar Advance shall continue as a Eurodollar Advance until the end of the then applicable Interest Period therefor, at which time such Eurodollar Advance shall be automatically converted into a Floating Rate Advance unless (x) such Eurodollar Advance is or was repaid in accordance with Section 2.7 or (y) the Borrower shall have given the Administrative Agent a Conversion/Continuation Notice (as defined below) requesting that, at the end of such Interest Period, such Eurodollar Advance continue as a Eurodollar Advance for the same or another Interest Period. Subject to the terms of Section 2.4, the Borrower may elect from time to time to convert all or any part of a Floating Rate Advance into a Eurodollar Advance. The Borrower shall give the Administrative Agent irrevocable notice (a "Conversion/Continuation Notice") of each conversion of a Floating Rate Advance into a Eurodollar Advance or continuation of a Eurodollar Advance not later than 11:00 a.m. (Charlotte, North Carolina time) at least three Business Days prior to the date of the requested conversion or continuation, specifying:

(i) the requested date, which shall be a Business Day, of such conversion or continuation,

(ii) the aggregate amount and Type of the Advance which is to be converted or continued, and

(iii) the amount of such Advance which is to be converted into or continued as a Eurodollar Advance and the duration of the Interest Period applicable thereto.

2.10 Changes in Interest Rate, etc.

Each Floating Rate Advance shall bear interest on the outstanding principal amount thereof, for each day from and including the date such Advance is made or is automatically converted from a Eurodollar Advance into a Floating Rate Advance pursuant to Section 2.9, to but excluding the date it is paid or is converted into a Eurodollar Advance pursuant to Section 2.9 hereof, at a rate per annum equal to the Alternate Base Rate for such day. Changes

in the rate of interest on that portion of any Advance maintained as a Floating Rate Advance will take effect simultaneously with each change in the Alternate Base Rate. Each Eurodollar Advance shall bear interest on the outstanding principal amount thereof from and including the first day of the Interest Period applicable thereto to (but not including) the last day of such Interest Period at the interest rate determined by the Administrative Agent as applicable to such Eurodollar Advance based upon the Borrower's selections under Sections 2.8 and 2.9 and otherwise in accordance with the terms hereof. No Interest Period may end after the Facility Termination Date.

2.11 Rates Applicable After Default.

Notwithstanding anything to the contrary contained in Section 2.8 or 2.9, during the continuance of a Default or Unmatured Default the Required Lenders may, at their option, by notice to the Borrower (which notice may be revoked at the option of the Required Lenders notwithstanding any provision of Section 8.2 requiring unanimous consent of the Lenders to changes in interest rates), declare that no Advance may be made as, converted into or continued as a Eurodollar Advance. During the continuance of a Default the Required Lenders may, at their option, by notice to the Borrower (which notice may be revoked at the option of the Required Lenders notwithstanding any provision of Section 8.2 requiring unanimous consent of the Lenders to changes in interest rates), declare that (i) each Eurodollar Advance shall bear interest for the remainder of the applicable Interest Period at the rate otherwise applicable to such Interest Period plus 2% per annum, (ii) each Floating Rate Advance shall bear interest at a rate per annum equal to the Alternate Base Rate in effect from time to time plus 2% per annum and (iii) the Letter of Credit Fee Rate shall be increased by 2% per annum; provided that, during the continuance of a Default under Section 7.6 or 7.7, the interest rates set forth in clauses (i) and (ii) above and the increase in the Letter of Credit Fee Rate set forth in clause (iii) above shall be applicable to all applicable Credit Extensions without any election or action on the part of the Administrative Agent or any Lender.

2.12 Method of Payment.

All payments of the Obligations hereunder shall be made, without setoff, deduction, or counterclaim, in immediately available funds to the Administrative Agent at the Administrative Agent's address specified pursuant to Article XIII, or at any other Lending Installation of the Administrative Agent specified in writing by the Administrative Agent to the Borrower, by 1:00 p.m. (Charlotte, North Carolina time) on the date when due and shall be applied ratably by the Administrative Agent among the Lenders in accordance with their respective Pro Rata Shares. Each payment delivered to the Administrative Agent for the account of any Lender shall be delivered promptly by the Administrative Agent to such Lender in the same type of funds that the Administrative Agent received at its address specified pursuant to Article XIII or at any Lending Installation specified in a notice received by the Administrative Agent from such Lender.

2.13 Noteless Agreement; Evidence of Indebtedness.

(i) Each Lender shall maintain in accordance with its usual practice an account or accounts evidencing the indebtedness of the Borrower to such Lender resulting from each Loan made by such Lender from time to time, including the amounts of principal and interest payable and paid to such Lender from time to time hereunder.

(ii) The Administrative Agent shall also maintain accounts in which it will record (a) the amount of each Loan made hereunder, the Type thereof and the Interest Period with respect thereto, (b) the amount of any principal or interest due and payable or to become due and payable from the Borrower to each Lender hereunder, (c) the original stated amount of each Letter of Credit and the amount of Letter of Credit Obligations outstanding at any time and (d) the amount of any sum received by the Administrative Agent hereunder from the Borrower and each Lender's share thereof.

(iii) The entries maintained in the accounts maintained pursuant to clauses (i) and (ii) above shall be *prima facie* evidence of the existence and amounts of the Obligations therein recorded; provided that the failure of the Administrative Agent or any Lender to maintain such accounts or any error therein shall not in any manner affect the obligation of the Borrower to repay the Obligations in accordance with their terms.

(iv) Any Lender may request that its Loans be evidenced by a promissory note substantially in the form of Exhibit D (a "Note"). In such event, the Borrower shall prepare, execute and deliver to such Lender a Note payable to the order of such Lender. Thereafter, the Loans evidenced by such Note and interest thereon shall at all times (including after any assignment pursuant to Section 12.1(b)) be represented by one or more Notes payable to the order of the payee named therein or any assignee pursuant to Section 12.1(b), except to the extent that any such Lender or assignee subsequently returns any such Note for cancellation and requests that such Loans once again be evidenced as described in clauses (i) and (ii) above.

2.14 Telephonic Notices.

The Borrower hereby authorizes the Lenders and the Administrative Agent to extend, convert or continue Advances, effect selections of Types of Advances and to transfer funds based on telephonic notices made by any person or persons the Administrative Agent or any Lender in good faith believes to be acting on behalf of the Borrower. The Borrower agrees to deliver promptly to the Administrative Agent a written confirmation, if such confirmation is requested by the Administrative Agent or any Lender, of each telephonic notice signed by an Authorized Officer. If the written confirmation differs in any material respect from the action taken by the Administrative Agent and the Lenders, the records of the Administrative Agent and the Lenders shall govern absent manifest error.

2.15 Interest Payment Dates; Interest and Fee Basis.

Interest accrued on each Floating Rate Advance shall be payable on each Payment Date, commencing with the first such date to occur after the date hereof, and at maturity. Interest

accrued on each Eurodollar Advance shall be payable on the last day of its applicable Interest Period, on any date on which such Eurodollar Advance is prepaid, whether by acceleration or otherwise, and at maturity. Interest accrued on each Eurodollar Advance having an Interest Period longer than three months shall also be payable on the last day of each three-month interval during such Interest Period. All computations of interest for Floating Rate Loans when the Alternate Base Rate is determined by the Prime Rate shall be made on the basis of a year of 365 or 366 days, as the case may be, and actual days elapsed. All other computations of interest and fees shall be calculated for actual days elapsed on the basis of a 360-day year. Interest shall be payable for the

day an Advance is made but not for the day of any payment on the amount paid if payment is received prior to 1:00 p.m. (Charlotte, North Carolina time) at the place of payment (it being understood that the Administrative Agent shall be deemed to have received a payment prior to 1:00 p.m. (Charlotte, North Carolina time) if (x) the Borrower has provided the Administrative Agent with evidence satisfactory to the Administrative Agent that the Borrower has initiated a wire transfer of such payment prior to such time and (y) the Administrative Agent actually receives such payment on the same Business Day on which such wire transfer was initiated). If any payment of principal of or interest on an Advance shall become due on a day which is not a Business Day, such payment shall be made on the next succeeding Business Day and, in the case of a principal payment, such extension of time shall be included in computing interest in connection with such payment.

2.16 Notification of Advances, Interest Rates, Prepayments and Commitment Reductions.

Promptly after receipt thereof, the Administrative Agent will notify each Lender of the contents of each Aggregate Commitment reduction notice, Borrowing Notice, Conversion/Continuation Notice, and repayment notice received by it hereunder. The Administrative Agent will notify each Lender of the interest rate applicable to each Eurodollar Advance promptly upon determination of such interest rate and will give each Lender prompt notice of each change in the Alternate Base Rate. The Administrative Agent will also promptly notify each Lender of any increase or reduction of the Aggregate Commitments pursuant to the terms hereof.

2.17 Lending Installations.

Each Lender may book its Loans at any Lending Installation selected by such Lender and may change its Lending Installation from time to time. All terms of this Agreement shall apply to any such Lending Installation and the Loans and any Notes issued hereunder shall be deemed held by each Lender for the benefit of such Lending Installation. Each Lender may, by written notice to the Administrative Agent and the Borrower in accordance with Article XIII, designate replacement or additional Lending Installations through which Loans will be made by it and for whose account Loan payments are to be made.

2.18 Non-Receipt of Funds by the Administrative Agent.

Unless the Borrower or a Lender, as the case may be, notifies the Administrative Agent prior to the date on which it is scheduled to make payment to the Administrative Agent of (i) in

the case of a Lender, the proceeds of a Loan or (ii) in the case of the Borrower, a payment of principal, interest or fees to the Administrative Agent for the account of the Lenders, that it does not intend to make such payment, the Administrative Agent may assume that such payment has been made. The Administrative Agent may, but shall not be obligated to, make the amount of such payment available to the intended recipient in reliance upon such assumption. If such Lender or the Borrower, as the case may be, has not in fact made such payment to the Administrative Agent, the recipient of such payment shall, on demand by the Administrative Agent, repay to the Administrative Agent the amount so made available together with interest thereon in respect of each day during the period commencing on the date such amount was so made available by the Administrative Agent until the date the Administrative Agent recovers such amount at a rate per annum equal to (x) in the case of payment by a Lender, the Federal Funds Effective Rate for such day or (y) in the case of payment by the Borrower, the interest rate applicable to the relevant Loan.

2.19 Letters of Credit.

(a) Issuance. Each Issuer hereby agrees, on the terms and conditions set forth in this Agreement, to issue Letters of Credit and to extend, increase, decrease or otherwise modify Letters of Credit ("Modify," and each such action a "Modification") from time to time from and including the date of this Agreement and prior to the Facility Termination Date upon the request of the Borrower; provided that immediately after each such Letter of Credit is issued or Modified, the Aggregate Outstanding Credit Exposure shall not exceed the Aggregate Commitment. No Letter of Credit shall have an expiry date later than the date that is five days prior to the scheduled Facility Termination Date. All Existing Letters of Credit shall be deemed to have been issued pursuant hereto, and from and after the Closing Date shall be subject to and governed by the terms and conditions hereof.

(b) Participations. Upon the issuance or Modification by any Issuer of a Letter of Credit in accordance with this Section 2.19, such Issuer shall be deemed, without further action by any Person, to have unconditionally and irrevocably sold to each Lender, and each Lender shall be deemed, without further action by any Person, to have unconditionally and irrevocably purchased from such Issuer, a participation in such Letter of Credit (and each Modification thereof) and the related Letter of Credit Obligations in proportion to its Pro Rata Share.

(c) Notice. Subject to Section 2.19(a), the Borrower shall give the applicable Issuer and the Administrative Agent notice prior to 11:00 a.m. (Charlotte, North Carolina time) at least three Business Days (or such lesser period of time as such Issuer may agree in its sole discretion) prior to the proposed date of issuance or Modification of each Letter of Credit, specifying the beneficiary, the proposed date of issuance (or Modification) and the expiry date of such Letter of Credit, and describing the proposed terms of such Letter of Credit and the nature of the transactions proposed to be supported thereby. Upon receipt of such notice, the applicable Issuer shall promptly notify the Administrative Agent, and the Administrative Agent shall promptly notify each Lender, of the contents thereof and of the amount of such Lender's participation in such proposed Letter of Credit. The issuance or Modification by an Issuer of any Letter of Credit shall, in addition to the conditions precedent set forth in Article IV (the satisfaction of which such Issuer shall have no duty to ascertain, it being understood, however, that such Issuer

shall not issue any Letter of Credit if it has received written notice from the Borrower, the Administrative Agent or any Lender one day prior to the proposed date of issuance, that any such condition precedent has not been satisfied), be subject to the conditions precedent that such Letter of Credit shall be

satisfactory to such Issuer and that the Borrower shall have executed and delivered such application agreement and/or such other instruments and agreements relating to such Letter of Credit as such Issuer shall have reasonably requested (each a "Letter of Credit Application"). In the event of any conflict between the terms of this Agreement and the terms of any Letter of Credit Application, the terms of this Agreement shall control.

(d) Letter of Credit Fees. The Borrower shall pay to the Administrative Agent, for the account of the Lenders ratably in accordance with their respective Pro Rata Shares, with respect to each Letter of Credit, a letter of credit fee (the "Letter of Credit Fee") at a per annum rate equal to the Letter of Credit Fee Rate in effect from time to time on the daily maximum amount available under such Letter of Credit, such fee to be payable in arrears on each Payment Date, on the Facility Termination Date and, if applicable, thereafter on demand. The Borrower shall also pay to each Issuer for its own account (x) a fronting fee in the amount agreed to by such Issuer and the Borrower from time to time, with such fee to be payable in arrears on each Payment Date, and (y) documentary and processing charges in connection with the issuance or Modification of and draws under Letters of Credit in accordance with such Issuer's standard schedule for such charges as in effect from time to time.

(e) Administration; Reimbursement by Lenders. Upon receipt from the beneficiary of any Letter of Credit of any demand for payment under such Letter of Credit, the applicable Issuer shall notify the Administrative Agent and the Administrative Agent shall promptly notify the Borrower and each Lender of the amount to be paid by such Issuer as a result of such demand and the proposed payment date (the "Letter of Credit Payment Date"). The responsibility of any Issuer to the Borrower and each Lender shall be only to determine that the documents delivered under each Letter of Credit issued by such Issuer in connection with a demand for payment are in conformity in all material respects with such Letter of Credit. Each Issuer shall endeavor to exercise the same care in its issuance and administration of Letters of Credit as it does with respect to letters of credit in which no participations are granted, it being understood that in the absence of any gross negligence or willful misconduct by such Issuer, each Lender shall be unconditionally and irrevocably obligated, without regard to the occurrence of any Default or any condition precedent whatsoever, to reimburse such Issuer on demand for (i) such Lender's Pro Rata Share of the amount of each payment made by such Issuer under each Letter of Credit to the extent such amount is not reimbursed by the Borrower pursuant to Section 2.19(f) below, plus (ii) interest on the foregoing amount, for each day from the date of the applicable payment by such Issuer to the date on which such Issuer is reimbursed by such Lender for its Pro Rata Share thereof, at a rate per annum equal to the Federal Funds Effective Rate or, beginning on third Business Day after demand for such amount by such Issuer, the rate applicable to Floating Rate Advances.

(f) Reimbursement by Borrower. The Borrower shall be irrevocably and unconditionally obligated to reimburse each Issuer through the Administrative Agent on or before the applicable Letter of Credit Payment Date for any amount to be paid by such Issuer upon any drawing under any Letter of Credit, without presentment, demand, protest or other

formalities of any kind; provided that the Borrower shall not be precluded from asserting any claim for direct (but not consequential) damages suffered by the Borrower which the Borrower proves were caused by (i) the willful misconduct or gross negligence of such Issuer in determining whether a request presented under any Letter of Credit complied with the terms of such Letter of Credit or (ii) such Issuer's failure to pay under any Letter of Credit after the presentation to it of a request strictly complying with the terms and conditions of such Letter of Credit. All such amounts paid by an Issuer and remaining unpaid by the Borrower shall bear interest, payable on demand, for each day until paid at a rate per annum equal to the sum of 2% plus the rate applicable to Floating Rate Advances. The Administrative Agent will pay to each Lender ratably in accordance with its Pro Rata Share all amounts received by it from the Borrower for application in payment, in whole or in part, of the Reimbursement Obligation in respect of any Letter of Credit, but only to the extent such Lender made payment to the applicable Issuer in respect of such Letter of Credit pursuant to Section 2.19(e).

(g) Obligations Absolute. The Borrower's obligations under this Section 2.19 shall be absolute and unconditional under any and all circumstances and irrespective of any setoff, counterclaim or defense to payment which the Borrower may have or have had against any Issuer, any Lender or any beneficiary of a Letter of Credit. The Borrower further agrees with the Issuers and the Lenders that neither any Issuer nor any Lender shall be responsible for, and the Borrower's Reimbursement Obligation in respect of any Letter of Credit shall not be affected by, among other things, the validity or genuineness of documents or of any endorsements thereon, even if such documents should in fact prove to be in any or all respects invalid, fraudulent or forged, or any dispute between or among the Borrower, any of its Affiliates, the beneficiary of any Letter of Credit or any financing institution or other party to whom any Letter of Credit may be transferred or any claims or defenses whatsoever of the Borrower or of any of its Affiliates against the beneficiary of any Letter of Credit or any such transferee. No Issuer shall be liable for any error, omission, interruption or delay in transmission, dispatch or delivery of any message or advice, however transmitted, in connection with any Letter of Credit. The Borrower agrees that any action taken or omitted by any Issuer or any Lender under or in connection with any Letter of Credit and the related drafts and documents, if done without gross negligence or willful misconduct, shall be binding upon the Borrower and shall not put any Issuer or any Lender under any liability to the Borrower. Nothing in this Section 2.19(g) is intended to limit the right of the Borrower to make a claim against any Issuer for damages as contemplated by the proviso to the first sentence of Section 2.19(f).

(h) Actions of Issuers. Each Issuer shall be entitled to rely, and shall be fully protected in relying, upon any Letter of Credit, draft, writing, resolution, notice, consent, certificate, affidavit, letter, cablegram, telegram, facsimile, telex or teletype message, statement, order or other document believed by it to be genuine and correct and to have been signed, sent or made by the proper Person or Persons, and upon advice and statements of legal counsel, independent accountants and other experts selected by such Issuer. Each Issuer shall be fully justified in failing or refusing to take any action under this Agreement unless it shall first have received such advice or concurrence of the Required Lenders as it reasonably deems appropriate or it shall first be indemnified to its reasonable satisfaction by the Lenders against any and all liability and expense which may be incurred by it by reason of taking or continuing to take any such action. Notwithstanding any other provision of this Section 2.19, each Issuer shall in all

cases be fully protected in acting, or in refraining from acting, under this Agreement in accordance with a request of the Required Lenders, and such request and any action taken or failure to act pursuant thereto shall be binding upon the Lenders and any future holder of a participation in any Letter of Credit issued by such Issuer.

(i) Indemnification. The Borrower agrees to indemnify and hold harmless each Lender, each Issuer and the Administrative Agent, and their respective directors, officers, agents and employees, from and against any and all claims and damages, losses, liabilities, costs or expenses which such Person

may incur (or which may be claimed against such Person by any other Person whatsoever) by reason of or in connection with the issuance, execution and delivery or transfer of or payment or failure to pay under any Letter of Credit or any actual or proposed use of any Letter of Credit, including any claims, damages, losses, liabilities, costs or expenses which any Issuer may incur by reason of or in connection with (i) the failure of any other Lender to fulfill or comply with its obligations to such Issuer hereunder (but nothing herein contained shall affect any right the Borrower may have against any defaulting Lender) or (ii) by reason of or on account of such Issuer issuing any Letter of Credit which specifies that the term "Beneficiary" therein includes any successor by operation of law of the named Beneficiary, but which Letter of Credit does not require that any drawing by any such successor Beneficiary be accompanied by a copy of a legal document, satisfactory to such Issuer, evidencing the appointment of such successor Beneficiary; provided that the Borrower shall not be required to indemnify any Person for any claims, damages, losses, liabilities, costs or expenses to the extent, but only to the extent, caused by (x) the willful misconduct or gross negligence of any Issuer in determining whether a request presented under any Letter of Credit issued by such Issuer complied with the terms of such Letter of Credit or (y) any Issuer's failure to pay under any Letter of Credit issued by it after the presentation to it of a request strictly complying with the terms and conditions of such Letter of Credit. Nothing in this Section 2.19(i) is intended to limit the obligations of the Borrower under any other provision of this Agreement.

(j) Lenders' Indemnification. Each Lender shall, ratably in accordance with its Pro Rata Share, indemnify each Issuer and its Affiliates and their respective directors, officers, agents and employees (to the extent not reimbursed by the Borrower) against any cost, expense (including reasonable counsel fees and charges), claim, demand, action, loss or liability (except such as result from such indemnitees' gross negligence or willful misconduct or such Issuer's failure to pay under any Letter of Credit issued by it after the presentation to it of a request strictly complying with the terms and conditions of such Letter of Credit) that such indemnitees may suffer or incur in connection with this Section 2.19 or any action taken or omitted by such indemnitees hereunder.

(k) LC Collateral Account. The Borrower agrees that it will establish on the Facility Termination Date (or on such earlier date as may be required pursuant to Section 8.1), and thereafter maintain so long as any Letter of Credit Obligation remains outstanding or any other amount is payable to any Issuer or the Lenders in respect of any Letter of Credit, a special collateral account pursuant to arrangements satisfactory to the Administrative Agent (the "LC Collateral Account") at the Administrative Agent's office at the address specified pursuant to Article XIII, in the name of the Borrower but under the sole dominion and control of the Administrative Agent, for the benefit of the Lenders, and in which the Borrower shall have no

interest other than as set forth in Section 8.1. The Borrower hereby pledges, assigns and grants to the Administrative Agent, on behalf of and for the ratable benefit of the Lenders and the Issuers, a security interest in all of the Borrower's right, title and interest in and to all funds which may from time to time be on deposit in the LC Collateral Account, to secure the prompt and complete payment and performance of the Obligations. The Administrative Agent will invest any funds on deposit from time to time in the LC Collateral Account in certificates of deposit of Bank of America having a maturity not exceeding 30 days. If funds are deposited in the LC Collateral Account pursuant to Section 2.2(b) and the provisions of Section 8.1 are not applicable, then the Administrative Agent shall release from the LC Collateral Account to the Borrower, upon the request of the Borrower, an amount equal to the excess (if any) of all funds in the LC Collateral Account over the Letter of Credit Obligations.

(l) Issuers' Obligation to Issue Letters of Credit. No Issuer shall be under any obligation to issue any Letter of Credit if:

(i) any order, judgment or decree of any Governmental Authority or arbitrator shall by its terms purport to enjoin or restrain such Issuer from issuing such Letter of Credit, or any law applicable to such Issuer or any request or directive (whether or not having the force of law) from any Governmental Authority with jurisdiction over such Issuer shall prohibit, or request that such Issuer refrain from, the issuance of letters of credit generally or such Letter of Credit in particular or shall impose upon such Issuer with respect to such Letter of Credit any restriction, reserve or capital requirement (for which such Issuer is not otherwise compensated hereunder) not in effect on the Closing Date, or shall impose upon such Issuer any unreimbursed loss, cost or expense which was not applicable on the Closing Date and which such Issuer in good faith deems material to it;

(ii) the issuance of such Letter of Credit would violate one or more policies of such Issuer applicable to letters of credit generally; or

(iii) except as otherwise agreed by the Administrative Agent and the applicable Issuer, such Letter of Credit is in an initial stated amount less than $250,000.

(m) Rights as a Lender. In its capacity as a Lender, each Issuer shall have the same rights and obligations as any other Lender.

2.20 Extension of Facility Termination Date.

(a) Request for Extension. The Borrower may by notice to the Administrative Agent (who shall promptly notify the Lenders) given not more than 60 days and not less than 45 days prior to any anniversary of the Closing Date, request that each Lender extend the Facility Termination Date for an additional one year from the then existing Facility Termination Date; provided, that the Borrower shall only be permitted to exercise this extension option two times during the term of the Agreement.

(b) Lenders Election to Extend. Each Lender, acting in its sole and individual discretion, shall, by notice to the Administrative Agent given not later than 15 days following the

receipt of notice of such request from the Administrative Agent (the "Notice Date"), advise the Administrative Agent in writing whether or not such Lender agrees to such extension (and each Lender that determines not to so extend its Facility Termination Date (a "Non-Extending Lender") shall notify the

Administrative Agent of such fact promptly after such determination (but in any event no later than the Notice Date) and any Lender that does not so advise the Administrative Agent on or before the Notice Date shall be deemed to be a Non-Extending Lender. The election of any Lender to agree to such extension shall not obligate any other Lender to so agree.

(c) Notification by Administrative Agent. The Administrative Agent shall notify the Borrower of each Lender's determination under this Section no later than the date 15 days after the Notice Date (or, if such date is not a Business Day, on the next preceding Business Day).

(d) Additional Commitment Lenders. The Borrower shall have the right on or before the applicable anniversary of the Closing Date to replace each Non-Extending Lender with, and add as "Lenders" under this Agreement in place thereof, one or more Eligible Assignees (each, an "Additional Commitment Lender") as provided in Section 12.2, each of which Additional Commitment Lenders shall have entered into an Assignment Agreement pursuant to which such Additional Commitment Lender shall, undertake, a Commitment (and, if any such Additional Commitment Lender is already a Lender, its Commitment shall be in addition to such Lender's Commitment hereunder on such date) and shall be a "Lender" for all purposes of this Agreement.

(e) Minimum Extension Requirement. If all of the Lenders agree to any such request for extension of the Facility Termination Date then the Facility Termination for all Lenders shall be extended for the additional one year, as applicable. If there exists any Non-Extending Lenders then the Borrower shall (i) withdraw its extension request and the Facility Termination Date will remain unchanged or (ii) provided that the Required Lenders (but for the avoidance of doubt, not including any Additional Commitment Lenders) have agreed to the extension request (such Lenders agreeing to such extension, the "Approving Lenders"), then the Borrower may extend the Facility Termination Date solely as to the Approving Lenders and the Additional Commitment Lenders with a reduced amount of Aggregate Commitments during such extension period equal to the aggregate Commitments of the Approving Lenders and the Additional Commitment Lenders; it being understood that (A) the Facility Termination Date relating to any Non-Extending Lenders not replaced by an Additional Commitment Lender shall not be extended and the repayment of all obligations owed to them and the termination of their Commitments shall occur on the already existing Facility Termination Date and (B) the Facility Termination Date relating to the Approving Lenders and the Additional Commitment Lenders shall be extended for an additional year, as applicable.

(f) Conditions to Effectiveness of Extensions. Notwithstanding the foregoing, any extension of the Facility Termination Date pursuant to this Section shall not be effective with respect to any Lender unless:

(i) no Default or Unmatured Default shall have occurred and be continuing on the date of such extension and after giving effect thereto;

(ii) the representations and warranties contained in Article V are true and correct on and as of the date of such extension except to the extent any such representation or warranty is stated to relate solely to an earlier date, in which case such representation or warranty shall have been true and correct on and as of such earlier date; and

(iii) on any Facility Termination Date, the Borrower shall prepay any Loans outstanding on such date (and pay any additional amounts required pursuant to Section 3.4) to the extent necessary to keep outstanding Loans ratable with any revised Pro Rata Shares of the respective Lenders effective as of such date.

ARTICLE III

YIELD PROTECTION; TAXES

3.1 Yield Protection.

If, on or after the date of this Agreement, the adoption of any law or any governmental or quasi-governmental rule, regulation, policy, guideline or directive (whether or not having the force of law), or any change in the interpretation or administration thereof by any governmental or quasi-governmental authority, central bank or comparable agency charged with the interpretation or administration thereof, or compliance by any Lender, any applicable Lending Installation or any Issuer with any request or directive (whether or not having the force of law) of any such authority, central bank or comparable agency:

(i) subjects any Lender, any applicable Lending Installation or any Issuer to any Taxes, or changes the basis of taxation of payments (other than with respect to Excluded Taxes) to any Lender in respect of its Eurodollar Loans or Letters of Credit or participations therein, or

(ii) imposes or increases or deems applicable any reserve, assessment, insurance charge, special deposit or similar requirement against assets of, deposits with or for the account of, or credit extended by, any Lender, any applicable Lending Installation or any Issuer (other than reserves and assessments taken into account in determining the interest rate applicable to Eurodollar Advances), or

(iii) imposes any other condition the result of which is to increase the cost to any Lender, any applicable Lending Installation or any Issuer of making, funding or maintaining its Eurodollar Loans or of issuing or participating in Letters of Credit or reduces any amount receivable by any Lender, any applicable Lending Installation or any Issuer in connection with its Eurodollar Loans or Letters of Credit, or requires any Lender, any applicable Lending Installation or any Issuer to make any payment calculated by reference to the amount of Eurodollar Loans or Letters of Credit held or interest received by it, by an amount deemed material by such Lender or such Issuer, as the case may be,

and the result of any of the foregoing is to increase the cost to such Lender, the applicable Lending Installation or such Issuer of making or maintaining its Eurodollar Loans, Letters of Credit or Commitment or to reduce the return received by such Lender, the applicable Lending Installation or such Issuer in connection with such Eurodollar Loans, Letters of Credit or Commitment, then, within 15 days of demand by such Lender or such Issuer, the Borrower shall pay such Lender or such Issuer such additional amount or amounts as will compensate such Lender or such Issuer for such increased cost or reduction in amount received.

3.2 Changes in Capital Adequacy Regulations.

If a Lender or an Issuer determines the amount of capital required or expected to be maintained by such Lender, any Lending Installation of such Lender, such Issuer or any corporation controlling such Lender or such Issuer is increased as a result of a Change, then, within 15 days of demand by such Lender or such Issuer, the Borrower shall pay such Lender or such Issuer the amount necessary to compensate for any shortfall in the rate of return on the portion of such increased capital which such Lender or such Issuer determines is attributable to this Agreement, its Outstanding Credit Exposure or its Commitment to make Loans or to issue or participate in Letters of Credit hereunder (after taking into account such Lender's policies as to capital adequacy). "Change" means (i) any change after the date of this Agreement in (or in the interpretation of) the Risk-Based Capital Guidelines or (ii) any adoption of or change in (or any change in the interpretation of) any other law, governmental or quasi-governmental rule, regulation, policy, guideline, interpretation, or directive (whether or not having the force of law) after the date of this Agreement which affects the amount of capital required or expected to be maintained by any Lender, any Lending Installation, any Issuer or any corporation controlling any Lender or any Issuer. "Risk-Based Capital Guidelines" means (x) the risk-based capital guidelines in effect in the United States on the date of this Agreement, including transition rules, and (y) the corresponding capital regulations promulgated by regulatory authorities outside the United States implementing the July 1988 report of the Basle Committee on Banking Regulation and Supervisory Practices Entitled "International Convergence of Capital Measurements and Capital Standards," including transition rules, and any amendments to such regulations adopted prior to the date of this Agreement.

3.3 Availability of Types of Advances.

If (i) any Lender determines that maintenance of its Eurodollar Loans at a suitable Lending Installation would violate any applicable law, rule, regulation, or directive, whether or not having the force of law, (ii) the Required Lenders determine that (a) deposits of a type and maturity appropriate to match fund Eurodollar Advances are not available or (b) the interest rate applicable to a Type of Advance does not accurately reflect the cost of making or maintaining such Advance or (iii) the Administrative Agent determines that adequate and reasonable means do not exist for determining the Eurodollar Base Rate, then the Administrative Agent shall suspend the availability of the affected Type of Advance and, in the case of clause (i), require any affected Eurodollar Advances to be repaid or converted to Floating Rate Advances, subject to the payment of any funding indemnification amounts required by Section 3.4.

3.4 Funding Indemnification.

If any conversion, prepayment or payment of a Eurodollar Advance occurs on a date which is not the last day of the applicable Interest Period, whether because of acceleration, prepayment or otherwise, or a Eurodollar Advance is not made, paid, continued or converted on the date or in the amount specified by the Borrower for any reason other than default by the Lenders, the Borrower will indemnify each Lender for any loss or cost incurred by it resulting therefrom, including any loss or cost in liquidating or employing deposits acquired to fund or maintain such Eurodollar Advance.

3.5 Taxes.

(i) All payments by the Borrower to or for the account of any Lender, any Issuer or the Administrative Agent hereunder or under any Note shall be made free and clear of and without deduction for any and all Taxes. If the Borrower shall be required by law to deduct any Taxes from or in respect of any sum payable hereunder to any Lender, any Issuer or the Administrative Agent, (a) the sum payable shall be increased as necessary so that after making all required deductions (including deductions applicable to additional sums payable under this Section 3.5) such Lender, such Issuer or the Administrative Agent (as the case may be) receives an amount equal to the sum it would have received had no such deductions been made, (b) the Borrower shall make such deductions, (c) the Borrower shall pay the full amount deducted to the relevant authority in accordance with applicable law and (d) the Borrower shall furnish to the Administrative Agent the original copy of a receipt evidencing payment thereof within 30 days after such payment is made.

(ii) In addition, the Borrower hereby agrees to pay any present or future stamp or documentary taxes and any other excise or property taxes, charges or similar levies which arise from any payment made hereunder or under any Note or Letter of Credit Application or from the execution or delivery of, or otherwise with respect to, this Agreement, any Note or any Letter of Credit Application ("Other Taxes").

(iii) The Borrower hereby agrees to indemnify the Administrative Agent, each Lender and each Issuer for the full amount of Taxes or Other Taxes (including any Taxes or Other Taxes imposed on amounts payable under this Section 3.5) paid by the Administrative Agent, such Lender or such Issuer and any liability (including penalties, interest and expenses) arising therefrom or with respect thereto. Payments due under this indemnification shall be made within 30 days of the date the Administrative Agent, such Lender or such Issuer makes demand therefor pursuant to Section 3.6.

(iv) Each Lender that is not incorporated under the laws of the United States of America or a state thereof (each a "Non-U.S. Lender") agrees that it will, not less than ten Business Days after the date of this Agreement (or, if later, the date it becomes a party hereto), (i) deliver to each of the Borrower and the Administrative Agent two duly completed copies of United States Internal Revenue Service Form W-8BEN or W-8ECI, certifying in either case that such Lender is entitled to receive payments under this Agreement without deduction or withholding of any United States federal income taxes, and (ii) deliver to each of the Borrower

and the Administrative Agent a United States Internal Revenue Form W-8BEN or W-9, as the case may be, and certify that it is entitled to an exemption from United States backup withholding tax. Each Non-U.S. Lender further undertakes to deliver to each of the Borrower and the Administrative Agent (x) renewals or additional copies of such form (or any successor form) on or before the date that such form expires or becomes obsolete, and (y) after the occurrence of any event requiring a change in the most recent forms so delivered by it, such additional forms or amendments thereto as may be reasonably requested by the Borrower or the Administrative Agent. All forms or amendments described in the preceding sentence shall certify that such Lender is entitled to receive payments under this Agreement without deduction or withholding of any United States federal income taxes, unless an event (including any change in treaty, law or regulation) has occurred prior to the date on which any such delivery would otherwise be required which renders all such forms inapplicable or which would prevent such Lender from duly completing and delivering any such form or amendment with respect to it and such Lender advises the Borrower and the Administrative Agent that it is not capable of receiving payments without any deduction or withholding of United States federal income tax.

(v) For any period during which a Non-U.S. Lender has failed to provide the Borrower with an appropriate form pursuant to clause (iv) above (unless such failure is due to a change in treaty, law or regulation, or any change in the interpretation or administration thereof by any governmental authority, occurring subsequent to the date on which a form originally was required to be provided), such Non-U.S. Lender shall not be entitled to indemnification under this Section 3.5 with respect to Taxes imposed by the United States; provided that, should a Non-U.S. Lender which is otherwise exempt from or subject to a reduced rate of withholding tax become subject to Taxes because of its failure to deliver a form required under clause (iv) above, the Borrower shall take such steps as such Non-U.S. Lender shall reasonably request to assist such Non-U.S. Lender to recover such Taxes.

(vi) Any Lender that is entitled to an exemption from or reduction of withholding tax with respect to payments under this Agreement or any Note pursuant to the law of any relevant jurisdiction or any treaty shall deliver to the Borrower (with a copy to the Administrative Agent), at the time or times prescribed by applicable law, such properly completed and executed documentation prescribed by applicable law as will permit such payments to be made without withholding or at a reduced rate.

3.6 Lender Statements; Survival of Indemnity.

To the extent reasonably possible and upon the request of the Borrower, each Lender shall designate an alternate Lending Installation with respect to its Eurodollar Loans to reduce any liability of the Borrower to such Lender under Sections 3.1, 3.2 and 3.5 or to avoid the unavailability of Eurodollar Advances under Section 3.3, so long as such designation is not, in the judgment of such Lender, disadvantageous to such Lender. Each Lender or each Issuer, as applicable, shall deliver a written statement of such Lender or such Issuer to the Borrower (with a copy to the Administrative Agent) as to any amount due under Section 3.1, 3.2, 3.4 or 3.5. Such written statement shall set forth in reasonable detail the calculations upon which such Lender or such Issuer determined such amount and shall be final, conclusive and binding on the Borrower in the absence of manifest error. Determination of amounts payable under such

Sections in connection with a Eurodollar Loan shall be calculated as though each Lender funded its Eurodollar Loan through the purchase of a deposit of the type and maturity corresponding to the deposit used as a reference in determining the Eurodollar Rate applicable to such Loan, whether in fact that is the case or not. Unless otherwise provided herein, the amount specified in the written statement of any Lender or any Issuer shall be payable on demand after receipt by the Borrower of such written statement. The obligations of the Borrower under Sections 3.1, 3.2, 3.4 and 3.5 shall survive payment of the Obligations and termination of this Agreement.

ARTICLE IV

CONDITIONS PRECEDENT

4.1 Initial Credit Extension.

The Lenders and the Issuers shall not be required to make the initial Credit Extension hereunder until the Borrower has furnished the Administrative Agent with (a) all fees required to be paid to the Lenders on the date hereof, (b) evidence that, prior to or concurrently with the initial Credit Extension hereunder, all obligations under the Existing Credit Facility have been paid in full and all commitments to lend thereunder have been terminated and (c) all of the following, in form and substance satisfactory to each Agent and each Lender, and in sufficient copies for each Lender:

(i) Copies of the articles or certificate of incorporation of the Borrower, together with all amendments, certified by the Secretary or an Assistant Secretary of the Borrower, and a certificate of good standing, certified by the appropriate governmental officer in its jurisdiction of incorporation, as well as any other information that any Lender may request that is required by Section 326 of the USA PATRIOT ACT or necessary for the Administrative Agent or any Lender to verify the identity of the Borrower as required by Section 326 of the USA PATRIOT ACT.

(ii) Copies, certified by the Secretary or an Assistant Secretary of the Borrower, of its by-laws and of its Board of Directors' resolutions and of resolutions or actions of any other body authorizing the execution of the Loan Documents to which the Borrower is a party.

(iii) An incumbency certificate, executed by the Secretary or an Assistant Secretary of the Borrower, which shall identify by name and title and bear the signatures of the Authorized Officers and any other officers of the Borrower authorized to sign the Loan Documents to which the Borrower is a party, upon which certificate the Administrative Agent and the Lenders shall be entitled to rely until informed of any change in writing by the Borrower.

(iv) A certificate, signed by the Chief Accounting Officer or the Chief Financial Officer of the Borrower, stating that on the initial Borrowing Date no Default or Unmatured Default has occurred and is continuing.

(v) A written opinion of the Borrower's counsel, addressed to the Administrative Agent and the Lenders in a form reasonably satisfactory to the Administrative Agent and its counsel.

(vi) Executed counterparts of this Agreement executed by the Borrower and each Lender.

(vii) Any Notes requested by a Lender pursuant to Section 2.13 payable to the order of each such requesting Lender.

(viii) If the initial Credit Extension will be the issuance of a Letter of Credit, a properly completed Letter of Credit Application.

(ix) Evidence of the effectiveness of the KCPL Credit Agreement, having terms substantially similar to the terms hereof.

(x) Written money transfer instructions, in substantially the form of Exhibit C, addressed to the Administrative Agent and signed by an Authorized Officer who has executed and delivered an incumbency certificate in accordance with the terms hereof, together with such other related money transfer authorizations as the Administrative Agent may have reasonably requested.

(xi) Such other documents as any Lender or its counsel may have reasonably requested.

4.2 Each Credit Extension.

The Lenders shall not be required to make any Credit Extension (other than a Credit Extension that, after giving effect thereto and to the application of the proceeds thereof, does not increase the aggregate amount of outstanding Credit Extensions) or increase its Commitment pursuant to any Re-Transfer, unless on the date of such Credit Extension or Re-Transfer:

(i) No Default or Unmatured Default exists or would result from such Credit Extension.

(ii) The representations and warranties contained in Article V are true and correct as of the date of such Credit Extension except to the extent any such representation or warranty is stated to relate solely to an earlier date, in which case such representation or warranty shall have been true and correct on and as of such earlier date; provided that this clause (ii) shall not apply to the representations and warranties set forth in Section 5.5 (as it relates to clause (i) or (ii) of the definition of "Material Adverse Effect"), clause (a) of the first sentence of Section 5.7 and the second sentence of Section 5.7 with respect to any borrowing hereunder which is not part of the Initial Credit Extension.

Each delivery of a Borrowing Notice and each request for the issuance of a Letter of Credit shall constitute a representation and warranty by the Borrower that the conditions contained in Sections 4.2(i) and (ii) have been satisfied. Any Lender may require delivery of a duly completed compliance certificate in substantially the form of Exhibit A as a condition to making a Credit Extension.

ARTICLE V

REPRESENTATIONS AND WARRANTIES

The Borrower represents and warrants to the Lenders that:

5.1 Existence and Standing.

Each of the Borrower and its Significant Subsidiaries is a corporation, partnership (in the case of Subsidiaries only) or limited liability company duly and properly incorporated or organized, as the case may be, validly existing and (to the extent such concept applies to such entity) in good standing under the laws of its jurisdiction of incorporation or organization and has all requisite authority to conduct its business in each jurisdiction in which its business is conducted.

5.2 Authorization and Validity.

The Borrower has the power and authority and legal right to execute and deliver the Loan Documents and to perform its obligations thereunder. The execution and delivery by the Borrower of the Loan Documents and the performance of its obligations thereunder have been duly authorized by proper corporate proceedings, and the Loan Documents constitute legal, valid and binding obligations of the Borrower enforceable against the Borrower in accordance with their terms, except as enforceability may be limited by bankruptcy, insolvency or similar laws affecting the enforcement of creditors' rights generally.

5.3 No Conflict; Government Consent.

Neither the execution and delivery by the Borrower of the Loan Documents, nor the consummation of the transactions therein contemplated, nor compliance with the provisions thereof will violate (i) any law, rule, regulation, order, writ, judgment, injunction, decree or award binding on the Borrower or (ii) the Borrower's articles or certificate of incorporation or by-laws or (iii) the provisions of any indenture, instrument or agreement to which the Borrower is a party or is subject, or by which it, or its Property, is bound, or conflict with or constitute a default thereunder, or result in, or require, the creation or imposition of any Lien in, of or on the Property of the Borrower pursuant to the terms of any such indenture, instrument or agreement. No order, consent, adjudication, approval, license, authorization, or validation of, or filing, recording or registration with, or exemption by, or other action in respect of any governmental or public body or authority, or any subdivision thereof, which has not been obtained by the Borrower, is required to be obtained by the Borrower in connection with the execution and

delivery of the Loan Documents, the borrowings under this Agreement, the payment and performance by the Borrower of the Obligations or the legality, validity, binding effect or enforceability of any of the Loan Documents.

5.4 Financial Statements.

The June 30, 2005, September 30, 2005, December 31, 2005 and March 31, 2006 consolidated financial statements of the Borrower and its Subsidiaries heretofore delivered to the Lenders were prepared in accordance with GAAP and fairly present the consolidated financial condition and operations of the Borrower and its Subsidiaries at such dates and the consolidated results of their operations for the periods then ended subject, in the case of the June 30, 2005, September 30, 2005 and March 31, 2006 financial statements, to normal year-end adjustments.

5.5 Material Adverse Change.

Since December 31, 2005, there has been no change in the business, Property, prospects, condition (financial or otherwise) or results of operations of the Borrower and its Subsidiaries which could reasonably be expected to have a Material Adverse Effect, it being understood that the divestiture of KLT Gas Inc. and its Subsidiaries will be deemed not to have a Material Adverse Effect.

5.6 Taxes.

The Borrower and its Significant Subsidiaries have filed all United States federal tax returns and all other material tax returns which are required to be filed and have paid all taxes due and payable pursuant to said returns or pursuant to any assessment received by the Borrower or any of its Significant Subsidiaries, except such taxes, if any, as are being contested in good faith and as to which adequate reserves have been provided in accordance with GAAP and as to which no Lien exists. No tax liens have been filed and no material claims are being asserted against the Borrower or any Significant Subsidiary with respect to any such taxes. The charges, accruals and reserves on the books of the Borrower and its Significant Subsidiaries in respect of any taxes or other governmental charges are adequate.

5.7 Litigation; etc.

Except as set forth in the Borrower's '34 Act Reports, there is no litigation, arbitration, governmental investigation, proceeding or inquiry pending or, to the knowledge of any of their officers, threatened against or affecting the Borrower or any of its Subsidiaries which (a) could reasonably be expected to have a Material Adverse Effect or (b) seeks to prevent, enjoin or delay the making of any Credit Extension. Other than any liability incident to any litigation, arbitration or proceeding which could not reasonably be expected to have a Material Adverse Effect, the Borrower has no material contingent obligations not provided for or disclosed in the financial statements referred to in Section 5.4.

5.8 ERISA.

The Borrower and each other member of the Controlled Group has fulfilled its obligations under the minimum funding standards of ERISA and the Code with respect to each Plan and is in compliance with the presently applicable provisions of ERISA and the Code with respect to each Plan, except to the extent that noncompliance, individually or in the aggregate, has not resulted in and could not reasonably be expected to result in a Material Adverse Effect. Neither the Borrower nor any other member of the Controlled Group has (i) sought a waiver of the minimum funding standard under Section 412 of the Code in respect of any Plan, (ii) failed to make any required contribution or payment to any Plan or Multiemployer Plan, or made any amendment to any Plan which has resulted or could result in the imposition of a Lien or the posting of a bond or other security under ERISA or the Code or (iii) incurred any liability under Title IV of ERISA other than a liability to the PBGC for premiums under Section 4007 of ERISA.

5.9 Accuracy of Information.

No information, exhibit or report furnished by the Borrower or any of its Subsidiaries to the Administrative Agent or to any Lender in connection with the negotiation of, or compliance with, the Loan Documents contained any material misstatement of fact or omitted to state a material fact or any fact necessary to make the statements contained therein not misleading.

5.10 Regulation U.

The Borrower is not engaged and will not engage, principally or as one of its important activities, in the business of purchasing or carrying margin stock (as defined in Regulation U), or extending credit for the purpose of purchasing or carrying margin stock. Margin stock constitutes less than 25% of the value of those assets of the Borrower and its Subsidiaries which are subject to any limitation on sale, pledge or other restriction hereunder.

5.11 Material Agreements.

Neither the Borrower nor any Subsidiary is a party to any agreement or instrument or subject to any charter or other corporate restriction which is reasonably likely to have a Material Adverse Effect. Neither the Borrower nor any Subsidiary is in default in the performance, observance or fulfillment of any of the obligations, covenants or conditions contained in any agreement to which it is a party, which default could reasonably be expected to have a Material Adverse Effect.

5.12 Compliance With Laws.

The Borrower and its Subsidiaries have complied with all applicable statutes, rules, regulations, orders and restrictions of any domestic or foreign government or any instrumentality or agency thereof having jurisdiction over the conduct of their respective businesses or the ownership of their respective Property except for any failure to comply with any of the foregoing which could not reasonably be expected to have a Material Adverse Effect.

5.13 Ownership of Properties.

On the date of this Agreement, the Borrower and its Significant Subsidiaries will have good title, free of all Liens other than those permitted by Section 6.12, to all of the Property and assets reflected in the Borrower's most recent consolidated financial statements provided to the Administrative Agent as owned by the Borrower and its Subsidiaries.

5.14 Plan Assets; Prohibited Transactions.

To the Borrower's knowledge, the Borrower is not an entity deemed to hold "plan assets" within the meaning of 29 C.F.R. § 2510.3-101 of another entity's employee benefit plan (as defined in Section 3(3) of ERISA) which is subject to Title I of ERISA or any plan (within the meaning of Section 4975 of the Code), and neither the execution of this Agreement nor the making of Loans hereunder gives rise to a prohibited transaction within the meaning of Section 406 of ERISA or Section 4975 of the Code.

5.15 Environmental Matters.

Except as set forth in the Borrower's '34 Act Reports, there are no known risks and liabilities accruing to the Borrower or any of its Subsidiaries due to Environmental Laws that could reasonably be expected to have a Material Adverse Effect.

5.16 Investment Company Act.

Neither the Borrower nor any Subsidiary is or is required to be registered as an "investment company" within the meaning of the Investment Company Act of 1940, as amended.

5.17 Pari Passu Indebtedness.

The Indebtedness under the Loan Documents ranks at least pari passu with all other unsecured Indebtedness of the Borrower.

5.18 Solvency.

As of the date hereof and after giving effect to the consummation of the transactions contemplated by the Loan Documents, the Borrower and each Significant Subsidiary is solvent. For purposes of the preceding sentence, solvent means (a) the fair saleable value (on a going concern basis) of the Borrower's assets or a Significant Subsidiary's assets, as applicable, exceed its liabilities, contingent or otherwise, fairly valued, (b) such Person will be able to pay its debts as they become due and (c) such Person will not be left with unreasonably small capital as is necessary to satisfy all of its current and reasonably anticipated obligations giving due consideration to the prevailing practice in the industry in which such Person is engaged. In computing the amount of contingent liabilities at any time, it is intended that such liabilities will be computed at the amount which, in light of all the facts and circumstances existing at such

time, represents the amount that can reasonably be expected to become an actual or matured liability. The Borrower is not entering into the Loan Documents with the actual intent to hinder, delay or defraud its current or future creditors, nor does the Borrower intend to or believe that it will incur, as a result of entering into this Agreement and the other Loan Documents, debts beyond its ability to repay.

ARTICLE VI

COVENANTS

During the term of this Agreement, unless the Required Lenders shall otherwise consent in writing:

6.1 Financial Reporting.

The Borrower will maintain, for itself and each Subsidiary, a system of accounting established and administered in accordance with generally accepted accounting principles, and furnish to the Lenders:

(i) Within 90 days after the close of each of its fiscal years, an unqualified audit report certified by an independent registered public accounting firm which is a member of the "Big Four," prepared in accordance with GAAP on a consolidated basis for itself and its Consolidated Subsidiaries, including balance sheets as of the end of such period and related statements of income, common shareholders' equity and cash flows, accompanied by any management letter prepared by said accountants.

(ii) Within 45 days after the close of the first three quarterly periods of each of its fiscal years, for itself and its Consolidated Subsidiaries, either (a) consolidated and consolidating unaudited balance sheets as at the close of each such period and consolidated and consolidating profit and loss and reconciliation of surplus statements and a statement of cash flows for the period from the beginning of such fiscal year to the end of such quarter, all certified by its Chief Accounting Officer or Chief Financial Officer or (b) if the Borrower is then a "registrant" within the meaning of Rule 1-01 of Regulation S-X of the SEC and required to file a report on Form 10-Q with the SEC, a copy of the Borrower's report on Form 10-Q for such quarterly period.

(iii) Together with the financial statements required under Sections 6.1(i) and (ii), a compliance certificate in substantially the form of Exhibit A signed by its Chief Accounting Officer or Chief

Financial Officer setting forth calculations of the financial covenants contained in Section 6 and stating that no Default or Unmatured Default exists, or if any Default or Unmatured Default exists, stating the nature and status thereof.

(iv) As soon as possible and in any event within 10 days after the Borrower or any member of the Controlled Group knows that any Reportable Event has occurred with respect to any Plan, a statement, signed by the Chief Accounting Officer or Chief

Financial Officer of the Borrower, describing said Reportable Event and the action which the Borrower or member of the Controlled Group proposes to take with respect thereto.

(v) As soon as possible and in any event within two days after receipt of notice by the Borrower or any member of the Controlled Group of the PBGC's intention to terminate any Plan or to have a trustee appointed to administer any Plan, a copy of such notice.

(vi) Promptly upon the furnishing thereof to the shareholders of the Borrower, copies of all financial statements, reports and proxy statements so furnished.

(vii) Promptly upon the filing thereof, copies of all registration statements and annual, quarterly, monthly or other regular reports which the Borrower files with the SEC.

(viii) As soon as possible, and in any event within three days after an Authorized Officer of the Borrower shall have knowledge thereof, notice of any change by Moody's or S&P in the senior unsecured debt rating of the Borrower.

(ix) Such other information (including non-financial information) as the Administrative Agent or any Lender may from time to time reasonably request.

The statements and reports required to be furnished by the Borrower pursuant to clauses (ii), (vi) and (vii) above shall be deemed furnished for such purpose upon becoming publicly available on the SEC's EDGAR web page.

The Borrower hereby acknowledges that (a) the Administrative Agent and/or BAS will make available to the Lenders and Issuers materials and/or information provided by or on behalf of the Borrower hereunder (collectively, "Borrower Materials") by posting the Borrower Materials on IntraLinks or another similar electronic system (the "Platform") and (b) certain of the Lenders may be "public-side" Lenders (i.e., Lenders that do not wish to receive material non-public information with respect to the Borrower or its securities) (each, a "Public Lender"). The Borrower hereby agrees that (w) all Borrower Materials that are to be made available to Public Lenders shall be clearly and conspicuously marked "PUBLIC" which, at a minimum, shall mean that the word "PUBLIC" shall appear prominently on the first page thereof; (x) by marking Borrower Materials "PUBLIC," the Borrower shall be deemed to have authorized the Agents, the Arrangers, the Issuers and the Lenders to treat such Borrower Materials as not containing any material non-public information with respect to the Borrower or its securities for purposes of United States Federal and state securities laws (provided, however, that to the extent such Borrower Materials constitute Specified Information, they shall be treated as set forth in Section 9.11(a)); (y) all Borrower Materials marked "PUBLIC" are permitted to

be made available through a portion of the Platform designated "Public Investor;" and (z) the Administrative Agent and BAS shall be entitled to treat any Borrower Materials that are not marked "PUBLIC" as being suitable only for posting on a portion of the Platform not designated "Public Investor." Notwithstanding the foregoing, the Borrower shall be under no obligation to mark any Borrower Materials "PUBLIC."

6.2 Permits, Etc.

The Borrower will, and will cause each Significant Subsidiary to, take all reasonable action to maintain all rights, privileges, permits, licenses and franchises necessary or desirable in the normal conduct of its business, except to the extent failure to do so could not reasonably be expected to have a Material Adverse Effect; and preserve or renew all of its registered patents, trademarks, trade names and service marks, the non-preservation of which could reasonably be expected to have a Material Adverse Effect.

6.3 Use of Proceeds.

The Borrower will use the proceeds of the Credit Extensions (i) to repay the Existing Credit Facility and (ii) for the general corporate and working capital purposes of the Borrower and its Subsidiaries, including support for the Borrower's commercial paper. The Borrower will not use any of the proceeds of the Credit Extensions to purchase or carry any margin stock (as defined in Regulation U) or to extend credit for the purpose of purchasing or carrying margin stock; provided that the Borrower may repurchase its own stock or Equity-Linked Securities (or components thereof) so long as such stock or Equity-Linked Securities are immediately retired. The Borrower will not permit margin stock to constitute 25% or more of the value of those assets of the Borrower and its Subsidiaries which are subject to any limitation on sale, pledge or other restriction hereunder.

6.4 Notice of Default.

The Borrower will, and will cause each Subsidiary to, give prompt notice in writing to the Administrative Agent and the Lenders of the occurrence of any Default or Unmatured Default and of any other development, financial or otherwise, which could reasonably be expected to have a Material Adverse Effect.

6.5 Conduct of Business.

The Borrower will, and will cause each Significant Subsidiary to, carry on and conduct its business in substantially the same manner and in substantially the same fields of enterprise as it is presently conducted and do all things necessary to remain duly incorporated or organized, validly existing and (to the extent such concept applies to such entity) in good standing as a domestic corporation, partnership or limited liability company in its jurisdiction of incorporation or organization, as the case may be, and maintain all requisite authority to conduct its business in each jurisdiction in which its business is conducted.

6.6 Taxes.

The Borrower will, and will cause each Significant Subsidiary to, timely file United States federal and applicable foreign, state and local tax returns required by law and pay when due all taxes, assessments and governmental charges and levies upon it or its income, profits or

Property, except those which are being contested in good faith by appropriate proceedings and with respect to which adequate reserves have been set aside in accordance with GAAP.

6.7 Insurance.

The Borrower will, and will cause each Significant Subsidiary to, maintain with financially sound and reputable insurance companies that are not Affiliates of the Borrower or its Subsidiaries (other than any captive insurance company) insurance on all their Properties and business against loss or damage of the kinds customarily insured against by Persons engaged in the same or similar business, of such types and in such amounts as are customarily carried under similar circumstances by such other Persons, and the Borrower will furnish to any Lender upon request full information as to the insurance carried. Such insurance may be subject to co-insurance, deductibility or similar clauses which, in effect, result in self-insurance of certain losses; provided that such self-insurance is in accord with the customary industry practices for Persons in the same or similar businesses and adequate insurance reserves are maintained in connection with such self-insurance to the extent required by GAAP.

6.8 Compliance with Laws.

The Borrower will, and will cause each Significant Subsidiary to, comply with all laws, rules, regulations, orders, writs, judgments, injunctions, decrees or awards to which it may be subject including all Environmental Laws, the failure to comply with which could reasonably be expected to have a Material Adverse Effect.

6.9 Maintenance of Properties; Books of Record.

The Borrower will, and will cause each Significant Subsidiary to, (i) do all things necessary to maintain, preserve, protect and keep its Property in good repair, working order and condition, and make all necessary and proper repairs, renewals and replacements so that its business carried on in connection therewith may be properly conducted at all times and (ii) keep proper books of record and account, in which full and correct entries shall be made of all material financial transactions and the assets and business of the Borrower and each Significant Subsidiary in accordance with GAAP; provided that nothing in this Section shall prevent the Borrower or any Significant Subsidiary from discontinuing the operation or maintenance of any of its Property or equipment if such discontinuance is, in the judgment of such Person, desirable in the conduct of its business.

6.10 Inspection.

The Borrower will, and if a Default or Unmatured Default exists, will cause each Subsidiary to, permit the Administrative Agent and the Lenders, by their respective representatives and agents, to inspect any of the Property, books and financial records of such Person, to examine and make copies of the books of accounts and other financial records of such Person, and to discuss the affairs, finances and accounts of such Person with, and to be advised as to the same by, such Person's officers at such reasonable times and intervals as the Administrative Agent or any Lender may designate. After the occurrence and during the

continuance of a Default, any such inspection shall be at the Borrower's expense; at all other times, the Borrower shall not be liable to pay the expenses of the Administrative Agent or any Lender in connection with such inspections.

6.11 Consolidations, Mergers and Sale of Assets.

The Borrower will not, nor will it permit any Significant Subsidiary (other than any Project Finance Subsidiary) to, sell, lease, transfer, or otherwise dispose of all or substantially all of its assets (whether by a single transaction or a number of related transactions and whether at one time or over a period of time) or consolidate with or merge into any Person or permit any Person to merge into it, except

(i) A Wholly-Owned Subsidiary may be merged into the Borrower.

(ii) Any Significant Subsidiary may sell all or substantially all of its assets to, or consolidate or merge into, another Significant Subsidiary; provided that, immediately before and after such merger, consolidation or sale, no Default or Unmatured Default shall exist.

(iii) Strategic Energy, L.L.C. may sell or transfer accounts receivable and contracts that generate accounts receivable, and KCPL may sell or transfer accounts receivable, in each case pursuant to one or more securitization transactions.

(iv) The Borrower may sell all or substantially all of its assets to, or consolidate with or merge into, any other corporation, or permit another corporation to merge into it; provided that (a) the surviving corporation, if such surviving corporation is not the Borrower, or the transferee corporation in the case of a sale of all or substantially all of the Borrower's assets (1) shall be a corporation organized and existing under the laws of the United States of America or a state thereof or the District of Columbia, (2) shall expressly assume in a writing satisfactory to the Administrative Agent the due and punctual payment of the Obligations and the due and punctual performance of and compliance with all of the terms of this Agreement and the other Loan Documents to be performed or complied with by the Borrower and (3) shall deliver all documents required to be delivered pursuant to Sections 4.1(i), (ii), (iii), (v) and (ix), (b) immediately before and after such merger, consolidation or sale, there shall not exist any Default or Unmatured Default and (c) the surviving corporation of such merger or consolidation, or the transferee corporation of the assets of the Borrower, as applicable, has, both immediately before and after such merger, consolidation or sale, a Moody's Rating of Baa3 or better or an S&P Rating of BBB - or better.

Notwithstanding the foregoing, the Borrower and its Consolidated Subsidiaries (excluding Project Finance Subsidiaries) will not convey, transfer, lease or otherwise dispose of (whether in one transaction or a series of transactions, but excluding (a) sales of inventory in the ordinary course of business, (b) transactions permitted by clauses (i) through (iv) above, (c) transfers by KCPL of assets related to, or ownership interests in, Iatan 2 to co-owners of Iatan 2 pursuant to the co-ownership, co-operating or other similar agreements of the co-owners of Iatan

2 and (d) sales of the capital stock or assets of KLT Gas Inc. and Subsidiaries thereof) in the aggregate within any 12-month period, more than 20% of the aggregate book value of the assets of the Borrower and its Consolidated Subsidiaries (excluding Project Finance Subsidiaries) as calculated as of the end of the most recent fiscal quarter.

6.12 Liens.

The Borrower will not, nor will it permit any Significant Subsidiary (other than any Project Finance Subsidiary) to, create, incur, or suffer to exist any Lien in, of or on the Property of the Borrower or any of its Significant Subsidiaries (other than any Project Finance Subsidiary), except:

(i) Liens for taxes, assessments or governmental charges or levies on its Property if the same shall not at the time be delinquent or thereafter can be paid without penalty, or are being contested in good faith and by appropriate proceedings and for which adequate reserves in accordance with GAAP shall have been set aside on its books.

(ii) Liens imposed by law, such as carriers', warehousemen's, mechanics' and landlords' liens and other similar liens arising in the ordinary course of business which secure payment of obligations not more than 60 days past due or which are being contested in good faith by appropriate proceedings and for which adequate reserves shall have been set aside on its books.

(iii) Liens arising out of pledges or deposits in the ordinary course of business under worker's compensation laws, unemployment insurance, old age pensions, or other social security or retirement benefits, or similar legislation, other than any Lien imposed under ERISA.

(iv) Liens incidental to the normal conduct of the Borrower or any Significant Subsidiary or the ownership or leasing of its Property or the conduct of the ordinary course of its business, including (a) zoning restrictions, easements, building restrictions, rights of way, reservations, restrictions on the use of real property and such other encumbrances or charges against real property as are of a nature generally existing with respect to properties of a similar character and which are not substantial in amount and do not in any material way affect the marketability of the same, (b) rights of lessees and lessors under leases, (c) rights of collecting banks having rights of setoff, revocation, refund or chargeback with respect to money or instruments of the Borrower or any Significant Subsidiary on deposit with or in the possession of such banks, (d) Liens or deposits to secure the performance of statutory obligations, tenders, bids, contracts, leases, progress payments, performance or return-of-money bonds, surety and appeal bonds, performance or other similar bonds, letters of credit, or other obligations of a similar nature incurred in the ordinary course of business, and (e) Liens required by any contract or statute in order to permit the Borrower or Significant Subsidiary to perform any contract or subcontract made by it with or pursuant to the requirements of a governmental entity, in each case which are not incurred in connection with the borrowing of money, the obtaining of advances of credit or the payment of the deferred

purchase price of Property and which do not in the aggregate impair the use of Property in the operation of the business of the Borrower and its Significant Subsidiaries taken as a whole.

(v) Liens arising under the General Mortgage Indenture and Deed of Trust Dated December 1, 1986 from KCPL to UMB, N.A.

(vi) Liens on Property of the Borrower or KCPL existing on the date hereof and any renewal or extension thereof; provided that the Property covered thereby is not increased and any renewal or extension of the obligations secured or benefited thereby is permitted by this Agreement.

(vii) Judgment Liens which secure payment of legal obligations that would not constitute a Default under Section 7.9.

(viii) Liens on Property acquired by the Borrower or a Significant Subsidiary after the date hereof, existing on such Property at the time of acquisition thereof (and not created in anticipation thereof); provided that in any such case no such Lien shall extend to or cover any other Property of the Borrower or such Significant Subsidiary, as the case may be.

(ix) Liens on the Property, revenues and/or assets of any Person that exist at the time such Person becomes a Significant Subsidiary and the continuation of such Liens in connection with any refinancing or restructuring of the obligations secured by such Liens.

(x) Liens on Property securing Indebtedness incurred or assumed at the time of, or within 12 months after, the acquisition of such Property for the purpose of financing all or any part of the cost of acquiring such Property; provided that (a) such Lien attaches to such Property concurrently with or within 12 months after the acquisition thereof, (b) such Lien attaches solely to the Property so acquired in such transaction and (c) the principal amount of the Indebtedness secured thereby does not exceed the cost or fair market value determined at the date of incurrence, whichever is lower, of the Property being acquired on the date of acquisition.

(xi) Liens on any improvements to Property securing Indebtedness incurred to provide funds for all or part of the cost of such improvements in a principal amount not exceeding the cost of construction of such improvements and incurred within 12 months after completion of such improvements or construction, provided that such Liens do not extend to or cover any property of the Borrower or any Significant Subsidiary other than such improvements.

(xii) Liens to government entities granted to secure pollution control or industrial revenue bond financings, which Liens in each financing transaction cover only Property the acquisition or construction of which was financed by such financings and Property related thereto.

(xiii) Liens on or over gas, oil, coal, fissionable material, or other fuel or fuel products as security for any obligations incurred by such Person (or any special purpose entity formed by such Person) for the sole purpose of financing the acquisition or storage of such fuel or fuel products or, with respect to nuclear fuel, the processing, reprocessing, sorting, storage and disposal thereof.

(xiv) Liens on (including Liens arising out of the sale of) accounts receivable and/or contracts which will give rise to accounts receivable of KCPL and Strategic Energy, L.L.C.; and other Liens on (including Liens arising out of the sale of) accounts receivable and/or contracts which will give rise to accounts receivable of the Borrower or any Subsidiary in an aggregate amount not at any time exceeding $10,000,000.

(xv) Liens on Property of KLT Gas Inc. and its Subsidiaries in favor of operators and non-operators under joint operating agreements, pooling orders or agreements, unitization agreements or similar contractual arrangements arising in the ordinary course of the business of such Person relating to the development or operation of oil and gas Properties to secure amounts owing, which amounts are not yet due or are being contested in good faith by appropriate proceedings if adequate reserves are maintained on the books of such Person in accordance with GAAP.

(xvi) Liens on Property of KLT Gas Inc. and its Subsidiaries under production sales agreements, division orders, operating agreements and other agreements customary in the oil and gas business for processing, production and selling hydrocarbons; provided that such Liens do not secure obligations to deliver hydrocarbons at some future date without receiving full payment therefor within 90 days of delivery.

(xvii) Liens on Property or assets of a Significant Subsidiary securing obligations owing to the Borrower or any Significant Subsidiary (other than a Project Finance Subsidiary).

(xviii) Liens on the stock or other equity interests of any Project Finance Subsidiary to secure obligations of such Project Finance Subsidiary (provided that the agreement under which any such Lien is created shall expressly state that it is non-recourse to the pledgor).

(xix) Liens on Property of Strategic Energy, L.L.C. and its Subsidiaries securing Indebtedness of Strategic Energy, L.L.C. under a credit facility providing for revolving credit advances to Strategic Energy, L.L.C. in an aggregate amount not exceeding $175,000,000.

(xx) Liens on Property of KCPL arising in connection with utility co-ownership, co-operating and similar agreements that are consistent with the utilities business and ancillary operations.

(xxi) Liens on assets held by entities which are required to be included in the Borrower's consolidated financial statements solely as a result of the

application of Financial Accounting Standards Board Interpretation No. 46R, as it may be amended or supplemented.

(xxii) Liens securing Swap Contracts permitted to be incurred under this Agreement.

(xxiii) Liens securing any extension, renewal, replacement or refinancing of Indebtedness secured by any Lien referred to in the foregoing clauses (viii), (ix), (x), (xi), (xii), (xiii) and (xx); provided that (A) such new Lien shall be limited to all or part of the same Property that secured the original Lien (plus improvements on such Property) and (B) the amount secured by such Lien at such time is not increased to any amount greater than the amount outstanding at the time of such renewal, replacement or refinancing.

(xxiv) Liens which would otherwise not be permitted by clauses (i) through (xxiii) securing additional Indebtedness of the Borrower or a Significant Subsidiary (other than a Project Finance Subsidiary); provided that after giving effect thereto the aggregate unpaid principal amount of Indebtedness (including Capitalized Lease Obligations) of the Borrower and its Significant Subsidiaries (other than any Project Finance Subsidiary) (including prepayment premiums and penalties) secured by Liens permitted by this clause (xix) shall not exceed the greater of (a) $50,000,000 and (b) 10% of Consolidated Tangible Net Worth.

6.13 Affiliates.

Except to the extent required by applicable law with respect to transactions among the Borrower and its Subsidiaries (excluding any Project Finance Subsidiary), the Borrower will not, and will not permit any Subsidiary (other than any Project Finance Subsidiary) to, enter into any transaction (including the purchase or sale of any Property or service) with, or make any payment or transfer to, any Affiliate except in the ordinary course of business and pursuant to the reasonable requirements of the Borrower's or such Subsidiary's business and upon fair and reasonable terms no less favorable to the Borrower or such Subsidiary than the Borrower or such Subsidiary would obtain in a comparable arms-length transaction.

6.14 ERISA.

The Borrower will not, nor will it permit any Significant Subsidiary to, (i) voluntarily terminate any Plan, so as to result in any material liability of the Borrower or any Significant Subsidiary to the PBGC or (ii) enter into any Prohibited Transaction (as defined in Section 4975 of the Code and in Section 406 of ERISA) involving any Plan which results in any liability of the Borrower or any Significant Subsidiary that could reasonably be expected, individually or in the aggregate, to cause a Material Adverse Effect or (iii) cause any occurrence of any Reportable Event which results in any liability of the Borrower or any Significant Subsidiary to the PBGC that could reasonably be expected, individually or in the aggregate, to cause a Material Adverse Effect or (iv) allow or suffer to exist any other event or condition known to the Borrower which results in any material liability of the Borrower or any Significant Subsidiary to the PBGC.

6.15 Total Indebtedness to Total Capitalization.

The Borrower shall at all times cause the ratio of (i) Total Indebtedness to (ii) Total Capitalization to be less than or equal to 0.65 to 1.0.

6.16 Restrictions on Subsidiary Dividends.

The Borrower will not, nor will it permit any Significant Subsidiary (other than any Project Finance Subsidiary) to, be a party to any agreement prohibiting or restricting the ability of such Significant Subsidiary to declare or pay dividends to the Borrower; provided, that (a) the foregoing provisions of this Section 6.16 shall not prohibit the Borrower or any Significant Subsidiary from entering into any debt instrument containing a total debt to capitalization covenant and (b) Strategic Energy, L.L.C. may be a party to a credit agreement restricting its ability to pay dividends to the Borrower if a breach of any financial covenant in such agreement exists or would result from such payment so long as any such financial covenant is customary for similarly-situated companies.

ARTICLE VII

DEFAULTS

The occurrence of any one or more of the following events shall constitute a Default:

7.1 Any representation or warranty made or deemed made by or on behalf of the Borrower to the Lenders or the Administrative Agent under or in connection with this Agreement, any Loan, or any certificate or information delivered in connection with this Agreement or any other Loan Document shall be materially false on the date as of which made.

7.2 Nonpayment of principal of any Loan when due, nonpayment of any Reimbursement Obligations within one Business Day after the same becomes due, or nonpayment of interest upon any Loan or of any fee or other obligation under any of the Loan Documents within three Business Days after the same becomes due.

7.3 The breach by the Borrower of any of the terms or provisions of Section 6.3, 6.10 (with respect to the Borrower and its Significant Subsidiaries only), 6.11, 6.12, 6.13, 6.15 or 6.16.

7.4 The breach by the Borrower (other than a breach which constitutes a Default under another Section of this Article VII) of any of the terms or provisions of this Agreement which is not remedied within 30 days after the earlier of (a) the Borrower becoming aware of such breach and (b) receipt by the Borrower of written notice from the Administrative Agent or any Lender; provided that if such breach is capable of cure but (i) cannot be cured by payment of money and (ii) cannot be cured by diligent efforts within such 30-day period, but such diligent efforts shall be properly commenced within such 30-day period and the Borrower is diligently

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pursuing, and shall continue to pursue diligently, remedy of such failure, the cure period shall be extended for an additional 90 days, but in no event beyond the Facility Termination Date.

7.5 Failure of the Borrower or any of its Significant Subsidiaries to pay when due any Indebtedness aggregating in excess of $25,000,000 ("Material Indebtedness"); or the default by the Borrower or any of its Significant Subsidiaries in the performance of any term, provision or condition contained in any agreement under which any such Material Indebtedness was created or is governed, or any other event shall occur or condition exist, the effect of which default or event is to cause, or to permit the holder or holders of such Material Indebtedness to cause, such Material Indebtedness to become due prior to its stated maturity; or any Material Indebtedness of the Borrower or any of its Significant Subsidiaries shall be declared to be due and payable or required to be prepaid or repurchased (other than by a regularly scheduled payment) prior to the stated maturity thereof; or the Borrower or any of its Significant Subsidiaries shall not pay, or admit in writing its inability to pay, its debts generally as they become due.

7.6 The Borrower or any of its Significant Subsidiaries shall (i) have an order for relief entered with respect to it under the Federal bankruptcy laws as now or hereafter in effect, (ii) make an assignment for the benefit of creditors, (iii) apply for, seek, consent to, or acquiesce in, the appointment of a receiver, custodian, trustee, examiner, liquidator or similar official for it or any Substantial Portion of its Property, (iv) institute any proceeding seeking an order for relief under the Federal bankruptcy laws as now or hereafter in effect or seeking to adjudicate it a bankrupt or insolvent, or seeking dissolution, winding up, liquidation, reorganization, arrangement, adjustment or composition of it or its debts under any law relating to bankruptcy, insolvency or reorganization or relief of debtors or fail to file an answer or other pleading denying the material allegations of any such proceeding filed against it, (v) take any corporate, partnership or limited liability company action to authorize or effect any of the foregoing actions set forth in this Section 7.6 or (vi) fail to contest in good faith any appointment or proceeding described in Section 7.7.

7.7 Without the application, approval or consent of the Borrower or any of its Subsidiaries, a receiver, trustee, examiner, liquidator or similar official shall be appointed for the Borrower or any of its Subsidiaries or any Substantial Portion of its Property, or a proceeding described in Section 7.6(iv) shall be instituted against the Borrower or any of its Subsidiaries and such appointment continues undischarged or such proceeding continues undismissed or unstayed for a period of 30 consecutive days.

7.8 Any court, government or governmental agency shall condemn, seize or otherwise appropriate, or take custody or control of, all or any portion of the Property of the Borrower and its Subsidiaries which, when taken together with all other Property of the Borrower and its Subsidiaries so condemned, seized, appropriated, or taken custody or control of, during the twelve-month period ending with the month in which any such action occurs, constitutes a Substantial Portion.

7.9 The Borrower or any of its Significant Subsidiaries shall fail within 30 days to pay, bond or otherwise discharge (i) any judgment or order for the payment of money in excess of $25,000,000 (either singly or in the aggregate with other such judgments) or (ii) any

non-monetary final judgment that has, or could reasonably be expected to have, a Material Adverse Effect, in either case which is not stayed on appeal or otherwise being appropriately contested in good faith.

7.10 A Change of Control shall occur.

7.11 A Reportable Event shall have occurred with respect to a Plan which could reasonably be expected to have a Material Adverse Effect and, 30 days after notice thereof shall have been given to the Borrower by the Administrative Agent or any Lender, such Reportable Event shall still exist.

7.12 Any authorization or approval or other action by any governmental authority or regulatory body required for the execution, delivery or performance of this Agreement or any other Loan Document by the Borrower shall fail to have been obtained or be terminated, revoked or rescinded or shall otherwise no longer be in full force and effect, and such occurrence shall (i) adversely affect the enforceability of the Loan Documents against the Borrower and (ii) to the extent that such occurrence can be cured, shall continue for five days.

7.13 The Borrower shall fail to own, directly or indirectly, all of the outstanding stock of KCPL which, in the absence of any contingency, has the right to vote in an election of directors of KCPL.

ARTICLE VIII

ACCELERATION, WAIVERS, AMENDMENTS AND REMEDIES

8.1 Acceleration; Letter of Credit Account.

(a) If any Default described in Section 7.6 or 7.7 occurs with respect to the Borrower, the obligations of the Lenders to make Loans hereunder and the obligation and power of the Issuers to issue Letters of Credit shall automatically terminate and the Obligations shall immediately become due and payable without any election or action on the part of the Administrative Agent, any Lender or any Issuer and the Borrower will be and become thereby unconditionally obligated, without any further notice, act or demand, to pay to the Administrative Agent an amount in immediately available funds, which funds shall be held in the LC Collateral Account, equal to the excess of (i) the amount of Letter of Credit Obligations at such time over (ii) the amount on deposit in the LC Collateral Account at such time which is free and clear of all rights and claims of third parties and has not been applied against the Obligations (such difference, the "Collateral Shortfall Amount"). If any other Default occurs, the Administrative Agent may with the consent, or shall at the request, of the Required Lenders, (x) terminate or suspend the obligations of the Lenders to make Loans hereunder and the obligation and power of the Issuers to issue Letters of Credit, or declare the Obligations to be due and payable, or both, whereupon the Obligations shall become immediately due and payable, without presentment, demand, protest or notice of any kind, all of which the Borrower hereby expressly waives, and (y) upon notice to the Borrower and in addition to the continuing right to demand

payment of all amounts payable under this Agreement, make demand on the Borrower to pay, and the Borrower will, forthwith upon such demand and without any further notice or act, pay to the Administrative Agent in immediately available funds the Collateral Shortfall Amount, which funds shall be deposited in the LC Collateral Account.

If (a) within 30 days after acceleration of the maturity of the Obligations or termination of the obligations of the Lenders to make Loans hereunder as a result of any Default (other than any Default as described in Section 7.6 or 7.7 with respect to the Borrower) and (b) before any judgment or decree for the payment of the Obligations due shall have been obtained or entered, the Required Lenders (in their sole discretion) shall so direct, the Administrative Agent shall, by notice to the Borrower, rescind and annul such acceleration and/or termination.

8.2 Amendments.

Subject to the provisions of this Article VIII, the Required Lenders (or the Administrative Agent with the consent in writing of the Required Lenders) and the Borrower may enter into agreements supplemental hereto for the purpose of adding or modifying any provisions to the Loan Documents or changing in any manner the rights of the Lenders or the Borrower hereunder or waiving any Default hereunder; provided that no such supplemental agreement shall:

(i) Extend the final maturity of any Loan or the expiry date of any Letter of Credit to a date after the Facility Termination Date or forgive all or any portion of the principal amount thereof, or reduce the rate or extend the time of payment of interest or fees thereon, without the consent of each Lender directly affected thereby.

(ii) Reduce the percentage specified in the definition of Required Lenders, without the consent of each Lender directly affected thereby.

(iii) Increase the amount of the Commitment of any Lender without the consent of such Lender (except as provided for in Section 2.6), or extend the Facility Termination Date (except as provided for in Section 2.20), reduce the amount or extend the payment date for, the mandatory payments required under Section 2.2 or permit the Borrower to assign its rights under this Agreement, without the consent of each Lender directly affected thereby.

(iv) Amend this Section 8.2 without the consent of each Lender directly affected thereby.

(v) Release any funds from the LC Collateral Account, except to the extent such release is expressly permitted hereunder without the consent of each Lender directly affected thereby.

No amendment of any provision of this Agreement relating to the Administrative Agent shall be effective without the written consent of the Administrative Agent, and no amendment of any provision of this Agreement relating to any Issuer shall be effective without the written

consent of such Issuer. The Administrative Agent may waive payment of the fee required under Section 12.1(b) without obtaining the consent of any other party to this Agreement.

8.3 Preservation of Rights.

No delay or omission of the Lenders, the Issuers or the Administrative Agent to exercise any right under the Loan Documents shall impair such right or be construed to be a waiver of any Default or an acquiescence therein, and the making of a Credit Extension notwithstanding the existence of a Default or the inability of the Borrower to satisfy the conditions precedent to such Credit Extension shall not constitute any waiver or acquiescence. Any single or partial exercise of any such right shall not preclude other or further exercise thereof or the exercise of any other right, and no waiver, amendment or other variation of the terms, conditions or provisions of the Loan Documents whatsoever shall be valid unless in writing signed by the Lenders required pursuant to Section 8.2, and then only to the extent in such writing specifically set forth. All remedies contained in the Loan Documents or by law afforded shall be cumulative and all shall be available to the Administrative Agent, the Lenders and the Issuers until the Obligations have been paid in full.

ARTICLE IX

GENERAL PROVISIONS

9.1 Survival of Representations.

All representations and warranties of the Borrower contained in this Agreement shall survive the making of the Credit Extensions herein contemplated.

9.2 Governmental Regulation.

Anything contained in this Agreement to the contrary notwithstanding, no Lender shall be obligated to extend credit to the Borrower in violation of any limitation or prohibition provided by any applicable statute or regulation.

9.3 Headings.

Section headings in the Loan Documents are for convenience of reference only, and shall not govern the interpretation of any of the provisions of the Loan Documents.

9.4 Entire Agreement.

The Loan Documents embody the entire agreement and understanding among the Borrower, the Administrative Agent, the Lenders and the Issuers and supersede all prior agreements and understandings among the Borrower, the Administrative Agent, the Lenders and the Issuers relating to the subject matter thereof.

9.5 Several Obligations; Benefits of this Agreement.

The respective obligations of the Lenders hereunder are several and not joint and no Lender shall be the partner or agent of any other (except to the extent to which the Administrative Agent is authorized to act as such). The failure of any Lender to perform any of its obligations hereunder shall not relieve any other Lender from any of its obligations hereunder. This Agreement shall not be construed so as to confer any right or benefit upon any Person other than the parties to this Agreement and their respective successors and assigns; provided that the parties hereto expressly agree that each Arranger shall enjoy the

benefits of the provisions of Sections 9.6, 9.10 and 10.7 to the extent specifically set forth therein and shall have the right to enforce such provisions on its own behalf and in its own name to the same extent as if it were a party to this Agreement.

9.6 Expenses; Indemnification.

(i) The Borrower shall reimburse the Agents and the Arrangers for any reasonable costs and expenses (including fees and charges of outside counsel for the Agents) paid or incurred by the Agents or the Arrangers in connection with the preparation, negotiation, execution, delivery, syndication, distribution (including via the internet), review, amendment, modification, and administration of the Loan Documents. The Borrower also agrees to reimburse each Agent, each Arranger, each Lender and each Issuer for any reasonable costs, internal charges and expenses (including fees and charges of attorneys for such Agent, such Arranger, such Lender and such Issuer, which attorneys may be employees of such Agent, such Arranger, such Lender or such Issuer) paid or incurred by either Agent, either Arranger, any Lender or any Issuer in connection with the collection and enforcement, attempted enforcement, and preservation of rights and remedies under, any of the Loan Documents (including all such costs and expenses incurred during any "workout" or restructuring in respect of the Obligations and during any legal proceeding).

(ii) The Borrower hereby further agrees to indemnify each Agent, each Arranger, each Lender, each Issuer, their respective affiliates and the directors, officers and employees of the foregoing against all losses, claims, damages, penalties, judgments, liabilities and expenses (including all expenses of litigation or preparation therefor whether or not either Agent, either Arranger, any Lender or any Issuer or any affiliate is a party thereto) which any of them may pay or incur arising out of or relating to this Agreement, the other Loan Documents, the transactions contemplated hereby or the direct or indirect application or proposed application of the proceeds of any Credit Extension hereunder except to the extent that they are determined in a final non-appealable judgment by a court of competent jurisdiction to have resulted from the gross negligence or willful misconduct of the party seeking indemnification. In the case of any investigation, litigation or proceeding to which the indemnity in this Section applies, such indemnity shall be effective whether or not such investigation, litigation or proceeding is brought by a third party, by the Borrower or by any affiliate of the Borrower. The obligations of the Borrower under this Section 9.6 shall survive the payment of the Obligations and termination of this Agreement.

(iii) To the extent that the Borrower for any reason fails to indefeasibly pay any amount required under subsection (i) or (ii) of this Section to be paid by it to the Administrative Agent (or any sub-agent thereof), any Issuer or any Related Party of any of the foregoing, each Lender severally agrees to pay to the Administrative Agent (or any such sub-agent), such Issuer or such Related Party, as the case may be, such Lender's Pro Rata Share (determined as of the time that the applicable unreimbursed expense or indemnity payment is sought) of such unpaid amount, provided that the unreimbursed expense or indemnified loss, claim, damage, liability or related expense, as the case may be, was incurred by or asserted against the Administrative Agent (or any such sub-agent) or any Issuer in its capacity as such, or against any Related Party of any of the foregoing acting for the Administrative Agent (or any such sub-agent) or any Issuer in connection with such capacity.

9.7 Numbers of Documents.

All statements, notices, closing documents, and requests hereunder shall be furnished to the Administrative Agent with sufficient counterparts so that the Administrative Agent may furnish one to each of the Lenders.

9.8 Accounting.

Except as provided to the contrary herein, all accounting terms used herein shall be interpreted and all accounting determinations hereunder shall be made in accordance with GAAP.

9.9 Severability of Provisions.

Any provision in any Loan Document that is held to be inoperative, unenforceable, or invalid in any jurisdiction shall, as to that jurisdiction, be inoperative, unenforceable, or invalid without affecting the remaining provisions in that jurisdiction or the operation, enforceability, or validity of that provision in any other jurisdiction, and to this end the provisions of all Loan Documents are declared to be severable.

9.10 Nonliability of Lenders.

The relationship between the Borrower on the one hand and the Lenders, the Issuers and the Agents on the other hand shall be solely that of borrower and lender. None of either Agent, either Arranger, any Lender or any Issuer shall have any fiduciary responsibilities to the Borrower. None of either Agent, either Arranger, any Lender or any Issuer undertakes any responsibility to the Borrower to review or inform the Borrower of any matter in connection with any phase of the Borrower's business or operations. The Borrower agrees that none of either Agent, either Arranger, any Lender or any Issuer shall have liability to the Borrower (whether sounding in tort, contract or otherwise) for losses suffered by the Borrower in connection with, arising out of, or in any way related to, the transactions contemplated and the relationship established by the Loan Documents, or any act, omission or event occurring in connection therewith, unless it is determined in a final non-appealable judgment by a court of competent jurisdiction that such losses resulted from the gross negligence or willful misconduct of the party

from which recovery is sought. None of either Agent, either Arranger, any Lender, any Issuer or any Related Party of any of the foregoing Persons shall have any liability with respect to, and the Borrower hereby waives, releases and agrees not to sue for, any special, indirect, consequential or punitive damages suffered by the Borrower in connection with, arising out of, or in any way related to the Loan Documents or the transactions contemplated thereby. None of

either Agent, either Arranger, any Lender, any Issuer or any Related Party of any of the foregoing Persons shall be liable for any damages arising from the use by unintended recipients of any information or other materials distributed by it through telecommunications, electronic or other information transmission systems in connection with this Agreement or the other Loan Documents or the transactions contemplated hereby or thereby except to the extent such recipient receives such information due to the gross negligence of the party from which recovery is sought.

9.11 Limited Disclosure.

(a) Neither the Administrative Agent nor any Lender may disclose to any Person any Specified Information (as defined below) except (i) to its, and its Affiliates', officers, employees, agents, accountants, legal counsel, advisors and other representatives who have a need to know such Specified Information (it being understood that the Persons to whom such disclosure is made will be informed of the confidential nature of such Specified Information and instructed to keep such Specified Information confidential) or (ii) with the Borrower's prior consent. "Specified Information" means information that the Borrower furnishes to the Administrative Agent or any Lender that is designated in writing as confidential, but does not include any such information that is or becomes generally available to the public or that is or becomes available to the Administrative Agent or such Lender from a source other than the Borrower.

(b) The provisions of clause (a) above shall not apply to Specified Information (i) that is a matter of general public knowledge or has heretofore been or is hereafter published in any source generally available to the public, (ii) that is required to be disclosed by law, regulation or judicial order, (iii) that is requested by any regulatory body with jurisdiction over the Administrative Agent or any Lender, or (iv) that is disclosed (A) to legal counsel, accountants and other professional advisors to such Lender, (B) in connection with the exercise of any right or remedy hereunder or under any Note or any suit or other litigation or proceeding relating to this Agreement or any Note, (C) to a rating agency if required by such agency in connection with a rating relating to Credit Extensions hereunder or (D) to assignees or participants or potential assignees or participants who agree to be bound by the provisions of this Section 9.11.

9.12 USA PATRIOT ACT NOTIFICATION.

The following notification is provided to the Borrower pursuant to Section 326 of the USA Patriot Act of 2001, 31 U.S.C. Section 5318: IMPORTANT INFORMATION ABOUT PROCEDURES FOR OPENING A NEW ACCOUNT. To help the government fight the funding of terrorism and money laundering activities, Federal law requires all financial institutions to obtain, verify and record information that identifies each person or entity that opens an account, including any deposit account, treasury management account, loan, other extension of credit or other financial services product. What this means for the Borrower: When the Borrower opens an account, the Lenders will ask for the Borrower's name, tax identification

number, business address and other information that will allow the Administrative Agent and the Lenders to identify the Borrower. The Administrative Agent and the Lenders may also ask to see the Borrower's legal organizational documents or other identifying documents.

9.13 Nonreliance.

Each Lender hereby represents that it is not relying on or looking to any margin stock (as defined in Regulation U of the FRB) for the repayment of the Loans provided for herein.

9.14 No Advisory or Fiduciary Responsibility.

In connection with all aspects of each transaction contemplated hereby, the Borrower acknowledges and agrees, and acknowledges its Affiliates' understanding, that: (i) the credit facility provided for hereunder and any related arranging or other services in connection therewith (including in connection with any amendment, waiver or other modification hereof or of any other Loan Document) are an arm's-length commercial transaction between the Borrower and its Affiliates, on the one hand, and the Agents and the Arrangers, on the other hand, and the Borrower is capable of evaluating and understanding and understands and accepts the terms, risks and conditions of the transactions contemplated hereby and by the other Loan Documents (including any amendment, waiver or other modification hereof or thereof); (ii) in connection with the process leading to such transaction, each Agent and Arranger is and has been acting solely as a principal and is not the financial advisor, agent or fiduciary, for the Borrower or any of its Affiliates, stockholders, creditors or employees or any other Person; (iii) no Agent or Arranger has assumed or will assume an advisory, agency or fiduciary responsibility in favor of the Borrower with respect to any of the transactions contemplated hereby or the process leading thereto, including with respect to any amendment, waiver or other modification hereof or of any other Loan Document (irrespective of whether any Agent or Arranger has advised or is currently advising the Borrower or any of its Affiliates on other matters) and no Agent or Arranger has any obligation to the Borrower or any of its Affiliates with respect to the transactions contemplated hereby except those obligations expressly set forth herein and in the other Loan Documents; (iv) the Agents and the Arrangers and their respective Affiliates may be engaged in a broad range of transactions that involve interests that differ from those of the Borrower and its Affiliates, and no Agent or Arranger has any obligation to disclose any of such interests by virtue of any advisory, agency or fiduciary relationship; and (v) the Agents and the Arrangers have not provided and will not provide any legal, accounting, regulatory or tax advice with respect to any of the transactions contemplated hereby (including any amendment, waiver or other modification hereof or of any other Loan Document) and the Borrower has consulted its own legal, accounting, regulatory and tax advisors to the extent it has deemed appropriate. The Borrower hereby waives and releases, to the fullest extent permitted by law, any claims that it may have against any Agent and any Arranger with respect to any breach or alleged breach of agency or fiduciary duty.

ARTICLE X

THE ADMINISTRATIVE AGENT

10.1 Appointment and Authority.

Each of the Lenders and the Issuers hereby irrevocably appoints Bank of America to act on its behalf as the Administrative Agent hereunder and under the other Loan Documents and authorizes the Administrative Agent to take such actions on its behalf and to exercise such powers as are delegated to the Administrative Agent by the terms hereof or thereof, together with such actions and powers as are reasonably incidental thereto. The provisions of this Article are solely for the benefit of the Administrative Agent, the Lenders and the Issuers, and the Borrower shall have no rights as a third party beneficiary of any of such provisions.

10.2 Rights as a Lender.

The Person serving as the Administrative Agent hereunder shall have the same rights and powers in its capacity as a Lender as any other Lender and may exercise the same as though it were not the Administrative Agent and the term "Lender" or "Lenders" shall, unless otherwise expressly indicated or unless the context otherwise requires, include the Person serving as the Administrative Agent hereunder in its individual capacity. Such Person and its Affiliates may accept deposits from, lend money to, act as the financial advisor or in any other advisory capacity for and generally engage in any kind of business with the Borrowers or any Subsidiary or other Affiliate thereof as if such Person were not the Administrative Agent hereunder and without any duty to account therefor to the Lenders.

10.3 Exculpatory Provisions.

The Administrative Agent shall not have any duties or obligations except those expressly set forth herein and in the other Loan Documents. Without limiting the generality of the foregoing, the Administrative Agent:

(a) shall not be subject to any fiduciary or other implied duties, regardless of whether a Default or Unmatured Default has occurred and is continuing;

(b) shall not have any duty to take any discretionary action or exercise any discretionary powers, except discretionary rights and powers expressly contemplated hereby or by the other Loan Documents that the Administrative Agent is required to exercise as directed in writing by the Required Lenders (or such other number or percentage of the Lenders as shall be expressly provided for herein or in the other Loan Documents), provided that the Administrative Agent shall not be required to take any action that, in its opinion or the opinion of its counsel, may expose the Administrative Agent to liability or that is contrary to any Loan Document or applicable law; and

(c) shall not, except as expressly set forth herein and in the other Loan Documents, have any duty to disclose, and shall not be liable for the failure to disclose, any information relating to the Borrower or any of its Affiliates that is communicated to

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or obtained by the Person serving as the Administrative Agent or any of its Affiliates in any capacity.

The Administrative Agent shall not be liable for any action taken or not taken by it (i) with the consent or at the request of the Required Lenders (or such other number or percentage of the Lenders as shall be necessary, or as the Administrative Agent shall believe in good faith shall be necessary, under the circumstances as provided in Sections 8.1 and 8.2) or (ii) in the absence of its own gross negligence or willful misconduct. The Administrative Agent shall be deemed not to have knowledge of any Default or Unmatured Default unless and until notice describing such Default or Unmatured Default is given to the Administrative Agent by the Borrower, a Lender or an Issuer.

The Administrative Agent shall not be responsible for or have any duty to ascertain or inquire into (i) any statement, warranty or representation made in or in connection with this Agreement or any other Loan Document, (ii) the contents of any certificate, report or other document delivered hereunder or thereunder or in connection herewith or therewith, (iii) the performance or observance of any of the covenants, agreements or other terms or conditions set forth herein or therein or the occurrence of any Default or Unmatured Default, (iv) the validity, enforceability, effectiveness or genuineness of this Agreement, any other Loan Document or any other agreement, instrument or document or (v) the satisfaction of any condition set forth in Article IV or elsewhere herein, other than to confirm receipt of items expressly required to be delivered to the Administrative Agent.

10.4 Reliance by Administrative Agent.

The Administrative Agent shall be entitled to rely upon, and shall not incur any liability for relying upon, any notice, request, certificate, consent, statement, instrument, document or other writing (including any electronic message, Internet or intranet website posting or other distribution) believed by it to be genuine and to have been signed, sent or otherwise authenticated by the proper Person. The Administrative Agent also may rely upon any statement made to it orally or by telephone and believed by it to have been made by the proper Person, and shall not incur any liability for relying thereon. In determining compliance with any condition hereunder to the making of a Loan, or the issuance of a Letter of Credit, that by its terms must be fulfilled to the satisfaction of a Lender or an Issuer, the Administrative Agent may presume that such condition is satisfactory to such Lender or such Issuer unless the Administrative Agent shall have received notice to the contrary from such Lender or such Issuer prior to the making of such Loan or the issuance of such Letter of Credit. The Administrative Agent may consult with legal counsel (who may be counsel for the Borrower), independent accountants and other experts selected by it, and shall not be liable for any action taken or not taken by it in accordance with the advice of any such counsel, accountants or experts.

10.5 Delegation of Duties.

The Administrative Agent may perform any and all of its duties and exercise its rights and powers hereunder or under any other Loan Document by or through any one or more sub-agents appointed by the Administrative Agent. The Administrative Agent and any such sub-agent may perform any and all of

its duties and exercise its rights and powers by or through

their respective Related Parties. The exculpatory provisions of this Article shall apply to any such sub-agent and to the Related Parties of the Administrative Agent and any such sub-agent, and shall apply to their respective activities in connection with the syndication of the credit facilities provided for herein as well as activities as Administrative Agent.

10.6 Resignation of Administrative Agent.

The Administrative Agent may at any time give notice of its resignation to the Lenders, the Issuers and the Borrower. Upon receipt of any such notice of resignation, the Required Lenders shall have the right, in consultation with the Borrower, to appoint a successor, which shall be a bank with an office in the United States, or an Affiliate of any such bank with an office in the United States. If no such successor shall have been so appointed by the Required Lenders and shall have accepted such appointment within 30 days after the retiring Administrative Agent gives notice of its resignation, then the retiring Administrative Agent may on behalf of the Lenders and the Issuers, appoint a successor Administrative Agent meeting the qualifications set forth above; provided that if the Administrative Agent shall notify the Borrower and the Lenders that no qualifying Person has accepted such appointment, then such resignation shall nonetheless become effective in accordance with such notice and (1) the retiring Administrative Agent shall be discharged from its duties and obligations hereunder and under the other Loan Documents and (2) all payments, communications and determinations provided to be made by, to or through the Administrative Agent shall instead be made by or to each Lender and each Issuer directly, until such time as the Required Lenders appoint a successor Administrative Agent as provided for above in this Section. Upon the acceptance of a successor's appointment as Administrative Agent hereunder, such successor shall succeed to and become vested with all of the rights, powers, privileges and duties of the retiring (or retired) Administrative Agent, and the retiring Administrative Agent shall be discharged from all of its duties and obligations hereunder or under the other Loan Documents (if not already discharged therefrom as provided above in this Section). The fees payable by the Borrower to a successor Administrative Agent shall be the same as those payable to its predecessor unless otherwise agreed between the Borrower and such successor. After the retiring Administrative Agent's resignation hereunder and under the other Loan Documents, the provisions of this Article and Section 9.6 shall continue in effect for the benefit of such retiring Administrative Agent, its sub-agents and their respective Related Parties in respect of any actions taken or omitted to be taken by any of them while the retiring Administrative Agent was acting as Administrative Agent.

Any resignation by Bank of America as Administrative Agent pursuant to this Section shall also constitute its resignation as an Issuer. Upon the acceptance of a successor's appointment as Administrative Agent hereunder, (a) such successor shall succeed to and become vested with all of the rights, powers, privileges and duties of the retiring Issuer, (b) the retiring Issuer shall be discharged from all of its duties and obligations hereunder or under the other Loan Documents, and (c) the successor Issuer shall issue letters of credit in substitution for the Letters of Credit, if any, outstanding at the time of such succession or make other arrangements satisfactory to the retiring Issuer to effectively assume the obligations of the retiring Issuer with respect to such Letters of Credit.

10.7 Non-Reliance on Administrative Agent and Other Lenders.

Each Lender and each Issuer acknowledges that it has, independently and without reliance upon the Administrative Agent or any other Lender or any of their Related Parties and based on such documents and information as it has deemed appropriate, made its own credit analysis and decision to enter into this Agreement. Each Lender and each Issuer also acknowledges that it will, independently and without reliance upon the Administrative Agent or any other Lender or any of their Related Parties and based on such documents and information as it shall from time to time deem appropriate, continue to make its own decisions in taking or not taking action under or based upon this Agreement, any other Loan Document or any related agreement or any document furnished hereunder or thereunder.

10.8 No Other Duties, Etc.

Anything herein to the contrary notwithstanding, none of the Bookrunners or Arrangers listed on the cover page hereof shall have any powers, duties or responsibilities under this Agreement or any of the other Loan Documents, except in its capacity, as applicable, as the Administrative Agent, a Lender or an Issuer hereunder.

10.9 Administrative Agent May File Proofs of Claim.

In case of the pendency of any receivership, insolvency, liquidation, bankruptcy, reorganization, arrangement, adjustment, composition or other judicial proceeding relative to the Borrower, the Administrative Agent (irrespective of whether the principal of any Loan or L/C Obligation shall then be due and payable as herein expressed or by declaration or otherwise and irrespective of whether the Administrative Agent shall have made any demand on any Borrower) shall be entitled and empowered, by intervention in such proceeding or otherwise

(a) to file and prove a claim for the whole amount of the principal and interest owing and unpaid in respect of the Loans, Letter of Credit Obligations and all other Obligations that are owing and unpaid and to file such other documents as may be necessary or advisable in order to have the claims of the Lenders, the Issuers and the Administrative Agent (including any claim for the reasonable compensation, expenses, disbursements and advances of the Lenders, the Issuers and the Administrative Agent and their respective agents and counsel and all other amounts due the Lenders, the Issuers and the Administrative Agent under Sections 2.5, 2.19(d), and 9.6) allowed in such judicial proceeding; and

(b) to collect and receive any monies or other property payable or deliverable on any such claims and to distribute the same;

and any custodian, receiver, assignee, trustee, liquidator, sequestrator or other similar official in any such judicial proceeding is hereby authorized by each Lender and each Issuer to make such payments to the Administrative Agent and, in the event that the Administrative Agent shall consent to the making of such payments directly to the Lenders and the Issuers, to pay to the Administrative Agent any amount due for the reasonable compensation, expenses, disbursements

and advances of the Administrative Agent and its agents and counsel, and any other amounts due the Administrative Agent under Sections 2.5 and 9.6.

Nothing contained herein shall be deemed to authorize the Administrative Agent to authorize or consent to or accept or adopt on behalf of any Lender or any Issuer any plan of reorganization, arrangement, adjustment or composition affecting the Obligations or the rights of any Lender or to authorize the Administrative Agent to vote in respect of the claim of any Lender in any such proceeding.

ARTICLE XI

SETOFF; RATABLE PAYMENTS

11.1 Setoff.

In addition to, and without limitation of, any rights of the Lenders under applicable law, if the Borrower becomes insolvent, however evidenced, or any Default occurs, any and all deposits (including all account balances, whether provisional or final and whether or not collected or available) and any other Indebtedness at any time held or owing by any Lender or any Affiliate of any Lender to or for the credit or account of the Borrower may be offset and applied toward the payment of the Obligations owing to such Lender, whether or not the Obligations, or any part hereof, shall then be due.

11.2 Ratable Payments.

If any Lender, whether by setoff or otherwise, has payment made to it upon its Outstanding Credit Exposure (other than payments received pursuant to Section 3.1, 3.2, 3.4 or 3.5 and payments made to any Issuer in respect of Reimbursement Obligations so long as the Lenders have not funded their participations therein) in a greater proportion than that received by any other Lender, such Lender agrees, promptly upon demand, to purchase a portion of the Aggregate Outstanding Credit Exposure held by the other Lenders so that after such purchase each Lender will hold its Pro Rata Share of the Aggregate Outstanding Credit Exposure. If any Lender, whether in connection with setoff or amounts which might be subject to setoff or otherwise, receives collateral or other protection for its Obligations or such amounts which may be subject to setoff, such Lender agrees, promptly upon demand, to take such action necessary such that all Lenders share in the benefits of such collateral ratably in accordance with their respective Pro Rata Shares. In case any such payment is disturbed by legal process, or otherwise, appropriate further adjustments shall be made.

ARTICLE XII

BENEFIT OF AGREEMENT; ASSIGNMENTS; PARTICIPATIONS

12.1 Successors and Assigns.

(a) The provisions of this Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns permitted hereby, except that the Borrower may not assign or otherwise transfer any of its rights or obligations hereunder without the prior written consent of the Administrative Agent and each Lender and no Lender may assign or otherwise transfer any of its rights or obligations hereunder except (i) to an Eligible Assignee in accordance with the provisions of subsection (b) of this Section, (ii) by way of participation in accordance with the provisions of subsection (d) of this Section, or (iii) by way of pledge or assignment of a security interest subject to the restrictions of subsection (d) of this Section (and any other attempted assignment or transfer by any party hereto shall be null and void). Nothing in this Agreement, expressed or implied, shall be construed to confer upon any Person (other than the parties hereto, their respective successors and assigns permitted hereby, Participants to the extent provided in subsection (d) of this Section and, to the extent expressly contemplated hereby, the Related Parties of each of the Administrative Agent, the Issuers and the Lenders) any legal or equitable right, remedy or claim under or by reason of this Agreement.

(b) Any Lender may at any time assign to one or more Eligible Assignees all or a portion of its rights and obligations under this Agreement (including all or a portion of its Commitment and the Loans (including for purposes of this subsection (b) participations in Letter of Credit Obligations) at the time owing to it); provided that

(i) except in the case of an assignment of the entire remaining amount of the assigning Lender's Commitment and the Loans at the time owing to it or in the case of an assignment to a Lender or an Affiliate of a Lender or an Approved Fund with respect to a Lender, the aggregate amount of the Commitment (which for this purpose includes Loans outstanding thereunder) or, if the Commitment is not then in effect, the principal outstanding balance of the Loans of the assigning Lender subject to each such assignment, determined as of the date the Assignment Agreement with respect to such assignment is delivered to the Administrative Agent or, if "Trade Date" is specified in the Assignment Agreement, as of the Trade Date, shall not be less than $5,000,000 unless each of the Administrative Agent and, so long as no Default has occurred and is continuing, the Borrower otherwise consents (each such consent not to be unreasonably withheld or delayed); provided, however, that concurrent assignments to

members of an Assignee Group and concurrent assignments from members of an Assignee Group to a single Eligible Assignee (or to an Eligible Assignee and members of its Assignee Group) will be treated as a single assignment for purposes of determining whether such minimum amount has been met;

(ii) each partial assignment shall be made as an assignment of a proportionate part of all the assigning Lender's rights and obligations under this Agreement with respect to the Loans or the Commitment assigned;

(iii) any assignment of a Commitment must be approved by the Administrative Agent and the Issuers unless the Person that is the proposed assignee is itself a Lender (whether or not the proposed assignee would otherwise qualify as an Eligible Assignee);

(iv) such Lender shall at the same time enter into an Assignment Agreement (as defined in the KCPL Credit Agreement) with the same Eligible Assignee(s) in an amount representing an equal proportion of such Lender's Commitment (as defined in the KCPL Credit Agreement) under the KCPL Credit Agreement; and

(v) the parties to each assignment shall execute and deliver to the Administrative Agent an Assignment Agreement, together with a processing and recordation fee in the amount, if any, required as set forth in Schedule IV, and the Eligible Assignee, if it shall not be a Lender, shall deliver to the Administrative Agent an Administrative Questionnaire.

Subject to acceptance and recording thereof by the Administrative Agent pursuant to subsection (c) of this Section, from and after the effective date specified in each Assignment Agreement, the Eligible Assignee thereunder shall be a party to this Agreement and, to the extent of the interest assigned by such Assignment Agreement, have the rights and obligations of a Lender under this Agreement, and the assigning Lender thereunder shall, to the extent of the interest assigned by such Assignment Agreement, be released from its obligations under this Agreement (and, in the case of an Assignment Agreement covering all of the assigning Lender's rights and obligations under this Agreement, such Lender shall cease to be a party hereto) but shall continue to be entitled to the benefits of Sections 3.1, 3.4, 3.5, and 9.6 with respect to facts and circumstances occurring prior to the effective date of such assignment. Upon request, the Borrower (at its expense) shall execute and deliver a Note to the assignee Lender. Any assignment or transfer by a Lender of rights or obligations under this Agreement that does not comply with this subsection shall be treated for purposes of this Agreement as a sale by such Lender of a participation in such rights and obligations in accordance with subsection (d) of this Section.

(c) The Administrative Agent, acting solely for this purpose as an agent of the Borrower, shall maintain at the Administrative Agent's Office a copy of each Assignment Agreement delivered to it and a register for the recordation of the names and addresses of the Lenders, and the Commitments of, and principal amounts of the Loans and Letter of Credit Obligations owing to, each Lender pursuant to the terms hereof from time to time (the "Register"). The entries in the Register shall be conclusive, and the Borrower, the Administrative Agent and the Lenders may treat each Person whose name is recorded in the Register pursuant to the terms hereof as a Lender hereunder for all purposes of this Agreement, notwithstanding notice to the contrary. The Register shall be available for inspection by each of the Borrower and the Issuers at any reasonable time and from time to time upon reasonable prior notice. In addition, at any time that a request for a consent for a material or substantive change to the Loan Documents is pending, any Lender may request and receive from the Administrative Agent a copy of the Register.

(d) Any Lender may at any time, without the consent of, or notice to, the Borrower or the Administrative Agent, sell participations to any Person (other than a natural person or the Borrower or any of the Borrower's Affiliates or Subsidiaries) (each, a "Participant") in all or a portion of such Lender's rights and/or obligations under this Agreement (including all or a portion of its Commitment and/or the Loans (including such Lender's participations in Letter of Credit Obligations) owing to it); provided that (i) such Lender's obligations under this Agreement shall remain unchanged, (ii) such Lender shall remain solely responsible to the other parties hereto for the performance of such obligations and (iii) the Borrower, the Administrative Agent, the Lenders and the Issuers shall continue to deal solely and directly with such Lender in connection with such Lender's rights and obligations under this Agreement.

Any agreement or instrument pursuant to which a Lender sells such a participation shall provide that such Lender shall retain the sole right to enforce this Agreement and to approve any amendment, modification or waiver of any provision of this Agreement; provided that such agreement or instrument may provide that such Lender will not, without the consent of the Participant, agree to any amendment, waiver or other modification described in the proviso to Section 8.2 that affects such Participant. Subject to subsection (e) of this Section, the Borrower agrees that each Participant shall be entitled to the benefits of Sections 3.1, 3.4 and 3.5 to the same extent as if it were a Lender and had acquired its interest by assignment pursuant to subsection (b) of this Section. To the extent permitted by law, each Participant also shall be entitled to the benefits of Section 11.1 as though it were a Lender, provided such Participant agrees to be subject to Section 11.2 as though it were a Lender.

(e) A Participant shall not be entitled to receive any greater payment under Section 3.1 or 3.5 than the applicable Lender would have been entitled to receive with respect to the participation sold to such Participant, unless the sale of the participation to such Participant is made with the Borrower's prior written consent. A Participant that would be a Foreign Lender if it were a Lender shall not be entitled to the benefits of Section 3.5 unless the Borrower is notified of the participation sold to such Participant and such Participant agrees, for the benefit of the Borrower, to comply with Section 3.5(iv) as though it were a Lender.

(f) Any Lender may at any time pledge or assign a security interest in all or any portion of its rights under this Agreement (including under its Note, if any) to secure obligations of such Lender, including any pledge or assignment to secure obligations to a Federal Reserve Bank; provided that no such pledge or assignment shall release such Lender from any of its obligations hereunder or substitute any such pledgee or assignee for such Lender as a party hereto.

(g) The words "execution," "signed," "signature," and words of like import in any Assignment Agreement shall be deemed to include electronic signatures or the keeping of records in electronic form, each of which shall be of the same legal effect, validity or enforceability as a manually executed signature or the use of a paper-based recordkeeping system, as the case may be, to the extent and as provided for in any applicable law, including the Federal Electronic Signatures in Global and National Commerce Act, the New York State Electronic Signatures and Records Act, or any other similar state laws based on the Uniform Electronic Transactions Act.

(h) Notwithstanding anything to the contrary contained herein, if at any time Bank of America assigns all of its Commitment and Loans pursuant to subsection (b) above, Bank of America may, upon 30 days' notice to the Borrower and the Lenders, resign as an Issuer. In the event of any such resignation as an Issuer, the Borrower shall be entitled to appoint from among the Lenders another Issuer hereunder; provided, however, that no failure by the Borrower to appoint any such Issuer shall affect the resignation of Bank of America as an Issuer. If Bank of America resigns as an Issuer, it shall retain all the rights, powers, privileges and duties of an Issuer hereunder with respect to all Letters of Credit outstanding as of the effective date of its resignation as Issuer and all Letter of Credit Obligations with respect thereto (including the right to require the Lenders to fund risk participations pursuant to Section 2.19(e)).

12.2 Replacement of Lenders.

If (i) any Lender requests compensation under Section 3.1, (ii) the Borrower is required to pay any additional amount to any Lender or any governmental authority for the account of any Lender pursuant to Section 3.4 or (iii) any Lender is a Non-Extending Lender pursuant to Section 2.20(b), then the Borrower may, at its sole expense and effort, upon notice to such Lender and the Administrative Agent, require such Lender to assign and delegate, without recourse (in accordance with and subject to the restrictions contained in, and consents required by, Section 12.1(b)), all of its interests, rights and obligations under this Agreement and the related Loan Documents to an Eligible Assignee that shall assume such obligations (which Eligible Assignee may be another Lender, if a Lender accepts such assignment), provided that:

(a) the Borrower shall have paid to the Administrative Agent the assignment fee specified in Section 12.1(b);

(b) such Lender shall have received payment of an amount equal to the outstanding principal of its Loans and participations, accrued interest thereon, accrued fees and all other amounts payable to it hereunder and under the other Loan Documents from such Eligible Assignee (to the extent of such outstanding principal and accrued interest and fees) or the Borrower (in the case of all other amounts);

(c) in the case of any such assignment resulting from a claim for compensation under Section 3.1 or payments required to be made pursuant to Section 3.4, such assignment will result in a reduction in such compensation or payments thereafter; and

(d) such assignment does not conflict with applicable Laws.

A Lender shall not be required to make any such assignment or delegation if, prior thereto, as a result of a waiver by such Lender or otherwise, the circumstances entitling the Borrower to require such assignment and delegation cease to apply.

ARTICLE XIII

NOTICES

13.1 Notices.

Except as otherwise permitted by Section 2.14 with respect to borrowing notices, all notices, requests and other communications to any party hereunder shall be in writing (including electronic transmission, facsimile transmission or similar writing) and shall be given to such party: (i) in the case of the Borrower or the Administrative Agent, at its address or facsimile number set forth on Schedule V, (ii) in the case of any Lender, at its address or facsimile number specified in its Administrative Questionnaire or (iii) in the case of any party, at such other address or facsimile number as such party may hereafter specify for the purpose by notice to the Administrative Agent and the Borrower in accordance with the provisions of this Section 13.1. Each such notice, request or other communication shall be effective (a) if given by facsimile transmission, when transmitted to the facsimile number specified in this Section and confirmation of receipt is received, (b) if given by mail, 72 hours after such communication is deposited in the mails with first class postage prepaid, addressed as aforesaid, or (c) if given by any other means, when delivered (or, in the case of electronic transmission, received) at the address specified in this Section; provided that notices to the Administrative Agent under Article II shall not be effective until received.

13.2 Change of Address.

The Borrower, the Administrative Agent and any Lender may each change the address for service of notice upon it by a notice in writing to the other parties hereto.

ARTICLE XIV

COUNTERPARTS

This Agreement may be executed in any number of counterparts, all of which taken together shall constitute one agreement, and any of the parties hereto may execute this Agreement by signing any such counterpart. This Agreement shall be effective when it has been executed by the Borrower, the Administrative Agent and the Lenders and each party has notified the Administrative Agent by facsimile transmission or telephone that it has taken such action.

ARTICLE XV

OTHER AGENTS

No Lender identified on the cover page, the signature pages or otherwise in this Agreement, or in any document related hereto, as being the "Syndication Agent" or a

"Co-Documentation Agent" shall have any right, power, obligation, liability, responsibility or duty under this Agreement in such capacity other than those applicable to all Lenders. Each Lender acknowledges that it has not relied, and will not rely, on the Syndication Agent or any Co-Documentation Agent in deciding to enter into this Agreement or in taking or refraining from taking any action hereunder or pursuant hereto.

ARTICLE XVI

CHOICE OF LAW; CONSENT TO JURISDICTION; WAIVER OF JURY TRIAL

16.1 CHOICE OF LAW.

THIS AGREEMENT SHALL BE CONSTRUED IN ACCORDANCE WITH THE INTERNAL LAWS (AND NOT THE LAW OF CONFLICTS) OF THE STATE OF NEW YORK, BUT GIVING EFFECT TO FEDERAL LAWS APPLICABLE TO NATIONAL BANKS.

16.2 CONSENT TO JURISDICTION.

THE BORROWER HEREBY IRREVOCABLY SUBMITS TO THE NON-EXCLUSIVE JURISDICTION OF ANY UNITED STATES FEDERAL OR NEW YORK STATE COURT SITTING IN NEW YORK CITY, NEW YORK IN ANY ACTION OR PROCEEDING ARISING OUT OF OR RELATING TO THIS AGREEMENT AND THE BORROWER HEREBY IRREVOCABLY AGREES THAT ALL CLAIMS IN RESPECT OF SUCH ACTION OR PROCEEDING MAY BE HEARD AND DETERMINED IN ANY SUCH COURT AND IRREVOCABLY WAIVES ANY OBJECTION IT MAY NOW OR HEREAFTER HAVE AS TO THE VENUE OF ANY SUCH SUIT, ACTION OR PROCEEDING BROUGHT IN SUCH A COURT OR THAT SUCH COURT IS AN INCONVENIENT FORUM. NOTHING HEREIN SHALL LIMIT THE RIGHT OF THE ADMINISTRATIVE AGENT, ANY LENDER OR ANY ISSUER TO BRING PROCEEDINGS AGAINST THE BORROWER IN THE COURTS OF ANY OTHER JURISDICTION. ANY JUDICIAL PROCEEDING BY THE BORROWER AGAINST THE ADMINISTRATIVE AGENT OR ANY LENDER OR ANY AFFILIATE OF THE ADMINISTRATIVE AGENT OR ANY LENDER INVOLVING, DIRECTLY OR INDIRECTLY, ANY MATTER IN ANY WAY ARISING OUT OF, RELATED TO, OR CONNECTED WITH THIS AGREEMENT SHALL BE BROUGHT ONLY IN A COURT IN NEW YORK CITY, NEW YORK.

16.3 WAIVER OF JURY TRIAL.

THE BORROWER, THE ADMINISTRATIVE AGENT, EACH LENDER AND EACH ISSUER HEREBY WAIVE TRIAL BY JURY IN ANY JUDICIAL PROCEEDING INVOLVING, DIRECTLY OR INDIRECTLY, ANY MATTER (WHETHER SOUNDING IN TORT, CONTRACT OR OTHERWISE) IN ANY WAY ARISING OUT OF, RELATED TO,

OR CONNECTED WITH ANY LOAN DOCUMENT OR THE RELATIONSHIP ESTABLISHED THEREUNDER.

ARTICLE XVII

TERMINATION OF EXISTING CREDIT FACILITY

Lenders which are parties to the Existing Credit Facility (and which constitute "Required Lenders" under and as defined in the Existing Credit Facility) hereby waive any advance notice requirement for terminating the commitments under the Existing Credit Facility, and the Borrower and the applicable Lenders agree that the Existing Credit Facility and the commitments thereunder shall be terminated on the date hereof (except for any provisions thereof which by their terms survive termination thereof).

IN WITNESS WHEREOF, the Borrower, the Lenders, the Issuers and the Agents have executed this Agreement as of the date first above written.

GREAT PLAINS ENERGY INCORPORATED

By: /s/Michael W. Cline
Name: Michael W. Cline
Title: Treasurer and Chief Risk Officer

BANK OF AMERICA, N.A.,
as Administrative Agent

By: /s/Kevin Wagley
Name: Kevin Wagley
Title: Senior Vice President

BANK OF AMERICA, N.A.,
as an Issuer and as a Lender

By: /s/Kevin Wagley
Name: Kevin Wagley
Title: Senior Vice President

JPMORGAN CHASE BANK, N.A.,
as Syndication Agent, as an Issuer and as a Lender

By: /s/Nancy R. Barwig
Name: Nancy R. Barwig
Title: Vice President

BNP PARIBAS,
as a Lender

By: /s/Francis J. Delaney
Name: Francis J. Delaney
Title: Managing Director

By: /s/Andrew Platt
Name: Andrew Platt
Title: Director

THE BANK OF TOKYO-MITSUBISHI UFJ,
LIMITED, CHICAGO BRANCH,
as a Lender

By: /s/Tsuguyuki Umene
Name: Tsuguyuki Umene
Title: Deputy General Manager

WACHOVIA BANK N.A.,
as a Lender

By: /s/Allison Newman
Name: Allison Newman
Title: Vice President

BANK OF NEW YORK,
as a Lender

By: /s/John-Paul Marotta
Name: John-Paul Marotta
Title: Managing Director

KEYBANK NATIONAL ASSOCIATION,
as a Lender

By: /s/Keven D. Smith
Name: Keven D. Smith
Title: Senior Vice President

THE BANK OF NOVA SCOTIA,
as a Lender

By: /s/Thane Rattew
Name: Thane Rattew
Title: Managing Director

UMB BANK, N.A.,
as a Lender

By: /s/Robert P. Elbert
Name: Robert P. Elbert
Title: Senior Vice President

COMMERCE BANK, N.A.,
as a Lender

By: /s/R. David Emley, Jr.
Name: David Emley, Jr.
Title: Vice President

May 31, 2006

Strategic Energy, L.L.C.
Two Gateway Center
Pittsburgh, PA 15222-1458
Attn: Brian Begg

RE: Consent

Reference is made to that certain Amended and Restated Credit Agreement, dated as of July 2, 2004, among Strategic Energy, L.L.C. ("**Borrower**"), LaSalle Bank National Association, in its capacity as Administrative Agent ("**Administrative Agent**"), various other financial institutions ("**Lenders**"), and PNC Bank, National Association, in its capacity as Syndication Agent, as amended by that certain Amendment No. 1, dated as of December 20, 2005, among the same parties (as so amended and as the same may be further amended, supplemented or otherwise modified from time to time, the "**Credit Agreement**"). Capitalized terms used herein but not defined herein shall have the meanings assigned to such terms in the Credit Agreement.

Consent

Section 7.3(B) of the Credit Agreement prohibits the Borrower and its Subsidiaries from selling, assigning, transferring, leasing, conveying or otherwise disposing of any property, whether now owned or hereafter acquired, or any income or profits therefrom, or enter into any agreement to do so, except certain expressly enumerated dispositions. Section 7.3(C) of the Credit Agreement prohibits the Borrower and its Subsidiaries from directly or indirectly creating, incurring, assuming or permitting to exist any Lien on or with respect to any of their respective property or assets except certain expressly enumerated Liens.

Borrower desires to enter into an agreement with Consolidated Edison Company of New York ("**ConEd**"), pursuant to which Borrower will, in consideration for a payment by ConEd to Borrower (collectively, the "**ConEd Purchase Payments**"), either (i) assign to ConEd all monthly retail customer accounts receivable billed by ConEd on behalf of Borrower pursuant to a consolidated utility bill (collectively, the "**ESCO Customer Accounts**") or (ii) in the alternative, grant to ConEd a security interest in the ESCO Customer Accounts (collectively, the "**ConEd A/R Assignment**"). Borrower has provided to Administrative Agent and Lenders a copy of the proposed Consolidated Utility Billing Service and Assignment Agreement to be entered into with ConEd to evidence the ConEd A/R Assignment. Borrower has requested Lenders to consent to the ConEd A/R Assignment, pursuant to Sections 7.3(B) and 7.3(C) and any other applicable Section of the Credit Agreement, and in connection therewith (a) to the extent the ConEd A/R Assignment constitutes a true sale of Borrower's ESCO Customer Accounts, release any Lien Administrative Agent and Lenders may have in the sold ESCO Customer Accounts or (b) in the alternative, to the extent that the ConEd A/R Assignment

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constitutes a secured financing, subordinate any Lien Administrative Agent and Lenders may have in the pledged ESCO Customer Accounts to the Lien granted to ConEd.

In reliance on the representations and warranties provided by Borrower and GPE in this letter consent and in connection with the request for such consent, and subject to the conditions precedent to effectiveness of this letter agreement set forth below, Administrative Agent and Lenders hereby consent to the proposed ConEd A/R Assignment, and in connection therewith (a) to the extent the ConEd A/R Assignment constitutes a true sale of Borrower's ESCO Customer Accounts, release any Lien Administrative Agent and Lenders may have in the sold ESCO Customer Accounts or (b) in the alternative, to the extent that the ConEd A/R Assignment constitutes a secured financing, subordinate any Lien Administrative Agent and Lenders may have in the pledged ESCO Customer Accounts to the Lien granted to ConEd.

Specific Conditions Precedent to Effectiveness

1. Borrower shall have entered into with ConEd a Consolidated Utility Billing Service and Assignment Agreement substantially in the form provided to Administrative Agent and Lenders prior to the date hereof, and with only such amendments or modifications thereto from time to time as shall not reasonably be expected to have an adverse effect on Administrative Agent or Lenders.

2. The outstanding amount of ESCO Customer Accounts assigned or pledged by Borrower at any one time (prior to the payment thereof by ConEd as provided in the Consolidated Utility Billing Service and Assignment Agreement) shall not exceed $5,000,000, and shall only apply to ESCO Customer Accounts with respect to retail customers acquired by Borrower after the date of its execution of the Consolidated Utility Billing Service and Assignment Agreement.

3. Borrower shall pay all reasonable costs, fees, and expenses paid or incurred by Administrative Agent incident to this letter consent, including, without limitation, the reasonable fees and expenses of Administrative Agent's counsel in connection with the negotiation, preparation, delivery, and execution of this letter consent and any related documents.

Acknowledgement of Pledge

Borrower by its execution below hereby expressly acknowledges that the grant and pledge by Borrower to Administrative Agent, for the benefit of itself and Lenders, of a security interest in its property pursuant to the Security Agreement includes (and Borrower hereby expressly remakes such grant and pledge) all accounts associated with the ConEd Purchase Payments, including any and all proceeds thereof, subject to the subordination provisions set forth herein.

Representations

As a material inducement to Administrative Agent and Lenders to execute and deliver this letter consent, Borrower hereby represents and warrants to Lenders and Administrative Agent (with the knowledge and intent that such parties are relying upon the same in entering into this letter consent) the following:

(a) This letter consent and the Credit Agreement, as amended hereby, constitute legal, valid and binding obligations of Borrower and are enforceable against Borrower in accordance with their respective terms.

(b) Subject to any exceptions that would be necessitated by the ConEd transaction described herein, Borrower hereby reaffirms all covenants, representations and warranties made in the Credit Agreement and other Loan Documents and agree that all such covenants, representations and warranties shall be deemed to have been remade as of the effective date of this letter consent.

(c) No Event of Default or Default has occurred and is continuing or would exist after giving effect to this letter consent.

(d) Borrower has no defense, counterclaim or offset with respect to the Credit Agreement with respect to actions or omissions of the Administrative Agent or the Lenders prior to the date of this letter consent.

(e) This letter consent has been duly executed and delivered by a duly authorized officer of Borrower.

General

Except as expressly provided by this letter consent, the terms and provisions of the Credit Agreement and the other Loan Documents are hereby ratified and confirmed and shall continue in full force and effect. Without limiting any condition to effectiveness set forth above, the consent provided and agreed to herein are to be effective only upon receipt by Administrative Agent of an execution counterpart of this letter agreement signed by Borrower, GPE (solely for the purpose of ratifying and confirming its Amended and Restated Limited Guaranty dated as of July 2, 2004) and Lenders. The consent contained herein shall not constitute a course of dealing between Borrower, GPE, Administrative Agent and Lenders, and shall not constitute a waiver or amendment of any Default or Event of Default, now or hereafter, arising, or any other provision of the Credit Agreement or the other Loan Documents. This consent letter shall be governed by, construed and enforced in accordance with all provisions of the Credit Agreement, including as to choice of law, and may be executed in multiple counterparts. Administrative Agent and Lenders hereby agree, upon reasonable request from Borrower or GPE, but only as required from Borrower or GPE by ConEd, to execute such other documents and take such other actions as are

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reasonably required in order to evidence the consent and subordination that is the subject of this consent letter.

Please evidence your acknowledgment of and agreement to the foregoing by executing this letter agreement in the place indicated below.

Sincerely,

LASALLE BANK NATIONAL ASSOCIATION
as Administrative Agent, as a Lender and
as an Issuing Bank

By: /s/Mark H. Veach
Name: Mark H. Veach
Title: Senior Vice President & Division Head

[Signatures continued from previous page.]

IN WITNESS WHEREOF, the undersigned has executed this letter consent as of the day and year first above set forth.

PNC BANK, NATIONAL ASSOCIATION
as a Syndication Agent and Lender

By: /s/Thomas A. Majeski
Name: Thomas A. Majeski
Title: Vice President

[Signatures continued from previous page.]

IN WITNESS WHEREOF, the undersigned has executed this letter consent as of the day and year first above set forth.

CITIZENS BANK OF PENNSYLVANIA
as Lender

By: /s/Dwayne R. Finney
Name: Dwayne R. Finney
Title: Senior Vice President

[Signatures continued from previous page.]

IN WITNESS WHEREOF, the undersigned has executed this letter consent as of the day and year first above set forth.

NATIONAL CITY BANK OF PENNSYLVANIA
as Lender

By: /s/Susan J. Dimmick
Name: Susan J. Dimmick
Title: Vice President

[Signatures continued from previous page.]

IN WITNESS WHEREOF, the undersigned has executed this letter consent as of the day and year first above set forth.

FIFTH THIRD BANK
as Lender

By: /s/Jim Janovsky
Name Jim Janovsky
Title: Vice President

[Signatures continued from previous page.]

IN WITNESS WHEREOF, the undersigned has executed this letter consent as of the day and year first above set forth.

SKY BANK
as Lender

By: /s/W. Christopher Kobler
Name: W. Christopher Kobler
Title: Vice President

[Signatures continued from previous page.]

IN WITNESS WHEREOF, the undersigned has executed this letter consent as of the day and year first above set forth.

FIRST NATIONAL BANK OF PENNSYLVANIA
as Lender

By: /s/Jeffrey A. Martin
Name: Jeffrey A. Martin
Title: Vice President

[Signatures continued from previous page.]

IN WITNESS WHEREOF, the undersigned have executed this letter consent as of the day and year first above set forth.

STRATEGIC ENERGY, L.L.C., as Borrower

By: /s/Brian M. Begg
Name: Brian M. Begg
Title: VP, Corporate Development & Finance

GREAT PLAINS ENERGY INCORPORATED, as Guarantor,
solely for the purpose of ratifying and confirming its Amended and Restated Limited Guaranty dated as of July 2, 2004.

By: /s/Barbara B. Curry
Name: Barbara B. Curry
Title: Senior Vice President - Corporate Services and Corporate Secretary

GREAT PLAINS ENERGY

COMPUTATION OF RATIO OF EARNINGS TO FIXED CHARGES

	Year to Date June 30 2006	2005	2004	2003	2002	2001
			(thousands)			
Income (loss) from continuing operations	$ 35,521	$164,209	$173,535	$189,702	$136,702	$ (28,428)
Add						
Minority interests in subsidiaries	-	7,805	(2,131)	(1,263)	-	(897)
Equity investment (income) loss	579	434	1,531	2,018	1,173	(23,641)
Income subtotal	36,100	172,448	172,935	190,457	137,875	(52,966)
Add						
Taxes on income	10,201	39,691	54,451	78,565	51,348	(34,672)
Kansas City earnings tax	271	498	602	418	635	583
Total taxes on income	10,472	40,189	55,053	78,983	51,983	(34,089)
Interest on value of leased property	2,043	6,229	6,222	5,944	7,093	10,679
Interest on long-term debt	31,081	64,349	66,128	58,847	65,837	83,549
Interest on short-term debt	4,020	5,145	4,837	5,442	6,312	9,915
Mandatorily Redeemable Preferred Securities	-	-	-	9,338	12,450	12,450
Other interest expense and amortization	2,587	5,891	13,563	3,912	3,760	5,188
Total fixed charges	39,731	81,614	90,750	83,483	95,452	121,781
Earnings before taxes on income and fixed charges	$ 86,303	$294,251	$318,738	$352,923	$285,310	$ 34,726
Ratio of earnings to fixed charges	2.17	3.61	3.51	4.23	2.99	(a)

(a) An $87.1 million deficiency in earnings caused the ratio of earnings to fixed charges to be less than a one-to-one coverage. A $195.8 million net write-off before income taxes related to the bankruptcy filing of DTI was recorded in 2001.

CERTIFICATIONS

I, Michael J. Chesser, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Great Plains Energy Incorporated;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report:

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 4, 2006

/s/ Michael J. Chesser

Michael J. Chesser
Chairman of the Board and Chief Executive Officer

Exhibit 31.1.b

CERTIFICATIONS

I, Terry Bassham, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Great Plains Energy Incorporated;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report:

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 4, 2006

/s/ Terry Bassham

Terry Bassham
Executive Vice President - Finance and Strategic Development and
Chief Financial Officer

Certification of CEO and CFO Pursuant to
18 U.S.C. Section 1350,
as Adopted Pursuant to
Section 906 of the Sarbanes-Oxley Act of 2002

In connection with the Quarterly Report on Form 10-Q of Great Plains Energy Incorporated (the "Company") for the quarterly period ended June 30, 2006 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), Michael J. Chesser, as Chairman of the Board and Chief Executive Officer of the Company, and Terry Bassham, as Executive Vice President - Finance and Strategic Development and Chief Financial Officer of the Company, each hereby certifies, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to the best of his knowledge:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Michael J. Chesser
Name: Michael J. Chesser
Title: Chairman of the Board and Chief Executive Officer
Date: August 4, 2006

/s/ Terry Bassham
Name: Terry Bassham
Title: Executive Vice President - Finance and Strategic Development and Chief Financial Officer
Date: August 4, 2006

This certification is being furnished solely pursuant to 18 U.S.C. Section 1350 and is not being filed as part of the Report or as a separate disclosure document. This certification shall not be deemed “filed” for purposes of Section 18 of the Securities Exchange Act of 1934 or otherwise subject to liability under that section. This certification shall not be deemed to be incorporated by reference into any filing under the Securities Act of 1933 or the Securities Exchange Act of 1934 except to the extent this Exhibit 32.1 is expressly and specifically incorporated by reference in any such filing.

A signed original of this written statement required by Section 906, or other document authenticating, acknowledging, or otherwise adopting the signature that appears in typed form within the electronic version of this written statement required by Section 906, has been provided to Great Plains Energy Incorporated and will be retained by Great Plains Energy Incorporated and furnished to the Securities and Exchange Commission or its staff upon request.

IATAN UNIT 2 AND COMMON FACILITIES OWNERSHIP AGREEMENT

KANSAS CITY POWER & LIGHT COMPANY,

AQUILA, INC.,

THE EMPIRE DISTRICT ELECTRIC COMPANY,

KANSAS ELECTRIC POWER COOPERATIVE, INC.

AND

MISSOURI JOINT MUNICIPAL ELECTRIC UTILITY COMMISSION

May 19, 2006

TABLE OF CONTENTS

EXHIBITS

IATAN UNIT 2 AND COMMON FACILITIES OWNERSHIP AGREEMENT

This IATAN UNIT 2 AND COMMON FACILITIES OWNERSHIP AGREEMENT (this "Agreement") is made as of May __, 2006, by and among KANSAS CITY POWER & LIGHT COMPANY, a Missouri corporation ("KCPL"), AQUILA, INC., a Delaware corporation ("Aquila"), THE EMPIRE DISTRICT ELECTRIC COMPANY, a Kansas corporation ("Empire"), KANSAS ELECTRIC POWER COOPERATIVE, INC., a not-for-profit generation and transmission cooperative organized under the laws of the State of Kansas ("KEPCO"), and MISSOURI JOINT MUNICIPAL ELECTRIC UTILITY COMMISSION, a body public and corporate of the State of Missouri ("MJMEUC") (each of KCPL, Aquila, Empire, KEPCO and MJMEUC, individually, an "Owner" and, collectively, the "Owners").

RECITALS

The Owners are engaged in the generation and transmission of electricity and its distribution and sale to the Owners' respective customers, and intend to construct, own and operate a coal-fired electric generating facility of approximately 800-850 MW Net Generating Capacity ("Unit 2") on the East bank of the Missouri River, near the Upper Iatan Bend, in Platte County, Missouri.

KCPL, Aquila and Empire (the "Unit 1 Owners") own as tenants in common, each with an undivided ownership interest, a coal-fired electric generating facility ("Unit 1") located adjacent to the proposed location of Unit 2 at the Initial Iatan Station Site (as hereinafter defined). KCPL operates Unit 1. The Unit 1 Owners also presently own as tenants in common, each with an undivided ownership interest, the Initial Iatan Station Site.

Unit 1 is and Unit 2 will be located on a parcel of real property that can accommodate up to four coal-fired generation units (the "Initial Iatan Station Site"). An adjacent parcel of real property will also be used in connection with the operation of Unit 1 and Unit 2 ("Nower Property"). KCPL is the sole owner of the Nower Property. The Initial Iatan Station Site and the Nower Property will be referred to collectively as the "Iatan Station Site." Legal descriptions of the Initial Iatan Station Site and the Nower Property are attached as Exhibits A and B, respectively.

The Unit 1 Owners have set forth their agreement with respect to Unit 1, the Initial Iatan Station Site, and certain common facilities in the Iatan Station Ownership Agreement dated July 31, 1978 (the "Iatan Unit 1 Ownership Agreement").

The Owners desire to participate in the construction of Unit 2 and ownership of the Iatan Unit 2 Facility (as hereinafter defined), and have agreed that the Iatan Unit 2 Facility shall be owned by the Owners as tenants in common, each with an undivided ownership interest therein as hereinafter provided.

The Unit 1 Owners own certain common facilities now in existence and serving Unit 1 (as more fully described in Exhibit C, but excluding any existing fuel inventory for Unit 1**,** the "Existing Common Facilities") that are anticipated to be capable of joint utilization by and for Unit 1, Unit 2 and any Additional Units (as hereinafter defined).

MJMEUC and KEPCO also desire to participate in the undivided ownership of the Existing Common Facilities to the extent they are utilized by Unit 2.

The Unit 2 Owners intend to construct and own (in common with the Unit 1 Owners as provided herein) certain enhancements and improvements to the Existing Common Facilities in order to facilitate the joint operation of Unit 1 and Unit 2 (such enhancements and improvements, as more fully described in Exhibit D, the "Common Facilities Upgrades" and, together with the Existing Common Facilities, the "Common Facilities").

At the Closing (as defined below), pursuant to assignment and assumption agreements, the form of which is set out in Exhibit E, KCPL shall transfer and assign to the other Owners certain undivided interests in permits related to Unit 2, and by virtue of the other Owners' payment of certain costs, they shall acquire undivided interests in the balance of the Iatan Unit 2 Facility and the Common Facilities and each such other Owner shall assume and agree to be bound by the provisions of all permits and other obligations under this Agreement to the extent of its Ownership Share therein as provided in Section 2.1 or Common Facilities Ownership Shares, as provided in Section 2.2, as applicable.

This Agreement is executed for the purposes of (i) confirming the nature and extent of the respective ownership interests of the Owners in the Iatan Unit 2 Facility and the Common Facilities and (ii) imposing certain covenants and obligations running with the rights, titles and interests of the Owners in and to the Iatan Unit 2 Facility and the Common Facilities, which covenants and obligations are intended to inure to the benefit of and be binding upon each of the Owners and any and all persons whomsoever having or claiming any right, title or interest therein by, from, through or under any of the Owners.

NOW, THEREFORE, the Owners, each for itself, its successors and assigns, and for the benefit of the other, its successors and assigns, hereby covenant and agree as follows:

ARTICLE I

Definitions

For purposes of this Agreement the following capitalized terms shall have the respective meanings set forth below.

1.1 "Accounting Manual" shall have the meaning specified in Section 14.2.

1.2 "Actual Emissions" shall have the meaning specified in Section 6.8(b).

1.3 "Actual Fuel Costs" shall mean the total of the following component costs:

(a) the amount billed to KCPL by suppliers for coal and other fuel for the Iatan Unit 2 Facility, including any adjustments thereto;

(b) the amount billed to KCPL by suppliers for limestone, ammonia, and any other Fuel Commodity used in pollution control equipment for the Iatan Unit 2 Facility, which are required and consumed as coal or other fuel is consumed, including any adjustments thereto;

(c) the amount billed to or otherwise incurred by KCPL for the transportation of coal or other Fuel Commodities referred to in Sections 1.3(a) and 1.3(b), which shall include, but is not limited to, tariff payments and any other charges of common carriers and all costs of operation, maintenance, leasing and financing (including interest, fees and principal, whether incurred directly or through rents under leases) of rail rolling stock or other transportation equipment, whether directly owned or leased (by capital lease or operating lease) by KCPL or any affiliate thereof and all reasonable consulting, rate costs, legal, and other administrative and general expenses relating to providing transportation service;

(d) all charges incurred by KCPL in connection with the lease, maintenance and operation of all coal handling and storage equipment and facilities associated with and allocated to the Iatan Unit 2 Facility;

(e) all sales, use, personal property or other taxes imposed on KCPL because of the transportation, delivery, purchase, transfer, storage, handling, sale or ownership of coal or other fuel with respect to the Iatan Unit 2 Facility;

(f) all other costs, whether similar or dissimilar to the costs enumerated above, incurred by KCPL in performance of Article VII of this Agreement and not provided for in other parts of this Agreement, including but not limited to, pre-operating expenses (including fuel during testing) and related general and administrative costs for the Iatan Unit 2 Facility and the Common Facilities.

1.4 "Additional Unit" or "Additional Units" shall mean any subsequently developed Unit 3 and/or Unit 4, as contemplated in the certificate of public convenience and necessity for the Initial Iatan Station Site, Kansas City Power & Light Co., Case No. 17,895 (Dec. 14, 1973) or any other generating unit KCPL elects to build on the Iatan Station Site.

1.5 "Adverse Action" shall mean any action or inaction that adversely affects the exclusion of interest from gross income for U.S. federal income tax purposes of any MJMEUC tax-exempt debt used to finance MJMEUC's Ownership Share and/or Common Facilities Ownership Share.

1.6 "Agreement" shall have the meaning specified in the caption hereof.

1.7 "Agreements" shall mean collectively this Agreement and other agreements and documents entered into by the Owners pursuant to this Agreement, including without limitation, the proposed Assignment and Assumption Agreement, and the Iatan Station Unit 2 Site Ground Lease, Nower Property Ground Lease and Easement Agreement, as this Agreement and such other agreements and documents may be amended from time to time.

1.8 "Allowance Contribution" shall have the meaning specified in Section 6.7(a).

1.9 "Allowances" or "Emission Allowances" shall mean all present and future authorizations to emit specified units of pollutants, which units are established by governmental agencies with jurisdiction over the Iatan Station Site under (i) an air pollution control and emission reduction program designed to mitigate interstate or intrastate transport or deposition of pollutants or (ii) any other air pollution reduction program with a similar purpose, in each case, regardless of whether the government agency establishes such authorizations or designates such authorizations by a name other than "allowances."

1.10 "Appraised Value" shall have the meaning specified in Section 10.2(c).

1.11 "Aquila" shall have the meaning specified in the caption of this Agreement.

1.12 "Arrangements" shall have the meaning specified in Section 9.1(a).

1.13 "Bankruptcy Code" shall have the meaning specified in Section 5.3(b).

1.14 "Cash Flow Memorandum" shall mean, with respect to any construction (or reconstruction following a casualty loss) of Unit 2 or the Common Facilities, the Construction Period Cash Flow Memorandum, and otherwise, the Operating Period Cash Flow Memorandum.

1.15 "Certificates of Public Convenience and Necessity" shall mean the certificates issued in Kansas City Power & Light Co., Case No. 17,895 (December 14, 1973) and Kansas City Power & Light Co., St. Joseph Light & Power Co. and The Empire District Co., Case No. EM-78-277 (July 28, 1978).

1.16 "Closing" or "Closing Date" shall mean the time (i) at which KCPL transfers to each appropriate Owner (other than KEPCO, which shall be governed by Section 16.1(b)) pursuant to this Agreement and/or ancillary agreements an interest in permits, personal property and the real property acquired by KCPL for Unit 2 and/or the Common Facilities Upgrades through such time and (ii) each Owner (including KEPCO) pays to KCPL the portion of the Cost of Construction accrued through such time for the purchase of the Ownership Share or Common Facilities Ownership Share (as applicable) of that Owner as provided in this Agreement, in accordance with its terms, and (iii) each Owner (including KEPCO) assumes its respective liabilities therefor, as such time shall be stated in a notice of the Closing Date provided by KCPL to the other Owners at least 10 days before the Closing Date.

1.17 "Code" shall have the meaning specified in Section 9.1(a).

1.18 "Commercial Operation" shall mean Unit 2 shall have met all of the performance tests prescribed in KCPL's test procedures for placing Unit 2 into commercial operation.

1.19 "Commercial Operation Date" shall mean the date on which Unit 2 achieves Commercial Operation.

1.20 "Commercially Reasonable Efforts" shall mean such diligent efforts, consistent with Good Utility Practice, that a party taking such actions would use in acting on its own behalf.

1.21 "Common Facilities" shall have the meaning specified in the Recitals to this Agreement.

1.22 "Common Facilities Ownership Share" shall have the meaning given in Section 2.2(g).

1.23 "Common Facilities Upgrades" shall have the meaning specified in the Recitals to this Agreement.

1.24 "Common Facilities Upgrades Completion Date" means the date construction and installation of the Common Facilities Upgrades is completed, as specified by the Operator in a notice to the Owners.

1.25 "Construction Period Cash Flow Memorandum" shall have the meaning specified in Section 14.1.

1.26 "Cost of Construction" shall mean all costs (excluding allowance for funds used during construction) incurred by KCPL in connection with the planning, design, licensing, permitting, acquisition, construction, completion, renewal, reconstruction, addition, upgrade, replacement or disposal of Unit 2, Common Facilities Upgrades, Interconnection Facilities (including those costs described in Section 4.2), or any portions of Unit 2 that are properly recordable to Unit 2 in accordance with the Electric Plant Instructions and in appropriate accounts as set forth in the Uniform System of Accounts. Costs of project development (other than costs associated with the acquisition and development of real property) incurred prior to May 1, 2004 shall not be included in Cost of Construction. Credits, reimbursements, refunds or rebates, including casualty insurance proceeds, with respect to amounts previously included in Cost of Construction, shall be applied as received to set off amounts otherwise due from the Owners at such time.

1.27 "Cost of Operation" shall mean all costs (excluding Actual Fuel Costs and financing costs) incurred by KCPL, in connection with the operation and maintenance of Unit 2, and Common Facilities that are properly recordable to Unit 2 in accordance with the Operating Expense Instructions and in appropriate accounts as set forth in the Uniform System of Accounts, and all such costs associated with pollution control facilities necessary for the operation of Unit 2. Credits, reimbursements, refunds or rebates, including casualty insurance proceeds, with respect to amounts previously included in Cost of Operation, shall be applied as received to set off amounts otherwise due from the Owners at such time.

1.28 "Covered Owner" shall have the meaning specified in Section 17.2.

1.29 "Defaulted Shares" shall have the meaning specified in Section 6.6(d).

1.30 "Emissions Projection" shall have the meaning specified in Section 6.8(b).

1.31 "Empire" shall have the meaning specified in the caption of this Agreement.

1.32 "EPA" shall have the meaning specified in Section 6.8(a).

1.33 "Estimated In-Service Operation Date" shall mean, as of the date of this Agreement, June 1, 2010, which may be modified from time to time by KCPL, provided KCPL provides written notice of any modification to Owners.

1.34 "Excess Allowances" shall have the meaning specified in Section 6.8(d).

1.35 "Excess Share" shall have the meaning specified in Section 2.1(c).

1.36 "Existing Common Facilities" shall have the meaning specified in the Recitals to this Agreement.

1.37 "Force Majeure" shall mean causes not within the control of the party directly affected and claiming suspension of its obligations and which by the exercise of due diligence and foresight could not reasonably have been avoided, and shall be deemed to include, but not be limited to, acts of God, acts of civil or military authorities, acts of war or public enemy, acts of any court, regulatory agency or administrative body having jurisdiction, insurrections, riots, strikes or other labor disturbances, breakdown of or accidents to plant, equipment or facilities, fires, explosions, floods, drought, interruption of transportation, embargoes or other causes of a similar nature; provided, however, that any strike or other labor disturbance may be settled at the sole discretion of the party directly affected thereby; and provided, further, that the inability to pay money shall not constitute Force Majeure.

1.38 "Fuel Commodity" or "Fuel Commodities" shall mean coal, oil, agricultural, mining or chemical products that are used in the process of producing steam or controlling emissions.

1.39 "Fuel Commodity Ownership Percentage" shall mean each Owner's percentage interest in and share of the Iatan Station Fuel Commodity inventory, as defined in Section V.B.2 of the Accounting Manual, attached as Exhibit J, as may be amended from time to time.

1.40 "GAAP" shall mean generally accepted accounting principles as determined by the Financial Accounting Standards Board.

1.41 "Good Utility Practice" shall mean, at any time, the standards, practices, methods and acts with respect to construction and operation of electrical generating facilities engaged in or approved by a significant portion of the electric utility industry at such time. Good Utility Practice is not intended to be limited to the optimum practice, method, or act to the exclusion of all others, but rather to be a spectrum of possible standards, practices, methods, or acts expected to accomplish the desired results, having due regard for, among other things, economic factors, manufacturers' warranties and the requirements of governmental authorities of competent jurisdiction and the requirements of this Agreement. Notwithstanding any provision of this Agreement, failure to meet the Good Utility Practice standard shall not constitute a breach of this Agreement unless such failure constitutes gross negligence or willful misconduct.

1.42 "Iatan Station Site" shall have the meaning specified in the Recitals to this Agreement.

1.43 "Iatan Unit 1 Ownership Agreement" shall have the meaning specified in the Recitals to this Agreement.

1.44 "Iatan Unit 2 Facility" shall mean the tangible and intangible personal property related to Unit 2, including the following:

(a) equipment comprising Unit 2, including the boiler island, turbine-generator, fuel handling equipment, water treatment equipment, pollution control equipment, the buildings housing any such equipment, shops, warehouses, and the associated auxiliary equipment, all as more particularly described in Exhibit F;

(b) the permits, authorizations and approvals listed in Exhibit G and all extensions, renewals and modifications thereof;

(c) inventories of materials and supplies (exclusive of fuels) for use exclusively in connection with Unit 2, including spare parts, tools and equipment; and

(d) such additions, betterments, improvements, facilities and other tangible property as may be acquired, constructed or installed, for use in connection with Unit 2 and appurtenances becoming part of Unit 2 hereunder; provided that the same shall have been acquired, constructed or installed for joint or common use among the Owners as a portion of the Iatan Unit 2 Facility and owned by the Owners as tenants in common under the provisions of this Agreement.

1.45 "Indemnified Owner" shall have the meaning specified in Section 11.5.

1.46 "Initial Iatan Station Site" shall have the meaning specified in the Recitals to this Agreement.

1.47 "Initial Net Accredited Capacity" shall mean the electrical rating achieved by a unit at the time it was placed into service, minus the generation capacity required to operate its related auxiliary equipment and transformers, all as measured in accordance with SPP's then-applicable criteria for uniform rating of generation equipment.

1.48 "In-Service Operation Date" shall mean the date, as specified in a notice by KCPL to the other Owners, at which Unit 2 satisfies the in-service criteria established in In the Matter of a Proposed Experimental Regulatory Plan of Kansas City Power & Light Company, Case No. EO-2005-0329.

1.49 "Insolvency or Seizure" shall have the meaning specified in Section 5.3(b).

1.50 "Interconnection Facilities" shall have the meaning specified in Section 4.2.

1.51 "KCPL" shall have the meaning specified in the caption of this Agreement.

1.52 "KCPL Acquisition Election" shall have the meaning specified in Section 10.2(c).

1.53 "KEPCO" shall have the meaning specified in the caption of this Agreement.

1.54 "KEPCOAttributable Ownership Rights" shall have the meaning specified in Section 16.1(b).

1.55 "Lapse Date" shall have the meaning specified in Section 10.2(c).

1.56 "Management Committee" shall have the meaning specified in Section 5.1.

1.57 "Minimum Operable Capacity" shall mean the minimum Net Generation Output that Unit 2 must generate in order to operate in a reliable and economic manner.

1.58 "MJMEUC" shall have the meaning specified in the caption of this Agreement.

1.59 "Moody's" shall have the meaning specified in Section 8.1(a).

1.60 "Net Generating Capacity" shall mean the Total Gross Capacity of a unit minus the generation capacity that must be used to operate the auxiliary equipment and transformers associated with the unit and any associated common facilities.

1.61 "Net Generation Output" shall mean at any time the actual generation output of Unit 1 or Unit 2, as the case may be, minus the energy that must be used to operate the Common Facilities, auxiliary equipment and transformers associated with such units.

1.62 "Nominal Gross Capacity" shall mean the Total Gross Capacity measured at the generation terminals.

1.63 "Non-Financial Default" shall have the meaning specified in Section 6.6(a).

1.64 "Notice to Arbitrate" shall have the meaning specified in Section 12.2.

1.65 "Nower Property" shall have the meaning specified in the Recitals to this Agreement.

1.66 "Other Owner Acquisition Election" shall have the meaning specified in Section 10.2(c).

1.67 "Operable Unit(s)" shall have the meaning given in Section 5.5(b).

1.68 "Operator" shall have the meaning specified in Section 5.3(a).

1.69 "Operating Period Cash Flow Memorandum" shall have the meaning specified in Section 14.1.

1.70 "Owners" or "Owner" shall have the meaning specified in the caption of this Agreement.

1.71 "Ownership Share" shall have the meaning specified in Section 2.1(a).

1.72 "Prevailing Wage Act" shall have the meaning specified in Section 4.7.

1.73 "Proposed Transferee" shall have the meaning specified in Section 10.4(a).

1.74 "Reciprocal Conveyance Date" means a date following the Common Facilities Upgrade Completion Date but prior to the Commercial Operation Date, as specified by the

operator in a notice to the Owners, upon which MJMEUC and KEPCO will acquire shares of the Existing Common Facilities.

1.75 "Remaining Owners" shall have the meaning specified in Section 10.4(a).

1.76 "RTO" shall have the meaning specified in Section 6.15.

1.77 "RUS" shall have the meaning specified in Section 10.2(b).

1.78 "S&P" shall have the meaning specified in Section 8.1(a).

1.79 "Secured Party" shall have the meaning specified in Section 10.2(b).

1.80 "Site-Based Emissions" shall have the meaning specified in Section 6.14.

1.81 "Site Representative" shall have the meaning specified in Section 4.5.

1.82 "SPP" shall mean the Southwest Power Pool, Inc. or any successor.

1.83 "Total Gross Capacity" shall mean the maximum sustained amount of electric power that a unit is capable of generating in stable operation, as determined from time to time in accordance with SPP's then applicable criteria for uniform rating of generation equipment.

1.84 "Transfer Share" shall have the meaning specified in Section 10.4(a).

1.85 "Transferable Interests" shall have the meaning specified in Section 10.2(c).

1.86 "Trigger Date" shall have the meaning specified in Section 10.2(c).

1.87 "Uniform System of Accounts" shall mean the Federal Energy Regulatory Commission Uniform System of Accounts prescribed for Public Utilities (Class A and Class B), as amended from time to time.

1.88 "Unit 1 Owners" shall have the meaning specified in the Recitals to this Agreement.

1.89 "Unit 1 Ownership Share" means "Ownership Share" or "Ownership Shares" as defined in Section 1.5 of the Iatan Unit 1 Ownership Agreement.

1.90 "Unit 2" shall have the meaning specified in the Recitals to this Agreement.

1.91 "Unit 2 Debt Securities" shall have the meaning specified in Section 17.2.

1.92 "Unit 2 Owners" shall mean KCPL, Aquila, Empire, KEPCO and MJMEUC.

1.93 "Unit 2 Site" shall mean that portion of the Initial Iatan Station Site on which Unit 2 and its related facilities will be located.

1.94 " Voluntary Acquisition Election" shall have the meaning specified in Section 6.6(d).

ARTICLE II

Iatan Unit 2 Facility; Common Facilities; Creation and Adjustment of Ownership Interests Therein; Additional Units; Representations, Warranties and Covenants

2.1 Ownership Shares in Iatan Unit 2 Facility.

(a) The Owners shall, pursuant to this Agreement, the Assignment and Assumption Agreement and, where appropriate, other instruments, take and receive title to and thereafter own the Iatan Unit 2 Facility as tenants in common, each with undivided ownership interests therein, expressed as percentages, as follows:

Iatan Unit 2 Facility Ownership Shares (with corresponding anticipated capacity entitlement based on 850 MW Net Generating Capacity)				
KCPL	Aquila	Empire	MJMEUC	KEPCO
54.71% (465 MW)	18.00% (153 MW)	12.00% (102 MW)	11.76% (100 MW)	3.53% (30 MW)

For each Owner, the percentage set forth above for such Owner is herein called such Owner's "Ownership Share."

(b) If the projected Net Generating Capacity of Unit 2, as reasonably determined by KCPL after the award of the contracts for the boiler island and turbine, is greater than or less than 850 MW, the Ownership Share of certain Owners shall be revised as follows: (i) MJMEUC's Ownership Share shall be revised such that its Ownership Share equals the percentage necessary for MJMEUC to be entitled, pursuant to Sections 6.1 and 6.2 (assuming Net Generation Output is equal to the then current projected Net Generating Capacity of Unit 2), to 100 MW of capacity and associated energy from Unit 2; (ii) KEPCO's Ownership Share shall be revised such that its Ownership Share equals the percentage necessary for KEPCO to be entitled, pursuant to Sections 6.1 and 6.2 (assuming Net Generation Output is equal to the then current projected Net Generating Capacity of Unit 2), to 30 MW of capacity and associated energy from Unit 2; (iii) Aquila and Empire shall have the right to retain their respective eighteen percent (18%) and twelve percent (12%) Ownership Shares, as set forth in Section 2.1(a), irrespective of the Net Generating Capacity of Unit 2; and (iv) KCPL's Ownership Share shall be revised such that it owns the remaining Ownership Shares following the allocations of Ownership Shares to the other Owners as set forth herein. In the case of an adjustment of Ownership Shares pursuant to this Section 2.1(b), the parties shall make such balancing payments among one another such that the Cost of Construction paid by each Owner (after the netting of such balancing payments) shall equal such Owner's Ownership Share of the total Cost of Construction incurred through the date of such balancing payments.

(c) If, prior to the first notice from the Operator pursuant to Section 6.4, an Owner determines that it desires to reduce its Ownership Share, the amount (expressed as a

percentage) by which such Ownership Share is to be reduced (the "Excess Share") shall be allocated among the other Owners as follows: (i) first, between Aquila and Empire, in proportion to their Ownership Shares at the time of allocation, until their collective Ownership Shares equal thirty percent (30%); (ii) then, if any portion of such Excess Share remains unallocated, to KCPL, until its Ownership Share equals the percentage necessary for KCPL to be entitled, pursuant to Sections 6.1 and 6.2 (assuming Net Generation Output is equal to the then current projected Net Generating Capacity of Unit 2), to 500 MW of capacity and associated energy from Unit 2; and (iii) then, if any portion of such Excess Share remains unallocated, to KEPCO, until its Ownership Share equals the percentage necessary for KEPCO to be entitled, pursuant to Sections 6.1 and 6.2 (assuming Net Generation Output is equal to the then current projected Net Generating Capacity of Unit 2), to 50 MW of capacity and associated energy from Unit 2; and (iv) then, if any portion of such Excess Share remains unallocated, to MJMEUC, until its Ownership Share equals the percentage necessary for MJMEUC to be entitled, pursuant to Sections 6.1 and 6.2 (assuming Net Generation Output is equal to the then current projected Net Generating Capacity of Unit 2), to 100 MW of capacity and associated energy from Unit 2; and (v) if, after giving effect to this allocation process, any Excess Share remains unallocated, such Excess Share shall be allocated to KCPL. Each Owner, including KCPL, shall have the right to accept or reject all or a portion of its allocation of any Excess Share in its sole discretion. If any Excess Share remains unallocated following the process set forth in this Section 2.1(c), the Owner seeking to reduce its Ownership Share shall retain the unaccepted portion of the Excess Share and remain obligated under the terms of this Agreement for the obligations associated with such Ownership Share.

(d) Each Owner's Ownership Share shall be subject to adjustment from time to time as provided for in Sections 2.1, 2.3, and 6.6. The rights, titles and interests of the Owners in and to the Iatan Unit 2 Facility and any and all portions thereof, as the same may exist from time to time, shall be as provided for under this Agreement, and the covenants and obligations herein shall inure to the benefit of, and shall be binding upon their respective successors and assigns.

2.2 Interests in Real Property and Common Facilities.

(a) On the Closing Date, the Unit 1 Owners shall execute and deliver a ground lease in recordable form, the form of which is set out in Exhibit H, that grants to MJMEUC and to KEPCO certain property rights with respect to the real property on which Unit 2 and the Common Facilities are or will be located, subject to the provisions of this Agreement, and subject to any necessary regulatory or lender approval or release of any applicable mortgage indenture. KCPL will use Commercially Reasonable Efforts to obtain any necessary regulatory or lender approval or release of any applicable mortgage indenture. If KCPL fails to obtain said approvals or releases within twelve (12) months of the execution date of this Agreement, KCPL shall reimburse any affected Owner for all payments made by said Owner prior to such date with respect to amounts described in the Agreements. Such ground lease, or at the Unit 1 Owners' discretion, a memorandum of lease with respect thereto, shall be recorded in the offices of the Recorder of Deeds for Platte County, Missouri. Such ground lease shall be subject to the restrictions and limitations expressed in this Agreement as to use or enjoyment of such easements or rights of way.

(b) On the Closing Date, KCPL shall execute and deliver (or include in the ground lease described in Section 2.2(a)) a ground lease in recordable form that grants to the other Owners certain property rights with respect to the Nower Property, subject to the provisions of this Agreement, and subject to any regulatory and lender approval and release of any applicable mortgage indenture. Such ground lease, or at KCPL's discretion, a memorandum of lease with respect thereto, shall be recorded in the offices of the Recorder of Deeds for Platte County, Missouri. Such ground lease shall be subject to the restrictions and limitations expressed in this Agreement as to use or enjoyment of such easements or rights of way.

(c) On the Closing Date, each of the Owners shall execute and deliver, if required, one or more easements and rights of way in recordable form granting all other Owners the right to construct, install, operate, maintain, repair and replace, at their own cost and expense, at, on, along, over, under and across the Iatan Station Site such interconnection and transmission facilities as are described in Section 3.1 of this Agreement, subject, however, to any necessary regulatory or lender approval, release of any applicable mortgage indenture, and the restrictions and limitations expressed in this Agreement as to use or enjoyment of such easements or rights of way.

(d) Instruments affecting the Iatan Station Site as provided in paragraphs (a) and (b) above and, if required, the easements and rights of way referred to in Article III, shall be filed of record and recorded in the offices of the Recorder of Deeds for Platte County, Missouri, in the order of precedence herein stated.

(e) From time to time, to the extent required in the judgment of the Operator to permit the efficient and economical construction, siting, operation, or removal of Unit 2 or the Common Facilities, the Owners shall convey, if required, such other easements and other rights in the Iatan Station Site and/or the Common Facilities as the Operator may request, subject to, as necessary, regulatory and lender approval and release of any applicable mortgage indenture.

(f) On the Reciprocal Conveyance Date:

(i) to the extent necessary to accomplish the ownership interests provided in Section 2.2(g) of this Agreement, the Unit 1 Owners shall execute and deliver one or more bills of sale or other instruments conveying title to the Existing Common Facilities in the appropriate undivided interest percentages at book value to the Owners and their successors and assigns, as tenants in common, subject to the provisions of this Agreement and subject to any necessary regulatory and lender approval and release of any applicable mortgage indenture (provided, however, that any Owner whose ownership interest in the Existing Common Facilities is the same percentage as the Owner's Common Facilities Ownership Share shall not be required to transfer title to Existing Common Facilities under this Section of the Agreement); and

(ii) the Unit 2 Owners shall, if necessary, execute and deliver one or more bills of sale or other instruments conveying title to the Common Facilities in the appropriate undivided interest percentages (as determined pursuant to Section 2.2(g)) at actual cost to the Owners and their respective successors and assigns, as tenants in common, subject to the provisions of this Agreement and subject to any necessary regulatory and lender approval and release of any applicable mortgage indenture.

(g) The Owners shall, by paying their allocable shares of Common Facilities Upgrade costs and pursuant to the various conveying documents with respect to the Existing Common Facilities pursuant to Section 2.2(f), take and receive title to and thereafter own the Common Facilities as tenants in common, each with an undivided interest therein as determined for each Owner in accordance with the following formula and expressed as a percentage:

Each Owner's Common Facilities Ownership Share equals the total number of net megawatts that each Owner is entitled to receive from all of the coal-fired generating units located at the Initial Iatan Station Site divided by the combined Net Generating Capacity of the coal-fired units located at the Initial Iatan Station Site. Based on the current expectations, the initial Common Facilities Ownership Shares are projected to be as follows:

Class of Property	Interests in Common Facilities				
	KCPL	Aquila	Empire	MJMEUC	KEPCO
Common Facilities (based upon each Owner's respective capacity from all units operating at the Initial Iatan Station Site)	61.45%	18.00%	12.00%	6.58%	1.97%

For each Owner, the percentage resulting from the formula set forth above for such Owner in respect of Common Facilities is herein called such Owner's "Common Facilities Ownership Share." Subject to any necessary regulatory or lender approval and release of any applicable mortgage indenture, the Owners' Common Facilities Ownership Shares shall be recalculated, in accordance with the formula set forth above, only in the following circumstances, unless otherwise agreed by all affected Owners:

(i) Upon the Reciprocal Conveyance Date, if the Net Generating Capacity of Unit 2 as then projected is at least five percent (5%) higher or lower than the projected Net Generating Capacity of Unit 2 used to determine KEPCO's and MJMEUC's Ownership Shares pursuant to Section 2.1(b), or if the Net Generating Capacity of Unit 1 has changed by at least five percent (5%) since such determination of KEPCO's and MJMEUC's Ownership Shares; provided, however, that such allocation shall only occur if a change in Net Generating Capacity results in a material net increase in the usage of the Common Facilities and corresponding net increase in the cost of operating and maintaining the Common Facilities. The revised Common Facilities Ownership Shares shall be used as the basis for the acquisition by KEPCO and MJMEUC of their shares of Existing Common Facilities, and any overpayment or underpayment by KEPCO and MJMEUC of costs of Common Facilities Upgrades resulting from the adjustment of their Common Facilities Ownership Shares shall be adjusted against their purchase price for the Existing Common Facilities.

(ii) Subsequent to the Reciprocal Conveyance Date, upon any cumulative change in rated Net Generating Capacity, since the last calculation of Common Facilities Ownership Shares, of at least five percent (5%) (higher or lower) of any unit on the Initial Iatan Station Site that utilizes the Common Facilities; provided, however, that such allocation shall only occur if a change in Net Generating Capacity results in a material net increase in the usage of the Common Facilities and corresponding net increase in the

cost of operating and maintaining the Common Facilities. Revised Common Facilities Ownership Shares resulting from adjustments under this subsection (ii) shall apply prospectively only (*i.e.*, affecting responsibility for ongoing costs of operations and maintenance, capital additions, repairs, and the like, and for other liabilities relating to the Common Facilities), unless the affected parties agree otherwise.

(iii) Upon the placement into service of any Additional Unit on the Initial Iatan Station Site that utilizes the Common Facilities and in connection with changes in Common Facilities Ownership Shares under this subsection (iii), KCPL and any party owning an interest in an Additional Unit shall be required to purchase the difference between any other Owner's formerly determined Common Facilities Ownership Share and its newly determined Common Facilities Ownership Share, pursuant to Section 2.4(b), except to the extent that such purchase is effected by one or more other owners of the Additional Unit(s).

(iv) Upon the retirement or abandonment of any coal-fired unit located on the Initial Iatan Station Site that utilizes the Common Facilities, the owners that have an ownership interest in the remaining coal-fired units shall purchase the Common Facilities, only to the extent they are necessary to operate the remaining coal-fired units, from the owner(s) whose Common Facilities Ownership Shares have decreased as a result of the retirement or abandonment. The purchase and sale between the owners shall take place at the depreciated original cost, plus any allowance for funds used during construction, or in the case of KEPCO or MJMEUC, capitalized interest or other similar cost component.

(v) As provided in Section 6.6(c) or (d), in connection with defaults under this Agreement, with transfers and/or adjustments to the Common Facilities Ownership Shares of all affected Owners being accomplished pursuant to those provisions.

(h) The rights, title and interests of the Owners in and to the Common Facilities and any and all portions thereof, as the same may exist from time to time, shall be as provided for under this Agreement, and the covenants and obligations herein shall inure to the benefit of, and shall be binding upon their respective successors and assigns.

2.3 Adjustment Upon Transfer. Each Owner shall have the right to and may cause an adjustment of its Ownership Share and Common Facilities Ownership Share by transfer under Section 10.3 or 10.4, subject, however, to the receipt of (i) an amendment or supplement hereto reflecting such adjustment and (ii) appropriate releases of any encumbrance thereon and compliance with the provisions of any security agreement related thereto, as contemplated in Section 10.2.

2.4 Additional Units.

(a) KCPL may, at its sole discretion, cause or permit (i) the construction and operation of an Additional Unit or Additional Units and all facilities related thereto on the Initial Iatan Station Site, and (ii) the relocation or modification of any of the facilities and property then included in Iatan Unit 2 Facility and any solely-owned facilities then located on the Initial Iatan Station Site for construction and operation of any such Additional Unit and its related facilities;

provided (A) that such construction and operation will not unreasonably interfere with or materially impair the use of the facilities and property then included in the Initial Iatan Station Site or otherwise located on the Initial Iatan Station Site, or materially impair the generation output of Unit 2 or materially increase the costs of owning and/or operating Unit 2, (B) that, to the extent appropriate, proportional adjustments of the Common Facilities Ownership Shares shall be made, by the Unit 2 Owners pursuant to the formula in Section 2.2(g), to reflect the changed undivided ownership interests of the Owners in the Common Facilities and the Initial Iatan Station Site as capital transactions, subject to compliance with the applicable provisions of any related security agreement contemplated in Section 10.2 hereof, (C) that the use of the Common Facilities by any Additional Units shall not materially impair the generation output of Unit 2 or materially increase the costs of owning and/or operating Unit 2 or the Common Facilities, and (D) that all other costs thereof, including any such relocation or modification costs, are borne by the owners of such Additional Unit(s). Notwithstanding the provisions of Sections 15.6 and 15.9 of this Agreement, this Section 2.4(a) shall not be deemed to amend Section 1.8 of the Iatan Unit 1 Ownership Agreement.

(b) Subject to any necessary regulatory or lender approval or release of any applicable mortgage indenture, the proportional adjustments to be made in such undivided ownership interests in the Common Facilities prior to the construction of any Additional Unit shall be reflected by purchases and sales (at the depreciated original cost thereof to the selling Owner, including any allowance for funds used during construction or in the case of KEPCO or MJMEUC, capitalized interest or other similar cost component) of such portions thereof as will result in the revised Common Facilities

Ownership Shares of all Owners and the owners of such Additional Unit in the Common Facilities as determined in a manner consistent with the formula set forth in Section 2.2(g) taking into account the owners of such Additional Unit.

(c) Subject to any necessary regulatory or lender approval or release of any applicable mortgage indenture, and if appropriate, the proportional adjustments to be made in such undivided ownership interests in the Initial Iatan Station Site, prior to the construction of any Additional Unit, shall be reflected by purchases and sales (at the depreciated original cost thereof to the selling Owner, including any allowance for funds used during construction properly recorded on the books of such seller) of such portions thereof as will adjust the Ownership Shares of the affected Owners, including the owners of such Additional Unit, in proportion to their ownership interests in the Total Gross Capacity, as related to the Initial Net Accredited Capacity, of all units including the Nominal Gross Capacity of the Additional Unit to be constructed at the Initial Iatan Station Site in proportion to (x) their resultant ownership interests in those Common Facilities applicable to all four units contemplated at the Initial Iatan Station Site, times (y) the number of units constructed at the Initial Iatan Station Site including the Additional Unit then to be constructed, divided by (z) four; provided that KCPL's ownership interest in the Initial Iatan Station Site shall also include those portions of the Initial Iatan Station Site allocable to the remaining four units (*i.e.*, exclusive of the existing and the Additional Unit then to be constructed) at the Initial Iatan Station Site.

(d) It is intended that the Common Facilities for Unit 2 will not include any facilities that are exclusively for any Additional Units. Facilities that have no relation to a particular unit will not be allocated to the owners of such unit.

(e) Notwithstanding anything in this Section 2.4, neither MJMEUC nor KEPCO shall be required to obtain an ownership interest in the Initial Iatan Station Site.

2.5 Common Facilities Additions and Retirements After the Reciprocal Conveyance Date.

(a) The Management Committee shall cause to be made such property additions to (whether in the nature of an operating, maintenance, or capital expense) and retirements from the facilities and property constituting the Common Facilities in the ordinary course of operation and ownership of the Common Facilities as may, from time to time, be deemed by the Management Committee to be necessary or desirable. Such additions and retirements shall be set forth in the annual operating and capital budget to the extent practicable.

(b) Each Owner shall pay for the cost of any such property addition thereto or the expenses relating to the retirement therefrom in the same percentage as its Common Facilities Ownership Share, in accordance with Article XIV. The rights, titles and interests of any Owner in and to any such property addition shall be proportionate to its Common Facilities Ownership Share.

(c) Upon removal or retirement of any facilities or property included in any portion of the Common Facilities and subject to compliance with the applicable provisions of any related security agreement contemplated herein, the Management Committee may either (i) divide or partition such removed or retired facilities or property, or (ii) sell or otherwise dispose of such removed or retired facilities or property and distribute the net proceeds thereof to or for the account of the Owners in proportion to their respective Common Facilities Ownership Shares.

(d) If after the Commercial Operation Date, the Operator shall determine that, in order to fully utilize the then current Net Generating Capacity of Unit 1 and/or Unit 2 in compliance with any law, treaty, rule or regulation of the United States, the States of Missouri or Kansas or any instrumentality, agency or political subdivision of any thereof or any order or other determination of, or stipulation under the jurisdiction of, any court or administrative body of any thereof, or any determination of an arbitrator, it is necessary or advisable to construct an addition, upgrade, refurbishment or other change to the Common Facilities (any of the foregoing, an "Upgrade") not authorized pursuant to Section 2.5(a), then the Operator shall so notify each member of the Management Committee in writing, shall develop a budget and plan for effecting such Upgrade and shall consult with the Management Committee with respect thereto. After such consultation, the Operator may proceed to construct (or contract for the construction of) such Upgrade. It shall be the obligation of the Owners to pay for the costs of such Upgrade in proportion to their Common Facilities Ownership Shares within ten (10) days of presentation of an invoice for such costs from time to time, and, upon completion thereof, the Owners' rights, titles and interests therein shall be as provided under this Agreement.

ARTICLE III

Easements for Interconnection and Transmission Facilities

3.1 Interconnection and Transmission Facilities. Subject to the approval of the Management Committee, which shall not be unreasonably withheld, each Owner shall have the right to construct, install, own, operate, maintain, repair and replace, at its own cost and expense, at, on, along, over, under and across the Initial Iatan Station Site, such interconnection and transmission facilities as are reasonably required (i) to enable it to deliver to its own system the electric power and energy that it is entitled to receive from Unit 2, (ii) to establish interconnections between its system and the systems of others, and/or (iii) to connect separated portions of its own system facilities, provided that such solely-owned interconnection and transmission facilities shall be so installed, operated and maintained as not unreasonably to interfere with or materially impair the use of Unit 1, Unit 2, any Additional Unit, the Common Facilities, other generation facilities or any then existing facilities located on the Iatan Station Site or the ultimate full utilization of any thereof. To the extent any Owner exercises any rights under this Section, such Owner shall indemnify the remaining Owners for any liability resulting from the construction, installation, operation or retirement of interconnection and transmission facilities. Any facilities built pursuant to this Section shall be removed from the Iatan Station Site upon the retirement or abandonment of Unit 2 subject to any required RTO approval.

3.2 Relocations and Modifications. In the event an Owner proposes to install and operate any such solely-owned interconnection and transmission facilities hereunder that would require the relocation or modification of any then existing facilities located on the Initial Iatan Station Site but would otherwise meet the requirements of this Article, such Owner shall have the right to cause such relocation or modification, provided (A) it will not materially impair the generation output of Unit 2 or materially increase the cost of owning and/or operating Unit 2 or materially impair or increase the costs of the use of any existing interconnection and transmission facilities, and (B) all costs associated with the relocation or modification are borne by such Owner.

3.3 Personal Property. All interconnection and transmission facilities installed by an Owner at its own cost pursuant to the provisions of this Article III shall be and remain the sole property of the Owner installing them; shall not be a portion of Unit 1, Unit 2, the Common Facilities, Additional Units or other generation facilities; shall, where practicable, be identified by distinctive marking as the property of such Owner; and shall be deemed and considered to be personal property in which such Owner has reserved the right to remove the same at any time.

3.4 Exclusive Right, Title and Interest. No provision hereof shall give to any other Owner or anyone claiming by, from, through or under such other Owner any right, title or interest in any such solely-owned interconnection and transmission facilities permitted by Section 3.1.

ARTICLE IV

Construction and Testing

4.1 Responsibility for Construction. Except as otherwise provided for herein, KCPL shall have sole responsibility, to be discharged in accordance with Good Utility Practice, for the planning, licensing, permitting, design, construction and testing of Unit 2 and the Common Facilities Upgrades. KCPL will use Commercially Reasonable Efforts to comply with all applicable requirements of all applicable statutes and the rules and regulations of such regulatory agencies as shall have competent jurisdiction over the planning, permitting, design, licensing, construction and testing of Unit 2. KCPL shall not be liable or responsible for any failure to perform hereunder where such failure to perform is caused by or is a result of Force Majeure. KCPL agrees that prior to making any discretionary design changes, as distinguished from design changes required for reliability purposes or by law, that are expected to increase Cost of Construction by $25 million or more, KCPL will submit said proposed change to a vote of the Management Committee.

4.2 Responsibility for Interconnection Facilities. Aquila shall be responsible for (and shall use its Commercially Reasonable Efforts to complete in sufficient time to support the In-Service Operation Date) easement acquisition, development and construction of a 161 kV double circuit transmission line loop to interconnect the Iatan Station Site to the Platte City-Stranger Creek transmission line. This will also include but not be limited to relocation of the existing Iatan to St. Joseph, Missouri 345 kV line and any other transmission modifications as specified by the interconnection agreement. All such facilities to be constructed by KCPL and/or Aquila are referred to herein as the “Interconnection Facilities.” KCPL will be responsible for interconnecting as specified in the interconnection agreement to the Iatan 345 kV bus for Units 1 and 2. The Aquila scope of work described herein shall be part of the Cost of Construction to the extent the costs associated with constructing the Interconnection Facilities are required by the interconnection agreement. Aquila shall coordinate all construction activities with KCPL, including transmission line and substation scope. Aquila shall not be liable or responsible for any failure to perform hereunder where such failure to perform is caused by or is a result of Force Majeure. The costs of the Interconnection Facilities, as well as any transmission credits with respect to the Interconnection Facilities, shall be allocated among the Owners in proportion to their Common Facilities Ownership Shares.

4.3 In-Service Operation Date. Subject to the terms and conditions of this Agreement, KCPL will use its Commercially Reasonable Efforts to have Unit 2 operating by the Estimated In-Service Operation Date.

4.4 Construction Power. Construction power used in connection with construction of Unit 2 shall be provided by Aquila’s St. Joseph Light and Power Division under the applicable retail rate schedules or a special contract. Notwithstanding the foregoing, however, each of the Owners shall have the option to self-supply its share of construction power to the extent permitted by law.

4.5 Site Representative. During the period from the Closing Date until a reasonable interval (not to exceed one hundred eighty (180) days) after the In-Service Operation Date, each

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Owner, at its expense, shall have the right to locate an employee (a “Site Representative”) at the Iatan Station Site to monitor Unit 2 construction. The Site Representative of a particular Owner may elect to be on-site either full time or part time at such particular Owner's discretion, provided such Site Representative agrees to inform the Operator of its presence on site and agrees to comply with all safety, security and other construction or operational rules and regulations applicable to personnel at the Iatan Station Site. Should an Owner desire to use a non-employee as its Site Representative, said Owner shall notify the Operator in writing of its desire to use a non-employee as its Site Representative. The written notification shall identify the individual that the Owner proposes to use as Site Representative, the company with which the non-employee is associated, the nature of the relationship between the Owner and its proposed non-employee representative and his or her company. The Operator shall have the right to reasonably reject the proposed non-employee representative, either the individual proposed to serve as Site Representative or the company with which the proposed non-employee Site Representative is associated. The Operator shall respond to an Owner’s request to use a non-employee Site Representative within thirty (30) days after receiving written notification. From the period from the Closing Date until a reasonable time (consistent with the demobilization of KCPL’s construction activities and in any event not to exceed six months) after the In-Service Operation Date, the Operator will provide, at no charge, a suitable area for trailers or other temporary space in the vicinity of other construction trailers on site, for such Owners to occupy, it being understood that Owners choosing to have a Site Representative shall be responsible for any and all costs (including utilities, employee compensation and benefits, and facilities) of doing so; after the In-Service Operation Date and during the life of Unit 2, the Operator will make reasonable accommodations for the Site Representative at the sole cost of the requesting Owner. The Operator will also provide the Site Representative the opportunity for reasonable access to discussions regarding the modification, operation and

maintenance of the Iatan Unit 2 Facility. Each Owner shall cause its Site Representative to comply with all safety, security and other construction regulations imposed by the Operator on personnel at the Iatan Station Site. Each Owner having a Site Representative hereby agrees to indemnify, defend and hold harmless each other Owner (an "Indemnified Owner") against, and agrees to hold each Indemnified Owner harmless from, any uninsured claims, damages, liabilities, liens, losses or other obligations whatsoever incurred or suffered by an Indemnified Owner (together with reasonable costs and expenses, including reasonable fees and disbursements of counsel relating thereto) arising out of any action, inaction or activity relating to an Owner's Site Representative that results in liability of any sort. No Site Representative shall have the authority to direct contractor work or the Operator's operations and shall in no way obstruct, impend, or cause delay to any work or operations on site.

4.6 Reporting.

(a) During the construction period, from Closing through the Commercial Operation Date, the Operator shall report (monthly) on the status of construction and provide the other Owners with changes to budget and schedule on a monthly basis. Similarly, any other Owner with a project responsibility (including Aquila as provided for in Section 4.2 above) shall have the same obligation with respect to the other Owners.

(b) During the construction period, from Closing through the Commercial Operation Date, the Operator shall make available to the other Owners copies of all monthly

reports provided to the Operator from contractors and sub-contractors. Similarly, any other Owner with a project responsibility (including Aquila as provided for in Section 4.2 above) shall have the same obligation with respect to the other Owners. KCPL, and where appropriate other Owners, shall make available (and provide to Owners as requested) copies of planning studies, design and construction specifications, and contracts; and when practicable shall do so in time for Owners to comment before decisions are made.

(c) Notwithstanding this Section 4.6, the duty to disclose documents is limited by Article XVII.

4.7 Prevailing Wage. All contracts for the construction and installation of all or any part of the Iatan Unit 2 Facility and Common Facilities Upgrades shall contain a stipulation to the effect that (1) not less than the prevailing hourly rate of wages shall be paid to all workmen performing under the contract as provided in Sections 290.210 to 290.340, RSMo (the "Prevailing Wage Act"), (2) the contractor shall forfeit as a penalty to MJMEUC (or, if MJMEUC is not a party to the construction contract, to KCPL on behalf of MJMEUC) ten dollars for each workman employed or such other statutory penalty that may be in effect, for each calendar day, or portion thereof, such workman is paid less than the stipulated rates for any work done under said contract, (3) the contractor shall, before receiving final payment, provide to MJMEUC (or, if MJMEUC is not a party to the construction contract, to KCPL on behalf of MJMEUC) an affidavit stating that the contractor has complied with the provisions of the Prevailing Wage Act, and (4) the contractor shall ensure that all its subcontractors also comply with the foregoing requirements. Each contractor's and subcontractor's bonds shall guarantee the faithful performance of these provisions.

ARTICLE V

Management and Operation of the Iatan Unit 2 Facility

5.1 Management Committee. All policies relating to the management, operation and maintenance of the Iatan Unit 2 Facility, the Common Facilities and the Iatan Station Site shall be determined and administered by a management committee consisting of two representatives of each Owner (the "Management Committee"). The Management Committee will act and operate Unit 2 in accordance with the Certificates of Public Convenience and Necessity. An appropriate corporate officer of each Owner shall designate, from time to time, its two representative members to serve on the Management Committee, at least one of whom shall be vested with decision-making authority. Such designation shall be by written notice to the other Owners. Prior to the In-Service Operation Date, the Management Committee shall meet not less often than monthly and after the In-Service Operation Date, the Management Committee shall meet not less often than quarterly, unless Owners mutually agree to change the meeting schedule. Meetings of the Management Committee may be conducted by telephone conference. To the extent possible and where appropriate, the Management Committee will coordinate the meetings of the Iatan Unit 2 Management Committee with the meeting of the Iatan Unit 1 Management Committee. The Management Committee shall approve five-year maintenance schedules and budgets, which shall be prepared on an annual basis and submitted to the Management Committee by the Operator by October 1 of each year, or as soon as practicable thereafter, as further provided in Section 6.5.

5.2 Management Committee Action.

(a) The Management Committee shall determine and administer policies and take all other action relating to the management, operation and maintenance of the Iatan Unit 2 Facility, the Common Facilities and the Iatan Station Site by the vote of the Owners expressed through their respective representatives on the Management Committee. Each Owner shall have a vote on the Management Committee equal to its Ownership Share, in the case of decisions related to the Iatan Unit 2 Facility, and equal to its Common Facilities Ownership Share, in the case of decisions related to the Common Facilities or the Iatan Station Site. Except as specified in Section 5.5(d), the vote of an Owner or Owners whose Ownership Shares or Common Facilities Ownership Shares (as applicable) constitute a simple majority shall be necessary and sufficient for action to be taken by the Management Committee.

(b) With regard to annual budgets (both (i) operation and maintenance and (ii) capital), should a Management Committee vote on either budget yield the result of KCPL "for" and all other Owners "against," each Owner voting against shall have ten (10) business days to submit in writing its concerns with KCPL's budget proposal and what modifications it would recommend to make the proposed budget acceptable. KCPL shall review these recommendations. After consideration KCPL will either submit a revised budget, or inform the Owners that the previously submitted budget will become

effective. Should a revised budget be submitted, KCPL will convene the Owners via telephone or e-mail for a vote of the Management Committee on the revised budget. This process will only be completed once in a budget year.

(c) Except for the rights contained in Section 3.1 of this Agreement, the Management Committee shall have the right, in its sole discretion, to prevent any lessee from taking any action as a result of its leasehold right to possession of any portion of the Unit 2 Site or the Nower Property.

(d) The Management Committee shall not have authority to modify or take any action inconsistent with any provision of this Agreement. Any cost or expense incurred by an Owner's Management Committee representative in connection with duties of such representative shall be borne and paid by the Owner represented by the representative.

5.3 Operator.

(a) Each Owner hereby authorizes KCPL to act (and KCPL agrees to act) as the exclusive operator to perform (in such capacity, the "Operator"), through KCPL's own employees, agents, servants and contractors, all such functions (including, without limitation, the entry into contracts for the benefit of the Owners) as may be required for the actual design, permitting, development, procurement, construction, operation and maintenance of the Iatan Unit 2 Facility, the Common Facilities and the Iatan Station Site, subject, however, to the direction and control of the Management Committee. The Operator shall at all times perform its duties in accordance with Good Utility Practice; provided, however, and notwithstanding any other provision in this Agreement to the contrary, the Operator shall not be liable to any other Owner for any loss, cost, damage or expense incurred by such Owner as a result of any action or failure to act by the Operator unless the Operator's action or failure to act is determined to have been gross negligence or willful misconduct. Each Owner understands and agrees that the

Operator shall have the sole discretion to manage its employees, agents, servants, and contractors on a day-to-day basis to accomplish needed work in the normal course of business. The Operator shall be responsible for the administration and enforcement of all contracts relating to the construction, ownership and operation of the Iatan Unit 2 Facility and Common Facilities; provided, however, that when requested by the Operator, the other Owners shall reasonably assist the Operator with these responsibilities. Although the Operator shall not be entitled to a management fee under this Agreement, each Owner shall pay its proportionate share of the Operator's total reasonable costs, including administrative overhead and taxes, incurred while performing its duties as Operator for Unit 2 in proportion to the Owners' Ownership Share and for the Common Facilities in proportion to the Owners' Common Facilities Ownership Shares as set forth in the Accounting Manual attached hereto as Exhibit J.

(b) Upon written notice to the Operator, the Owner with the next greatest Ownership Share which has the financial capability to act as Operator may, at its option, forthwith become, and assume the duties of, Operator hereunder in the stead of the existing Operator if at such time (i) the Management Committee has not elected a new Operator from among the Owners of Unit 2; (ii) either (A) the Operator shall have filed a petition commencing a voluntary bankruptcy case under Section 301 of Title 11 of the United States Code (the "Bankruptcy Code") or shall have had filed against it a petition commencing an involuntary bankruptcy case under Section 303 of the Bankruptcy Code and such involuntary petition shall remain undismissed for a period of ninety (90) days, or KCPL's or any other Owner's Ownership Share shall have been seized and held by any governmental authority having jurisdiction (any of the foregoing, an "Insolvency or Seizure") or (B) the Operator is in Default under Section 6.6 and such Default has not been cured within the applicable cure period; and (iii) such other Owner is not then the subject of an Insolvency or Seizure. KCPL shall automatically be redesignated and assume the full functions of Operator upon emerging from or otherwise curing the Insolvency or Seizure or Default that gave rise to KCPL's removal as Operator. The Operator acting during any Insolvency or Seizure or Default of KCPL shall not have the right or power to replace the then current plant personnel with the acting Operator's employees so long as KCPL's plant personnel continue to work productively and in sufficient numbers to maintain Unit 2's and the Common Facilities' operations without material impairment; in such event Owners shall continue to pay to KCPL the Owners' proportionate shares of the costs associated with such plant personnel as though KCPL were continuing to act as Operator. The acting Operator shall abide by, and shall not violate, any provision of any collective bargaining agreement KCPL has entered into with its employees; nor shall the acting Operator take any action that will materially impair the generation output or materially increase the cost of owning and/or operating any generation asset owned by KCPL. The acting Operator shall be responsible for the administration and enforcement of all existing contracts relating to the construction, ownership and operation of the Iatan Unit 2 Facility, the Common Facilities and the Iatan Station Site; provided, however, that when requested, the other Owners shall reasonably assist the acting Operator with these responsibilities, and KCPL will assist the acting Operator in any manner reasonably requested.

(c) Contracts covering design, engineering, procurement, construction and installation of all or any part of the Iatan Unit 2 Facility and/or the Common Facilities Upgrades and all other contracts relating to procurement, operation and maintenance, including contracts for the acquisition of materials, inventories, supplies, spare parts, equipment, fuel or services,

shall be executed solely by the Operator. Each Owner shall be severally and not jointly liable for its Ownership Share and/or Common Facilities Ownership Share of all amounts payable under all such contracts, including taxes. In the event that any Owner advances a proportion of any such funds in excess of its Ownership Share and/or Common Facilities Ownership Share under any such contract, such Owner shall have a right of contribution from each Owner that has made payments that are proportionately less than its Ownership Share and/or Common Facilities Ownership Share.

(d) The Operator shall have the authority and responsibility to execute and, where appropriate, will make coordinated filings with all regulatory agencies having jurisdiction, of all such applications, amendments, reports and other documents and filings as shall be required in or in connection with the licensing and other regulatory matters with respect to the Iatan Unit 2 Facility and the Common Facilities; provided, however, that each Owner shall be responsible for obtaining all required approvals and authorizations relating to its participation in the Iatan Unit 2 Facility and the Common Facilities and to its performance of this Agreement.

(e) The Operator shall give prompt notice to each of the other Owners of all material claims instituted or threatened against the Operator or any Owner, or any litigation initiated by the Operator relating to the construction, ownership or operation of the Iatan Unit 2 Facility and/or the Common Facilities. If requested by any Owner, the other Owners agree to enter into a joint defense agreement with terms and conditions sufficient to preserve (to the extent permitted by applicable law) the attorney-client privilege and/or work product protections for shared information and cooperation in connection with any such claim. The Owners shall cooperate in the defense or prosecution of any such claim. All decisions in connection with any legal actions shall be made by the Management Committee.

(f) In performing its responsibilities, as set forth herein, the Operator shall (i) carry out the provisions of this Agreement in accordance with Good Utility Practice and may not enter into transactions with its affiliates unless the terms of such agreements are at least as favorable to the Owners as those that would be negotiated between unrelated third parties in a similar agreement, and (ii) use its Commercially Reasonable Efforts to secure, administer and enforce contracts for the construction of the Iatan Unit 2 Facility and Common Facilities Upgrades in a manner to achieve Commercial Operation in accordance with a completion schedule and budget established by, and as amended from time to time by, the Management Committee, and (iii) provide the Owners with their proportionate benefits, or the monetary equivalent thereof, received by the Operator that arise from or are associated with costs paid by the Owners hereunder. The Operator shall also consult with the Owners with respect to any anticipated material delays in the completion schedule or increases in the construction budget. In no event shall any failure by the Operator to follow Good Utility Practice give any Owner cause for a private cause of action, unless such failure constitutes gross negligence or willful misconduct.

(g) Operator shall, except as otherwise provided in Article XVII, furnish to any Owner such information and copies of such documents and records as such Owner may reasonably request from time to time concerning any aspect of the construction, ownership and operation of the Iatan Unit 2 Facility and the Common Facilities to the extent they impact Unit 2. Should the Operator deem that the request for information is unreasonable, the Operator shall

provide access to such information and the requesting Owner shall be allowed to bring in such copying equipment as necessary to make such copies as the Owner desires. Said Owner shall be solely responsible for the costs associated with such reproduction effort, including the Operator's personnel assigned to ensure that the originals are not damaged, lost or misfiled throughout this process.

(h) After the In-Service Operation Date, the Operator shall provide monthly reports to the Owners on fuel supply, operation and maintenance, environmental status or issues, monthly or quarterly Continuous Emission Monitoring System data and allowance consumption data.

(i) The Operator will act and operate Unit 2 in accordance with the Certificates of Public Convenience and Necessity.

5.4 Unit 2 Facility Additions and Retirements.

(a) The Management Committee shall cause to be made such property additions to (whether in the nature of an operating, maintenance, or capital expense) and retirements from the facilities and property constituting the Iatan Unit 2 Facility in the ordinary course of operation and ownership of the Iatan Unit 2 Facility as may, from time to time, be deemed by the Management Committee to be necessary or desirable. Such additions and retirements shall be set forth in the annual operating and capital budget to the extent practicable. Each Owner shall pay its proportionate share of costs associated with any such property additions or retirements.

(b) Each Owner shall pay for the cost of any such property addition thereto or the expenses relating to the retirement therefrom in the same percentage as its Ownership Share, in accordance with Article XIV. The rights, titles and interests of any Owner in and to any such property addition shall be proportionate to its Ownership Share.

(c) Upon removal or retirement of any facilities or property included in any portion of the Iatan Unit 2 Facility and subject to compliance with the applicable provisions of any related security agreement contemplated herein, the Management Committee may either (i) divide or partition such removed or retired facilities or property, in which case each Owner shall be responsible for the disposition thereof at its own cost, or (ii) sell or otherwise dispose of such removed or retired facilities or property and distribute the net proceeds thereof to or for the account of the Owners in proportion to their respective Ownership Shares.

5.5 Damage, Destruction or Condemnation.

(a) If a portion of Unit 2 should be damaged, destroyed or condemned, the Management Committee shall vote on whether to repair, restore or reconstruct the damaged, destroyed or condemned facilities.

(i) If the Management Committee shall elect to repair, restore, or reconstruct Unit 2 and the estimated cost of doing so is less than or equal to $650,000,000 (as adjusted for inflation from the Closing Date based on the Implicit Price Deflator for Gross Domestic Product (with year 2000 = index number 100), published quarterly by the Bureau of

Economic Analysis of the United States Department of Commerce or, if no such data is published by such bureau, such successor or replacement index as may be reasonably selected by the Management Committee) in excess of the insurance proceeds available for repair, restoration or reconstruction, the Owners shall apply their Ownership Shares of Unit 2 insurance proceeds and shall fund their respective Ownership Shares of the additional costs of repair, restoration or reconstruction. Such repair, restoration or reconstruction shall be managed by KCPL in the same manner, and subject to the same terms, as the original construction of Unit 2 hereunder.

(ii) If the Management Committee shall elect to repair, restore, or reconstruct Unit 2 and the estimated cost of doing so is greater than $650,000,000 (as adjusted for inflation from the Closing Date based on the Implicit Price Deflator for Gross Domestic Product (with year 2000 = index number 100), published quarterly by the Bureau of Economic Analysis of the United States Department of Commerce or, if no such data is published by such bureau, such successor or replacement index as may be reasonable selected by the Management Committee) in excess of the insurance proceeds available for repair, restoration or reconstruction, the Owners voting to repair, subject to any necessary regulatory or lender approval and release of any applicable mortgage indenture, may then purchase the dissenting Owners' Ownership Shares at the depreciated original cost, including allowance for funds used during construction, or in the case of KEPCO or MJMEUC, capitalized interest or other similar cost component, minus the Owner's pro-rata share of any Unit 2 insurance proceeds, plus the dissenting Owner's outstanding prepaid Ground Lease rental payments, if any. If multiple Owners elect to purchase the dissenting Owners' Ownership Shares, said shares shall be sold pro rata based on the purchasing Owners' then-current Ownership Shares, unless they agree on a different method of allocation. If the Owners favoring repair do not purchase the dissenting Owner's share at the above-described price, then the dissenting owner may either (A) forfeit its share and receive its pro-rata share of any insurance proceeds or (B) contribute its pro-rata share of the insurance proceeds and remain an Owner at a reduced Ownership Share.

(b) If (i) all or any part of the Common Facilities shall be damaged, destroyed or condemned; and (ii) (A) Unit 1 or one or more Additional Units is then operating or, following repair, restoration or reconstruction of the Common Facilities and/or such unit or units, would be capable of operating, or (B) Unit 2 has not been damaged, or the Management Committee has elected to repair, restore or reconstruct Unit 2, then it shall be the obligation of the owners of such unit or units that are operating or capable of operating ("Operable Unit(s)") to repair, restore or reconstruct the damaged, destroyed or condemned Common Facilities and to pay the costs thereof in proportion to their ownership interests in such Operable Unit(s).

(c) In the event that all or any part of the Common Facilities shall be damaged, destroyed or condemned and they will not be repaired or reconstructed pursuant to Section 5.5(b) above, the proceeds from any insurance or condemnation award related to the Common Facilities shall be distributed to or for the account of such Owners in proportion to their Common Facilities Ownership Shares, and the remaining facilities shall be disposed of by the Owners in a manner as may then be mutually agreed by them and the net proceeds therefrom shall be distributed to or for the account of the Owners in proportion to their Common Facilities Ownership Shares, all subject to the liens of any encumbrance and the provisions of any related security agreement contemplated in Section 10.2. If all or a portion of the Common Facilities are rebuilt, but the Owners have determined that Unit 2 will not be rebuilt, then the Owners agree

that the insurance proceeds derived from any casualty or loss shall be used to reconstruct the Common Facilities, and shall be applied to the extent the Common Facilities are used to serve Unit 1 or any Additional Unit. In such event, the Unit 1 Owners (if Unit 1 shall be the sole remaining unit), or the owners of the remaining operating coal-fired units shall purchase the Common Facilities, subject to any necessary regulatory or lender approval and release of any applicable mortgage indenture and only to the extent they are necessary to operate the remaining coal-fired units, from those Owners that will no longer have an ownership interest in any remaining coal-fired units on the Initial Iatan Station Site at a purchase price equal to the depreciated original cost, plus any allowance for funds used during construction or in the case of KEPCO or MJMEUC, capitalized interest or other similar cost component.

(d) Unless approved by a majority of the Management Committee other than the Operator, the Operator shall not sell or otherwise dispose of any facilities pursuant to this Section 5.5 to an affiliate except for a cash price equal to the fair market value of such facilities or property as determined by an independent appraisal.

(e) If the Management Committee determines not to repair, restore or rebuild any damage to Unit 2, then the Owners shall be pro-rata responsible for removal costs necessitated by the damage to Unit 2, which may be paid out of proceeds from the Unit 2 insurance.

ARTICLE VI

Capacity and Energy Entitlements; Financial Obligations; Access to Information; Defaults; Emissions Allowance Credits; Regional Transmission Organizations

6.1 Capacity Entitlement. Subject to the other terms and conditions of this Agreement, each Owner shall be entitled to the electrical capacity of Unit 2 (as determined from time to time by the Operator and applicable rules of the reliability region, but not in excess of that then permitted by law) in proportion to its Ownership Share at such time, and it hereby acknowledges that it has no right to any capacity in excess of such amount.

6.2 Energy Entitlement. Subject to the other terms and conditions of this Agreement, each Owner (a) shall be entitled at any time to schedule and have the right to receive electrical energy from Unit 2 at a rate not in excess of its Ownership Share of the Net Generation Output of electrical energy of Unit 2 and (b) if so requested in writing by the Operator, shall schedule and receive energy from Unit 2 at a rate not less than its Ownership Share of the Minimum Operable Capacity of Unit 2 (as determined by the Operator, but not less than that then permitted by law) at such time. Net Generation Output of Unit 2 shall be measured at the metering point for interconnection as defined by the SPP.

6.3 Test Energy. Each Owner shall be entitled to all available test energy generated by Unit 2 in proportion to such Owner's Ownership Share at such time. Regardless of whether an Owner accepts or receives any such test energy, each Owner shall be responsible for its Ownership Share of any costs, expenses or penalties resulting from the generation of test energy attributable to the Owner's participation in any regional transmission organization or power pool that oversees or controls the dispatch of the Owner's capacity and energy from Unit 2, including,

but not limited to, energy imbalance charges and/or credits, uninstructed deviation penalties, less charges and uplift charges and/or credits.

6.4 Financial Obligations. On or after the Closing Date and within ten days of receipt of invoice from the Operator, each Owner (other than KCPL) shall pay its Ownership Share of the Cost of Construction incurred by KCPL as of the Closing Date, plus any interest charges or accumulated allowance for funds used during construction with respect to Cost of Construction incurred as of the Closing Date, all as reflected on said invoice. Thereafter, each Owner shall pay in accordance with the Construction Period Cash Flow Memorandum or the Operating Period Cash Flow Memorandum (as applicable) unless otherwise provided.

For the purposes of this Section 6.4, except as otherwise provided, expenditures shall not be deemed to include (i) interest charges on borrowed funds, income taxes, and property, business and occupation taxes of each Owner, which shall be borne entirely by such Owner, and (ii) depreciation, amortization and allowances for funds used during construction.

6.5 Access to Information.

(a) Subject to Article XVII and pursuant to Section II of the Accounting Manual, each Owner shall have the right to inspect and audit the books and records of the Operator as they relate to the charges surrounding the Iatan Unit 2 Facility and Common Facilities. KCPL or the Operator shall keep complete and accurate records regarding Cost of Construction and Cost of Operation of Unit 2 and Common Facilities and will make available for Owners' inspection and audit all records regarding Cost of Construction and Cost of Operation of Unit 2 and Common Facilities sufficient to allow Owners to determine that such costs and expenditures imputed to Unit 2 or the Common Facilities by KCPL under this and other ancillary agreements are accurate.

(b) The Operator shall make Commercially Reasonable Efforts to provide operating, maintenance, and capital budgets to each Owner for the upcoming five-year period by October 1 of each year, or as soon as practicable thereafter.

(c) To the extent reasonably practicable, by October 1 of each year, the Operator shall provide a schedule of planned maintenance outages to the Owners. Changes to such schedule shall be provided to the Owners, to the extent reasonably practicable, at least six (6) months prior to a scheduled outage. The Operator shall communicate as soon as practicable any changes to the outage schedule that occur within the six-month window, and the Operator will make a reasonable effort to minimize the impact of the change on all of the Owners.

(d) In addition to the foregoing, the Operator shall notify the Owners in a timely manner of all significant events the Operator deems material to the construction and/or operation of Unit 2 and/or the Common Facilities.

6.6 Default.

(a) Prior to the In-Service Operation Date, an Owner shall be in default if such Owner should:

(i) fail or be unable, for any reason whatsoever, within ten (10) days following written notice of delinquency to such Owner by the Operator, to make or cause to be made any payment owing hereunder for or on account of the construction of the Iatan Unit 2 Facility or the Common Facilities Upgrades, provided, however, that the Operator will first draw on such Owner's letter of credit provided under Section 8.1(d), and if sufficient funds are available under the letter of credit, then the draw shall be deemed to cure the payment breach without further action on the part of the Owner so long as the amount available for drawing under such letter of credit is replenished to the amount required under Section 8.1(d) within ten (10) days of each such drawing;

(ii) be in breach of any other obligation hereunder ("Non-Financial Default") for a period of ten (10) days or more after notice thereof by the Operator or, if the Operator is in breach, by any other Owner; provided, however, such Owner or Operator will not be in default for a Non-Financial Default which does not materially affect the other Owners or construction of Unit 2 or the Common Facilities Upgrades, if the Owner or Operator makes diligent and continuous efforts to cure the breach and cures the breach within thirty (30) days of the notice of Non-Financial Default;

(iii) admit in writing its inability to pay its debts generally as they become due or shall make a general assignment for the benefit of its creditors, or shall consent to the appointment of a receiver for the whole or any part of its utility assets; or shall be subject to an Insolvency or Seizure; or an adjudication order, judgment or decree shall be entered by any court or regulatory body of competent jurisdiction appointing, without such Owner's consent, a receiver for the whole or any substantial part of its assets and such adjudication order, judgment, decree, or order shall not be vacated or set aside or stayed within ninety (90) days after the entry thereof; or

(iv) be in default, under any mortgage, deed of trust, or other instrument under which a lien or other security interest has been granted or will be acquired in all or any part of such Owner's ownership interest in the Iatan Unit 2 Facility if such default has not been waived by the affected creditor or cured within the applicable period for such default under such mortgage, deed of trust or other instrument. This provision shall not apply to KEPCO to the extent that KEPCO is then a borrower of RUS or RUS then guarantees or insures any loan to KEPCO.

(b) After the In-Service Operation Date, an Owner shall be in default if such Owner should fail or be unable, for any reason whatsoever, within ten (10) days following notice of delinquency to such Owner, to make or cause to be made any payment due hereunder or shall fail to provide the required Emission Allowances pursuant to Section 6.8.

(c) If, prior to the In-Service Operation Date, any Owner is in default pursuant to Section 6.6(a), then the Operator shall provide written notice thereof to all of the Owners. Such notice shall set forth in reasonable detail the name of the defaulting Owner, any amounts unpaid, and the date of such default. Within ten (10) days of receipt of such notice, each non-defaulting Owner may, by written notice to the other Owners, elect to fund all or a portion of the defaulting Owner's share of the costs to complete construction of the Iatan Unit 2 Facility and Common Facility Upgrades in exchange for an increase in its Ownership Share pursuant to this

Section 6.6(c). If multiple non-defaulting Owners so elect, the portions they fund shall be allocated pro rata based on their then-current Ownership Shares, unless they agree on a different allocation. If the defaulting Owner is in payment default under Section 6.6(a)(i) and if voluntary elections are not sufficient to fully cover the defaulting Owner's payment obligations, all non-defaulting Owners shall be required to fund their pro-rata shares based on their then-current Ownership Shares, unless they agree on a different allocation. The defaulting Owner's remaining Ownership Share in the Iatan Unit 2 Facility (and its corresponding entitlements to capacity and energy) shall, upon implementation of this Section 6.6(c), be irrevocably limited to the percentage thereof as is equal to the ratio of (a) the payments made by the defaulting Owner to (b) one hundred twenty-five percent (125%) of the total Iatan Unit 2 Facility construction expenditures of the Owners, exclusive of any allowance for funds used during construction and upon completion of the Iatan Unit 2 Facility the defaulting Owner shall remain subject to each of the provisions of this Agreement with respect to its reduced Ownership Share therein. The respective Ownership Shares (and their respective entitlements to capacity and energy) and the Common Facilities Ownership Shares of all affected Owners shall adjust automatically and proportionately to reflect the defaulting Owner's decreasing Ownership Share and the non-defaulting Owners' increasing Ownership Shares as and to the extent that additional construction expenditures are made or caused to be made by each non-defaulting Owner for completion of the Iatan Unit 2 Facility and the Common Facility Upgrades. If an Owner remains in default under Section 6.6(a) for a period of three consecutive calendar months, (i) the Operator may (but shall not be obligated to) cease making further demands on such defaulting Owner and (ii) the Ownership Share of such defaulting Owner shall continue to be irrevocably reduced as provided in this paragraph. Any defaulting Owner under this Section 6.6(c) shall forthwith, and without further demand, execute and deliver to KCPL for filing in the Recorder of Deeds for Platte County, Missouri, such conveyances, termination agreements, or other documentation or instruments as KCPL deems reasonably necessary and appropriate, including any instrument as may be appropriate to fully convey and vest in the remaining Owners the revised Ownership Shares in Unit 2 and/or Common Facilities, free and clear of all liens, claims, and encumbrances except as otherwise provided by this Agreement, together with such assignments and other releases or certificates as may be necessary to accomplish a reallocation of the Ownership Shares under this Agreement and any ancillary agreement.

(d) If on or after the In-Service Operation Date, any Owner is in default pursuant to Section 6.6(b), upon written notice by the Operator to such defaulting Owner, such Owner shall not be entitled to schedule or receive any energy from Unit 2 during the continuance of such default; and during the remaining period of any such default (i) the defaulting Owner's energy shall be sold by the Operator to pay the defaulting Owner's allocation of the monthly operating costs, including the cost of Emission Allowances, of the Iatan Unit 2 Facility. In the event that such energy sales result in revenues in excess of the defaulting Owner's arrearage, the Operator shall return to the defaulting Owner ninety percent (90%) of such excess revenues net of projected or actual taxes owed or expected as a result of exercising this remedy. The Operator shall retain the remaining excess revenues as an administrative fee. The Operator shall not be liable for any failure to maximize the revenues from such energy sale or to account to the defaulting Owner therefor. In the event that either the revenue from such sales is less than the defaulting Owner's arrearage for more than three (3) consecutive months, or the defaulting Owner remains in default for more than three (3) consecutive months (during which time a defaulting Owner may cure the default), then the defaulting Owner shall offer to sell, subject to

any necessary regulatory or lender approval and release of any applicable mortgage indenture, its Ownership Share to KCPL at depreciated original cost plus allowance for funds used during construction (or as to KEPCO or MJMEUC, its capitalized interest or other similar cost component), along with its proportionate interest in the Common Facilities ("Defaulted Shares"). Should KCPL elect not to acquire all of the Defaulted Shares, the other non-defaulting Owners may, subject to any necessary regulatory or lender approval and release of any applicable mortgage indenture, elect to acquire the Defaulted Shares of the defaulting Owner in proportion to their respective Ownership Shares at the defaulting Owner's depreciated original cost plus allowance for funds used during construction (or as to KEPCO or MJMEUC, its capitalized interest or other similar cost component), each of which shall be defined as a "Voluntary Acquisition Election" under this Agreement Succeeding Voluntary Acquisition Elections for any remaining Defaulted Shares may continue until no Defaulted Shares remain. To the extent Defaulted Shares remain after all Voluntary Acquisition Elections, the non-defaulting Owners will be required to acquire the remaining Defaulted Shares pro-rata according to their respective Ownership Shares prior to the default, subject to any necessary regulatory or lender approval and release of any applicable mortgage indenture. The non-defaulting Owners shall not be obligated to accept a cure of a default by a defaulting Owner under this subparagraph (d) after the defaulting Owner has been in default for three consecutive months. If one year elapses after the date the Operator initially sells a defaulting Owner's energy to pay the defaulting Owner's allocation of monthly operating expenses and the defaulting Owner remains in default pending the sale of its Defaulted Shares, or otherwise, the non-defaulting Owners shall be required to sell, or use the defaulting Owner's energy for their own account in proportion to their respective Ownership Shares, provided such Owners pay the corresponding proportion of operating and capital costs.

(e) Nothing in Section 6.6(c) or 6.6(d) is intended to relieve, or shall relieve, a defaulting Owner of its liability for the default, and the exercise by the non-defaulting Owner or Owners of any rights provided for in this Section 6.6 (including rights that reduce the Ownership Share of the defaulting Owner or permit the non-defaulting Owner or Owners to use the capacity and energy entitlements of the defaulting Owner) shall be considered only in mitigation of the damages, and not liquidated damages, due the non-defaulting Owner or Owners for which the defaulting Owner shall be and remain liable until paid, together with interest thereon at a rate equal to one hundred twenty-five percent (125%) of each non-defaulting Owner's rate of accrual of (i) allowance for funds used during construction, (ii) interest during construction, or (iii) other similar cost component regularly used by such non-defaulting Owner, each as applicable during such period.

(f) In the event of default under Section 6.6, each Owner grants, covenants and agrees that the non-defaulting Owners shall have a lien on the defaulting Owner's tenant in common interest, right to production, and any leasehold interest such defaulting Owner may have in the Unit 2 Site and Common Facilities. In addition, any Owners that possess an ownership interest in the Iatan Station Site shall have a right, in their discretion, to require any defaulting Owner that has a leasehold interest in the Iatan Station Site to execute and deliver an executed leasehold mortgage, in recordable form, and subject to such terms as the Owners possessing an ownership interest in the Iatan Station Site may reasonably require as a precondition to the grant of any leasehold interest in any portion of the Iatan Station Site.

(g) In the event that any dispute exists between or among the Owners or the Operator with respect to the payment or performance of any obligation of an Owner or the performance of the Operator under this Agreement, such Owner shall tender payment or performance as demanded by the Operator or any other Owner under protest and reservation of rights without waiving such Owner's rights thereafter to initiate arbitration proceedings to resolve such dispute.

6.7 Emission Allowances.

(a) Each Owner shall purchase or otherwise provide Emission Allowances to the Unit 2 Allowance account as set forth in Sections 6.8 through 6.14 (the "Allowance Contribution"), below, it being recognized that the term "allowance account," may encompass more than one such account, each for a different pollutant for which Allowances are required by governmental agencies. In the event that a governmental agency allocates any Emission Allowances to Unit 2, such new Emission Allowances will be accounted for on an annual basis and consumed as needed for the operation of Unit 2. Any Allowances allocated by a governmental agency for an annual period (or other control period during that year, as applicable) that are not consumed during the year of allocation shall be apportioned among the Owners based on the difference between what was allocated to each Owner and what was consumed by such Owner. Any costs associated with such new Emission Allowances shall be borne by the Owners in proportion to their Ownership Shares, unless otherwise allocated to the Owners by the governmental agency.

(b) The Owners hereby appoint KCPL, in its capacity as Operator to be the Designated Representative for Unit 2, as that term is defined under 40 C.F.R. § 72.2 and other currently and subsequently applicable regulations, which, for the duration of this appointment, and except as otherwise provided in this Agreement, will be responsible for complying with the Emission Allowance programs applicable to Unit 2 and have full powers of disposition over the Emission Allowances in the Unit 2 Allowance account; provided, however, that such appointment will in no way affect the responsibility of each Owner to comply with all requirements under applicable law and this Agreement pertaining to that Owner's participation in the Iatan Unit 2 Facility and the Common Facilities, including, without limitation, the indemnity obligations of said Owner pursuant to Section 11.5 hereunder.

6.8 Quarterly Allowance Requirement, Initial Share, and Allowance Contribution.

(a) The Operator shall provide each Owner on a quarterly basis a copy of the emissions data submitted to the U.S. Environmental Protection Agency ("EPA") (or other authorized agency, if applicable) pursuant to the Acid Rain Program established under Title IV of the Clean Air Act Amendments of 1990 (or pursuant to another currently or subsequently applicable Emission Allowance program) unless an Owner waives this requirement pursuant to 40 C.F.R. § 72.21(d)(2) with respect to the Acid Rain Program (or other analogous regulation with respect to another currently or subsequently applicable Emission Allowance program).

(b) By November 5th of each year, the Operator shall notify each Owner of its projected proportionate share (based on net megawatt hours taken by each Owner) of emissions from Unit 2 for the fourth quarter of such year ("Emissions Projection"). Within fifteen (15)

days after the end of each calendar quarter, the Operator shall notify each Owner of its proportionate share of the actual emissions from Unit 2 for the calendar quarter just ended ("Actual Emissions").

(c) Within thirty (30) days of receipt of the Emissions Projection (in the case of the fourth quarter of each year) or the statement of Actual Emissions (in the case of the first three quarters of each year), each Owner other than KCPL shall provide its proportionate share of Emission Allowances for the calendar quarter covered by such projection or statement.

(d) With respect to the fourth calendar quarter of each year, to the extent an Owner's Emissions Projection exceeded its Actual Emissions ("Excess Allowances"), an Owner would be entitled to a refund or could leave its Excess Allowances in the Unit 2 account to be credited against the following quarter's emissions. To the extent an Owner's Actual Emissions exceeded its Emissions Projection, an Owner shall provide the Operator with sufficient Emission Allowances to cover the shortfall within thirty (30) days of such notice of Actual Emissions.

(e) Any Owner that is also a Unit 1 Owner may fulfill its obligations to provide Allowances for Unit 2 hereunder by a reallocation of Allowances from Unit 1 to Unit 2, provided such reallocation is permitted by and effected in compliance with applicable law and provided such reallocation does not result in insufficient Allowances being available from such Owner for Unit 1.

(f) Anything to the contrary in subsections (a) through (e) above notwithstanding, to the extent that any emissions are regulated under a program that requires Allowances to be in place on a calendar cycle that is not consistent with such subsections, the Operator shall provide notice to the other Owners at least sixty (60) days prior to any relevant compliance deadline and the Owners shall purchase or otherwise provide their allocable shares of any required Allowances at least thirty (30) days prior to the relevant compliance deadline. If the provision of Allowances is required in advance of the end of the applicable operating period or as soon after the applicable operating period that the Operator determines it is not feasible to base the allocation of Allowances on the Owners' actual energy usage, the Owners' allocable shares shall initially be based on their Ownership Shares, with a subsequent true-up based on the net megawatt hours taken by each Owner during the applicable operating period; otherwise, the allocable shares shall be based on the net megawatt hours taken by each Owner during the applicable operating period.

6.9 Annual Adjustment of Allowance Contribution. Each Owner's allocation of Allowances in Unit 2's Allowance account shall be reduced upon EPA's (or other authorized agency's) annual deduction of Allowances from Unit 2's Allowance account pursuant to 40 C.F.R. § 73.35, or other subsequently or currently applicable regulations, in an amount equal to its allocated share of Unit 2's Allowances for the year or other control period. To the extent that an Owner's Allowance allocation for the year just concluded exceeded its required share of Unit 2's Emission Allowances, such excess Allowances shall be credited to that Owner's Allowance Allocation for the current year.

6.10 Excess Allowances. An Owner may direct the Operator at any time to file a request with applicable governmental agencies to transfer Allowances from a given year's

subaccount within Unit 2's Allowance account to an account designated by such Owner. Notwithstanding the foregoing, however, there shall be no obligation on the part of the Operator to file a request for transfer if such transfer will result in the failure of Unit 2 to meet its Allowance requirements.

6.11 Procedures for Transferring Allowances; Compliance Use Dates. All Allowance transfers required or authorized by this Article shall be effected in accordance with procedures specified by EPA (or other government agencies with jurisdiction over such transfers) under EPA's Allowance Tracking System established pursuant to 40 C.F.R. Part 73, Subpart C (or analogous provisions of other currently or subsequently applicable Allowance programs). An obligation hereunder to transfer or acquire Allowances required for a given calendar year or other control period shall be deemed satisfied only if the Allowances transferred to the Unit 2 account bear a compliance-use date (as such term is currently defined in 40 C.F.R. § 72.2 or any currently or subsequently applicable regulations) for such year or control period (or any earlier year or control period).

6.12 Restrictions on Allowance Transfers to Cover Excess Emissions. The Operator shall not authorize the transfer of any Allowances supplied by an Owner from the Iatan Unit 2 account to the account of any other unit to cover excess emissions at such other unit pursuant to 40 C.F.R. § 73.35(b) or any currently or subsequently applicable regulations, or for any purpose (other than an Owner's exercise of its rights under Section 6.10), without the prior approval of such Owner.

6.13 Acquisition of Allowances by Operator, Reimbursement of Costs. In the event that any Owner has failed to supply its Annual Allowance Contribution by the deadlines established under Sections 6.8 (c), (d), and (f) of this Agreement, the Operator shall provide notice thereof to such Owner. If such Owner does not provide its Allowance Contribution by February 15th of the year immediately subsequent to the year in which the emission occurred (or at least thirty (30) days prior to any deadline contemplated in Section 6.8(f)), the Operator may attempt to acquire Allowances to cover the shortfall. The costs incurred by the Operator to acquire Allowances pursuant to this Section 6.13 (including commercially reasonable brokerage fees) shall be reimbursed by such deficient Owner within ten (10) days after receipt by such deficient Owner of an invoice from the Operator documenting the incurrence and amount of such costs. In addition, the deficient Owner shall pay to the Operator a service fee equal to 25% of the costs incurred by the Operator to acquire the deficient Owner's required Allowances. In the event that the Operator is unable or unwilling to obtain Allowances, the Owner shall be deemed to be in default of this Agreement. Any Owner that fails to true-up its allowance account by February 28th of each year (or other applicable compliance deadline) agrees to be responsible for any civil or criminal sanctions imposed as a result of such failure. Any Owner that fails to provide its proportionate share of Emission Allowances and said failure results in notice of violation and/or sanctions issued by a regulatory agency, shall publicly acknowledge, in a manner acceptable to KCPL, that it was its actions or inactions that resulted in said notice of violation and/or sanctions.

6.14 Compliance Not Measured on Unit Basis. To the extent that compliance with Allowances and related requirements for any type of regulated emissions ("Site-Based Emissions") from Unit 1, Unit 2, and/or any Additional Unit(s) is, pursuant to applicable law and

regulations, measured based on total emissions from the Iatan Station Site as a whole rather than separately measured based on emissions from individual units thereon, the following provisions shall apply and shall supersede any contrary provisions of Sections 6.7 through 6.13:

(a) The Management Committee shall make a reasonable allocation of Site-Based Emissions among the units on the Iatan Station Site from time to time based on the units' actual or (if data regarding actual emissions is not readily available) projected output of the Site-Based Emissions.

(b) To the extent that the Unit 1 emissions allocation determined pursuant to subsection (a) exceeds the emissions allowances for the relevant Site-Based Emissions that are available to Unit 1 under the applicable regulatory regime, the Owners that are Unit 1 owners shall be responsible (in proportion to their respective Unit 1 Ownership Shares) for purchasing or providing additional Allowances so that Unit 1 will at all times have sufficient Allowances to cover the Unit 1 emissions allocation.

(c) The Owners shall be responsible (in proportion to their respective Ownership Shares) for purchasing or providing Allowances in addition to the Allowances referred to in clause (b) so that the Iatan Station Site will at all times have sufficient Allowances to comply with the applicable Site-Based Emissions requirements.

(d) The foregoing items (a) through (c) shall be separately determined for each different type of Site-Based Emissions.

6.15 Regional Transmission Organizations.

(a) Initially, Unit 2 will be designated as a network resource within SPP. Each Owner shall be authorized to register, and, if applicable, bid its entitlement to capacity and energy under this Agreement with a regional transmission organization or power pool (an "RTO") that oversees or controls the dispatch of the Owner's capacity and energy from Unit 2; provided, however, that such registration or bidding does not adversely affect the designation of Unit 2 as an SPP designated resource. All changes to RTO status will be determined by the Management Committee.

(b) Capacity and energy from Unit 2 will be delivered to the Owners at the transmission interconnection point for Unit 2. Each Owner will be responsible for arranging for transmission service for its ratable share of such capacity and energy. Each Owner shall be responsible for any costs attributable to the Owner's participation in an RTO that oversees or controls the dispatch of the Owner's capacity and energy from Unit 2, including, but not limited to, energy imbalance charges and/or credits, uninstructed deviation penalties, loss charges and uplift charges/credits.

6.16 Transaction with Other Parties. Each Owner is entitled to transact with other parties for the supply of capacity and energy from Unit 2 in accordance with applicable regulations and separate agreements; provided that such transactions shall not convey to any party any rights hereunder or with respect to the construction and/or operation of Unit 2 and no such transactions shall result in any person or entity being in privity with the Owners or Operator hereunder.

ARTICLE VII

Fuel Supply

7.1 Procurement of Fuel. KCPL shall procure, furnish, or cause to be furnished, the fuel supply for the Iatan Station, including Unit 2.

7.2 Negotiation and Renegotiation of Contracts. KCPL shall have the right to negotiate, renegotiate or modify coal supply contracts, rail transportation and related (including but not limited to rail car supply and maintenance) contracts, and related Fuel Commodities supply contracts; and to settle disputes on all of the above.

7.3 Ownership. Fuel for the Iatan Station shall be paid for and owned by each Owner in accordance with the Iatan Unit 2 Accounting Manual, a copy of which is attached hereto as Exhibit J. Fuel shall include Fuel Commodities and costs included in the definition of Actual Fuel Costs.

7.4 Fuel Supply Interruption. If an interruption in fuel supplies or fuel transportation materially impairs the Net Generation Output of Unit 1 and/or Unit 2, then the Operator is authorized to determine how to allocate fuel supplies between Unit 1 and Unit 2. If the Owners do not unanimously agree with such allocation at the time of such fuel supply or transportation interruption, any energy generated under such circumstances shall be allocated among the Owners in proportion to their respective Common Facilities Ownership Shares. The Owners will determine at such time how to allocate equitably among the Owners the operating, maintenance and other costs incurred during such fuel interruption operation.

7.5 KCPL Fuel Transportation. To the extent KCPL uses rail transportation facilities (including KCPL's or its affiliates' facilities) for delivery of fuel to the Iatan Station Site, the costs thereof shall comply with Section 5.3(f).

ARTICLE VIII

Financial Responsibility

8.1 Demonstration of Creditworthiness During Construction. Each Owner shall maintain a proven ability to pay and perform all funding and other financial obligations required of it prior to the Commercial Operation Date. The Owners may demonstrate this in any of the following ways:

(a) by maintaining a senior unsecured long-term debt rating of not less than BBB- as determined by Standard & Poor's ("S&P") and/or Baa3 as determined by Moody's Investors Service ("Moody's") and an ability, as supported by financial projections for a term of at least five years and, at the request of the Owners whose Ownership Shares constitute a majority of the total Ownership Shares, by an evaluation performed by S&P pursuant to its Ratings Evaluation Service or by Moody's pursuant to its equivalent product (if available), to maintain such a rating; or

(b) by maintaining a total indebtedness of sixty-two and one-half percent (62.5%) or less of total capitalization or maintaining net income plus interest, taxes, depreciation, amortization and certain other non-cash charges above two hundred percent (200%) of interest charges for the trailing four fiscal quarters at the end of each fiscal year; or

(c) by providing a guarantee to KCPL (acting as agent for all the Owners) of all the Owner's payment and performance obligations as an Owner of an undivided ownership interest in the Iatan Unit 2 Facility, in form and substance satisfactory to KCPL, in KCPL's sole discretion, and issued by an entity having a senior unsecured long-term debt rating of not less than BBB by S&P and A3 by Moody's and an ability, as supported by financial projections for a term of at least five years and, at the request of KCPL, by an evaluation performed by S&P pursuant to its Ratings Evaluation Service or by Moody's pursuant to its equivalent product (if available), to maintain such a rating; or

(d) by providing an irrevocable letter of credit to KCPL, to be held and utilized exclusively by KCPL as agent for and on behalf of the Owners (subject to the relevant Owner's right to substitute letters of credit with subsequent irrevocable letters of credit having more favorable terms to the Owner, such as improved collateral requirements or terms that reflect improvements in the entity's financial health) supporting the Owner's payment obligations, in form and substance satisfactory to KCPL, in its sole and reasonable discretion; provided, any letter of credit provided pursuant to this provision will expire on the date on which such Owner obtains a senior unsecured long-term debt rating of not less than Baa3 and BBB- from Moody's and S&P, respectively. The face value of the letter of credit obtained for KCPL's benefit hereunder will at all times during the construction period be equal to the greater of (i) fifty percent (50%) of the Owner's ratable share of the construction costs of Unit 2 over the remaining construction period or (ii) one hundred percent (100%) of the Owner's ratable share of the construction costs of Unit 2 projected to be incurred over the next succeeding nine quarters of the construction period (or, if fewer than nine quarters remain in the construction period, such fewer quarters), in each case, as calculated quarterly in accordance with the construction budget. Any letter of credit obtained under this provision shall be issued by a financial institution having a senior unsecured long-term debt rating of not less than A- by S&P and A2 by Moody's. The terms of the letter of credit shall provide for the release to KCPL of up to the entire face value of the letter of credit upon default by the Owner under this Agreement; or

(e) by obtaining, within sixty (60) days of the effective date of this Agreement, two of three indicative project credit ratings of not lower than BBB- as determined by S&P, Baa3 as determined by Moody's, and BBB- as determined by Fitch Ratings, and thereafter, by issuing electric system utility revenue bonds that receive two of three investment grade ratings of not less than BBB- as determined by S&P, Baa3 as determined by Moody's, or BBB- by Fitch Ratings; or

(f) by providing some alternate method of satisfying Section 8.1 that KCPL approves in its reasonable discretion.

ARTICLE IX

Taxes and Insurance

9.1 Taxes; Election Out of Partnership Treatment.

(a) The Owners agree that they intend that the arrangements provided for in this Agreement and any other ancillary agreements entered into in connection herewith (collectively, the "Arrangements") be excluded from the application of Subchapter K of Chapter 1 of Subtitle A of the Internal Revenue Code of 1986, as amended (the "Code"). Any allocation under this Agreement of general liabilities, expenses, costs, charges or reserves of Unit 2 that are not readily identifiable as belonging to any particular Owner shall not represent a joining together of the Owners to pool capital for the purposes of carrying on a trade or business or making common investments and sharing in profits and losses therefrom. In this regard, the Owners do not intend to create any joint venture, partnership, association taxable as a corporation, or other entity for the conduct of any business for profit. The Owners authorize KCPL to prepare and file a return satisfying the requirements of United States Treasury Regulations Section 1.761-2(b)(2) and on which an election for the Arrangements to be excluded from the provisions of Subchapter K is set forth. Each Owner agrees that it shall (i) take no action which would prevent the effectiveness of such election and (ii) report its respective share of the items of income, deduction and credit arising from the Arrangements for federal income tax purposes in a manner consistent with the exclusion of such arrangements from Subchapter K. Each Owner authorizes KCPL to take such steps as may reasonably be required to exclude the Arrangements from treatment as a partnership or corporation for state or local income or franchise tax purposes and the Owners agree that they shall provide such assistance and cooperation in relation thereto as may reasonably be requested. Where the Arrangements are not eligible for a complete exclusion from partnership treatment for federal or state income or franchise tax purposes, the Owners agree that they intend that the Arrangements be excluded from partnership treatment to the greatest extent possible and authorize KCPL to take such steps as may be reasonably necessary to secure such exclusion.

(b) To the extent possible, KCPL and the other Owners shall each separately report and pay for all real property, franchise, business, or other taxes and fees, if applicable to said party, arising out of the acquisition, construction, operation, disposition and co-ownership of Unit 2; provided, however, that to the extent that such taxes, fees, payroll taxes, sales taxes and/or use taxes may be levied on or assessed against Unit 2, or its operation, or KCPL and other Owners in such a manner as to make impossible the carrying out of the foregoing provisions of this Section, then such taxes, fees, and, payroll taxes, sales taxes and/or use taxes shall be paid by KCPL, and Owners shall immediately reimburse KCPL for their proportionate share of such payment. Ad valorem taxes on the Existing Common Facilities for the year in which the Reciprocal Conveyance Date occurs shall be prorated between KCPL and the other Owners based upon their Common Facilities Ownership Shares. Owners shall be responsible for all sales and transfer taxes and recording fees incurred, if any, in connection with the conveyance to Owners of such undivided interests in Unit 2 and Existing Common Facilities, pursuant to this Agreement.

9.2 Insurance.

(a) KCPL, during the construction of Unit 2 and the Common Facilities Upgrades, shall maintain or cause to be maintained Builder's Risk insurance in an amount and including such risks as is consistent with Good Utility Practice. KCPL shall evaluate an owner controlled insurance program ("OCIP") and may adopt an OCIP provided 1) the coverages are equal to or broader than those available under a contractor provided insurance program and/or 2) it is economical. All deductibles payable under any program of insurance, together with any self-insured retention, shall be borne by the Owners in proportion to their respective Ownership Shares or Common Facilities Ownership Shares, as applicable.

(b) For non-OCIP insurance coverages, and/or for the insurance coverages obtained from a contractor-provided insurance program, KCPL shall also reasonably satisfy itself and Owners that all contractors and subcontractors have minimum insurance coverages and limits with carriers approved by KCPL, and with a rating of not less than A- as determined by A.M. Best Company. The aggregate costs of all insurance procured pursuant to this Section shall be considered a Cost of Construction of Unit 2 and as such, shall be apportioned among the Owners in proportion to their Ownership Shares. KCPL will advise the other Owners of the type and coverages of insurance procured and, advise any Owner and/or the Management Committee of any changes in such insurance.

(c) Owners, through the Management Committee, have the right to review and comment on KCPL's safety program for construction of Unit 2.

(d) With respect to the period after the In-Service Operation Date, the Operator shall obtain insurance for the Iatan Unit 2 Facility and the Common Facilities in an amount, and with coverages, approved by the Management Committee. Each Owner shall pay its proportionate Ownership Share or Common Facilities Ownership Share, as applicable, of the insurance premiums for the Iatan Unit 2 Facility, for the Common Facilities, and all other costs associated with insuring said facilities, unless otherwise agreed to by the Owners.

(e) During the construction of Unit 2 and with respect to the period after In-Service Operation Date each Owner may supplement the insurance coverage maintained by KCPL at its own expense.

(f) Each Owner and the Rural Utilities Service shall be a named as insureds (as their interests may appear) under the insurance policies, with subrogation rights waived.

(g) The Operator, subject to confidentiality provisions it may require in its reasonable discretion and Article XVII, shall provide copies of insurance policies applicable to Unit 2 to Owners upon request.

(h) Upon receipt of notice of premium payments due for any insurance coverage, the Operator shall send a copy thereof to each Owner, which shall pay its share of the premium due in accordance with the applicable Cash Flow Memorandum.

ARTICLE X

Partition; Encumbrance; Transfer

10.1 Partition. The Owners and their successors and assigns hereby waive their respective rights with respect to the partition of the Iatan Unit 2 Facility, the Common Facilities, and any portion thereof for a period of time ending with the abandonment of the use thereof for the generation, transmission or distribution of electricity. No Owner shall have the power or right to take or resort to any action (including, without limitation, any court proceeding at law or in equity) for the purpose of or which might result in a partition of the Iatan Unit 2 Facility, the Common Facilities, or any portion thereof. Each Owner, for itself and its successors and assigns, hereby releases all partition rights in respect thereof, whether now existing or hereafter accruing, whether under common law or statute, and whether in kind or otherwise, and each Owner shall from time to time, upon written request by any other Owner, execute and deliver such further instruments as may be necessary or appropriate to confirm the foregoing waiver and release of partition rights.

10.2 Encumbrance.

(a) Each Owner and its successors and assigns of the Iatan Unit 2 Facility, the Common Facilities or any portion thereof shall have the right to and may encumber its Ownership Share and its Common Facilities Ownership Share, or any portion thereof, (subject to the provisions of this Ownership Agreement) by any deed of trust, mortgage indenture or other security agreement, whether now existing or hereafter created as security for its present or future bonds or other obligations or securities, without the prior consent of any other Owner, and any trustee or secured party thereunder, when acting pursuant to the provisions thereof, shall have the benefit of, and may require and enforce performance of, the covenants and obligations herein and may exercise all rights and powers of such Owner under this Agreement as the same may then be in effect; provided, however, that nothing herein shall be construed to change, abrogate or limit in any way any rights and/or protections available to any of the Owners pursuant to the Bankruptcy Code, including, but not limited to 11 U.S.C. § 363(h) therein, or Mo. Rev. Stat. § 393.105.

(b) Notwithstanding the foregoing or any provision of any other of the Agreements, KEPCO shall have the right to and may encumber in favor of the United States of America, acting through the Administrator of the Rural Utilities Service ("RUS"), and its other lenders, by any deed of trust, mortgage indenture or other security agreement, whether now existing or hereafter created as security for its present or future bonds or other obligations or securities, its Ownership Share and its Common Facilities Ownership Share, or any portion thereof, and its interests in the Agreements, without the prior consent of any other Owner, and any trustee or secured party under any such security agreement (a "Secured Party"), when acting pursuant to the provisions thereof, (i) shall have the benefit of, and may require and enforce performance of, the covenants and obligations in the Agreements and may exercise all rights and powers of KEPCO under the Agreements as the same may then be in effect (provided, however, that nothing herein shall be construed to change, abrogate or limit in any way any rights and/or protections available to any of the Owners pursuant to the Bankruptcy Code, including, but not limited to 11 U.S.C. § 363(h) therein, or Mo. Rev. Stat. § 393.105), and (ii) without the approval

of any Owner, may cause such encumbered Ownership Share, Common Facilities Ownership Share and interests in the Agreements to be sold, assigned or otherwise transferred pursuant to the exercise of its remedies under such security agreement or in connection with a settlement of a debt secured by such security agreement. Any transfer pursuant to clause (ii) of the immediately preceding sentence shall be made subject to (A) the provisions of Section 10.4 (except in the event that such Secured Party has complied with the provisions of Section 10.2(c), in which case the provisions of Section 10.4 shall not apply to such transfer if such transfer is consummated within twelve (12) months of the applicable Lapse Date), and (B) all of the other benefits and burdens of the covenants and obligations applicable thereto as provided in the Agreements. Any such transferee shall assume and agree, in writing, delivered to the other Owners, to perform the provisions of the Agreements, and at such point shall be deemed an Owner, an "Assignee," "Unit 2 Site Lessee," a "Nower Property Lessee" or other appropriate party under the Agreements.

(c) Any transfer by a Secured Party pursuant to clause (ii) of the first sentence of Section 10.2(b) shall be made subject to the provisions of Section 10.4, unless the Secured Party shall have offered (or caused KEPCO to offer) to sell, subject to regulatory approval, its Ownership Share and its Common Facilities Ownership Share and its interests in the Agreements (collectively, the "Transferable Interests") first to KCPL and then to the other Owners at the Appraised Value in compliance with the provisions of this Section 10.2(c). Should KCPL elect to purchase the entire Transferable Interests (a "KCPL Acquisition Election") available, the other Owners shall have no right to purchase such available Transferable Interests. Should KCPL elect not to acquire all of the Transferable Interests within fifteen (15) days following receipt of the final calculation of the Appraised Value, the other Owners may, subject to regulatory approval, elect by written notice to KCPL within seven (7) days following the end of such fifteen (15) day period to acquire the remaining Transferable Interests in proportion to their respective Ownership Shares at the Appraised Value (each, an "Other Owner Acquisition Election"). To the extent that Transferable Interests remain after the initial round of KCPL Acquisition Elections and Other Owner Acquisition Elections, KCPL and the other Owners shall have the right to make subsequent KCPL Acquisition Elections and Other Owner Acquisition Elections for any remaining Transferable Interests (with KCPL's right to make KCPL Acquisition Elections superseding the other Owners' rights to make Other Owner Acquisition Elections). Succeeding rounds of KCPL Acquisition Elections and Other Owner Acquisition Elections may continue until no such Transferable Interests remain; provided, that all KCPL Acquisition Elections and Other Owner Acquisition Elections under this Section 10.2(c) shall be completed within forty-five (45) days following KCPL's receipt of the final calculation of the Appraised Value (such forty-fifth day, the "Lapse Date"). In the event that by the Lapse Date not all of the Transferable Interests are elected to be acquired by KCPL or the other Owners, then none of the Transferable Interests shall be acquired by KCPL or the other Owners under this Section 10.2(c), and the Secured Party may then transfer or cause to be transferred the Transferable Interests pursuant to clause (ii) of the first sentence of Section 10.2(b) free of the requirements of Section 10.4, if such transfer is consummated within twelve (12) months of the Lapse Date. If all of the Transferable Interests are to be acquired by KCPL and the other Owners pursuant to this Section 10.2(c), KEPCO (or the Secured Party, as applicable), KCPL and the other Owners, as applicable, shall diligently work to complete the purchase of the Transferable Interests on arm's length commercially reasonable terms, and the relevant Owners shall pay their respective shares

of the Appraised Value in immediately available funds directly to the Secured Party at the completion of such purchase.

For purposes of this Section 10.2(c), "Appraised Value" shall mean the value of the Transferable Interest determined as follows:

(1) Each of the Secured Party and KCPL shall appoint an appraiser within fifteen (15) days following the date that the Secured Party gives written notice to KCPL of the Secured Party's intent to transfer or cause to be transferred the Transferable Interests pursuant to clause (ii) of the first sentence of Section 10.2(b) free of the requirements of Section 10.4 (such fifteenth day, the "Trigger Date").

(2) The Secured Party and KCPL shall jointly appoint a third appraiser from a list of four appraisers, which list shall be comprised of two appraisers proposed by the appraiser appointed by the Secured Party and two appraisers proposed by the appraiser appointed by KCPL. Such proposals shall be submitted by the first two appraisers within ten (10) days of the date on which the second such appraiser is appointed. If the Secured Party and KCPL are unable to agree on such jointly appointed appraiser within ten (10) days of receipt of the list of four proposed appraisers, each of the Secured Party and KCPL may strike one proposed appraiser from the list of four and names of the remaining two proposed appraisers shall be submitted to the senior officer resident in the American Arbitration Association office in St. Louis, Missouri (or such successor regional office thereof as shall serve the State of Missouri) who shall, or shall appoint a person to, choose one appraiser from the remaining two proposed appraisers. If the Secured Party or KCPL refuses or is unable to participate in the process of appointing appraisers as described above, the Appraised Value shall be determined by a single independent appraiser appointed by the party that is participating in the valuation process.

(3) The three appraisers selected as provided above shall be instructed to determine the fair market value for the Transferable Interests within sixty (60) days following the selection of the third appraiser by using the discounted cash flow method of valuation.

(4) The appraisers shall not be required to submit detailed appraisals but each shall be required to submit a single numerical value for the Transferable Interests. If the highest or lowest of the three values varies from the arithmetic mean of the other two values by more than 10% of such arithmetic mean, then the highest or lowest (or both, if both the highest and lowest vary from the arithmetic mean of the other two values by more than 10% of the mean of the other two values) shall be discarded and the Appraised Value shall be the arithmetic mean of the remaining two values (or the one remaining value if only one remains). If none of the values is discarded pursuant to the preceding sentence, then the Appraised Value shall be the arithmetic mean of all three values. The Appraised Value determined pursuant to the foregoing procedure shall be final and binding on the parties.

(5) Each appraiser appointed or proposed hereunder must be an appraiser, accountant, investment banker, certified financial analyst (with the professional designation "CFA") or commercial banker in each case experienced in the valuation of industrial assets. Any dispute regarding the qualification of any appraiser proposed or appointed hereunder shall be resolved by arbitration before the appraisal process proceeds.

(6) Each of KCPL and KEPCO shall bear the cost of the appraiser that it appoints (or is appointed on its behalf); provided, that if KCPL does not purchase the Transferable Interests the cost of the appraiser appointed by KCPL shall be borne by the Owners that are acquiring Transferable Interests pro rata in proportion to their Ownership Shares. KEPCO and the Owners acquiring Transferable Interests shall all bear all other costs of the appraisal (including the cost of the third appraiser) in proportion to their Ownership Shares.

10.3 Transfer. No Owner shall have the power or the right, without the prior written consent of all other Owners, which consent shall not be unreasonably delayed or withheld, to sell, transfer or assign any right, title or interest in, or create any lien or encumbrance on, all or any part of the facilities and property represented by its Ownership Share therein, except that no consent shall be required for an Owner (a) to encumber or transfer such Ownership Share, Common Facilities Ownership Share and interests in the Agreements as provided in Section 10.2, or (b) to transfer such Ownership Share to another corporation or other entity (whether or not affiliated with such Owner), together with all or substantially all of its other utility property, whether by sale or pursuant to or as a result of a merger, consolidation, liquidation or corporate reorganization, provided that such corporation or other entity by written agreement or by operation of law assumes the obligations hereunder of the Owner transferring such Ownership Share, or (c) to transfer such Ownership Share or any portion thereof pursuant to the provisions of Section 10.4.

10.4 Right of First Refusal.

(a) Except with respect to transfers permitted without the consent of any party under Section 10.2 or 10.3, should any Owner desire to sell, transfer, assign, convey or otherwise dispose of all or any part of its Ownership Share (the "Transfer Share") to any other entity or agency whatsoever including any other Owner (the "Proposed Transferee"), the other Owners (the "Remaining Owners") shall have rights of first refusal, as provided in this Section 10.4, to purchase such Transfer Share, and such Owner shall have neither the power nor the right to dispose of such Transfer Share except as follows:

(b) Any Owner desiring to dispose of its Transfer Share shall first serve a written Notice of Intent to Transfer upon the Remaining Owners. Such Notice shall contain the approximate proposed date of disposition of such Transfer Share, the terms and conditions of the disposition to the Proposed Transferees, and the terms and conditions under which such Owner would sell such Transfer Share to the Remaining Owners (including, without limitation, the right to purchase for cash), which shall be at least as favorable to the Remaining Owners as the terms and conditions offered by the Proposed Transferee. The Owner desiring to dispose of its Transfer Share shall also provide the Remaining Owners with a copy of any bona fide offer, which the departing Owner desires to accept. The terms and conditions of any such written offer shall be subject to the confidentiality provisions of Article XVII.

(c) Each Remaining Owner desiring to purchase all or any portion of such Transfer Share shall signify such desire by serving written Notice of Intent to Purchase upon the Owner desiring to dispose of such Transfer Share and the other Remaining Owners within ninety (90) days after receipt of Notice of Intent to Transfer under Section 10.4(b).

(d) If the Remaining Owners signify their intention under Section 10.4(c) to purchase in the aggregate more than the entire Transfer Share, then each such Remaining Owner shall have the right to purchase (i) the lesser of its requested amount or a portion of the Transfer Share equal to the ratio of its Ownership Share to aggregate Ownership Shares of the Remaining Owners who have served a Notice of Intent to Purchase under Section 10.4(c), plus (ii) additional shares to the extent available after (i), such that its total acquired amount does not exceed its original request.

(e) If in their Notices of Intent to Purchase served under Section 10.4(c) the Remaining Owners should signify an intention to purchase less than the entire Transfer Share, the Remaining Owners shall have an additional sixty (60) days after receipt of the last Notice of Intent to Purchase under Section 10.4(c) to signify their intention to purchase the remaining portion of the Transfer Share.

(f) If and when intention to purchase all or a portion of the Transfer Share has been signified by written Notices of Intent to Purchase from the Remaining Owners, disposal of such Transfer Share shall be effected by the Owner thereof to the Remaining Owners in accordance with their respective Notices of Intent to Purchase, subject to all required governmental regulatory approvals thereof, and release of any liens imposed thereon by or through the Owner thereof.

(g) If, after the 60-day period specified in Section 10.4(e), the Remaining Owners still have not provided written notice of their intent to purchase all of the Transfer Share, the Owner thereof shall be free to dispose of the remaining portion (*i.e.*, that portion which the Remaining Owners have not signified their intention to purchase) of such Transfer Share to the Proposed Transferee upon the terms and conditions stated in its bona fide written offer.

(h) Any disposition of a Transfer Share hereunder, whether to any Remaining Owner or Owners or to any Proposed Transferee, shall be made subject to all of the benefits and burdens of the covenants and obligations applicable thereto as provided in this Agreement. Any such Proposed Transferee shall, upon receipt of such Transfer Share, assume and agree, in writing, delivered to the other Owners, to perform the provisions of this Agreement, and at such point shall be deemed an Owner under this Agreement.

10.5 Restrictions on Transfer of KCPL's Obligation as Operator. Notwithstanding anything in this Article X, KCPL shall not transfer or assign its obligations as Operator, except (a) as provided for in Section 5.3(b), or (b) in connection with a transfer of its entire Ownership Share subject to the restrictions and the consent requirement set forth in Section 10.3.

10.6 Required Transfer of Common Facilities and Interest in Real Property. The Transfer Share shall include an appropriately allocable share of the transferring Owner's Common Facilities Ownership Share and the transferring Owner's interest in any real property at the Iatan Station Site.

10.7 Environmental Control Financing. Insofar as it may be required for the financing of environmental control or other facilities through the Environmental Improvement and Energy Resources Authority of the State of Missouri, pursuant to §§ 260.005 through 260.125, RSMo, as

amended, each of the Owners may individually sell, convey or grant leasehold estates in its undivided interest in such facilities and non-exclusive, appurtenant licenses, easements and rights-of-way over, across, through and under the Iatan Unit 2 Facility for the purposes of locating and maintaining such facilities on the Iatan Unit 2 Facility and providing such rights of access to such facilities as may be necessary for their inspection during the term of any such leasehold estate; provided, however, that no such sale, conveyance, leasehold, license, easement or right-of-way shall (i) grant or purport to grant any right to operate, remove and/or partition or cause any partition to occur with respect to any of the machinery, equipment, buildings, structures or facilities constituting a part of the Iatan Unit 2 Facility or (ii) unreasonably interfere with or materially impair the use of any then existing facilities located on Iatan Station Site; further provided, however, that nothing herein shall be construed to change, abrogate or limit in any way any rights and/or protections available to any of the Owners pursuant to the United States Bankruptcy Code, including, but not limited to 11 U.S.C. § 363(h) therein, or Mo. Rev. Stat. § 393.105.

ARTICLE XI

Covenants and Obligations

11.1 Equitable Servitudes. The respective covenants and obligations of the Owners under this Agreement are intended to be in the nature of equitable servitudes (not liens) which shall run with the respective rights, titles and interests of their Ownership Shares and Common Facilities Ownership Shares and be for the benefit of and be binding upon any and all persons whomsoever having or claiming any right, title or interest in or to the Iatan Unit 2 Facility and the Common Facilities or any portion thereof by, from, through or under the Owners, or their successors or assigns.

11.2 Independent Covenants and Obligations. As between and among the Owners, the covenants and obligations contained in this Ownership Agreement are to be deemed to be independent covenants, not dependent covenants, and the obligation of any Owner to keep and perform all of the covenants and obligations assumed by or imposed upon it hereunder is not conditioned upon the performance by any other Owner of all or any of the covenants and obligations to be kept and performed by it.

11.3 Several Obligations. The obligations and liabilities of the Owners are intended to be several and not joint or collective, and nothing herein contained shall be construed to create an association, joint venture, trust or partnership. Each Owner shall be individually responsible for the performance of its own obligations herein provided. No Owner shall have a right or power to bind any other Owner without its express written consent, except as expressly provided in this Agreement or in an ancillary agreement.

11.4 Risk of Loss; Liability. All risk, loss and damage arising out of the ownership, construction, operation or maintenance of any portion of the Iatan Unit 2 Facility and the Common Facilities, shall be borne by the Owners thereof in proportion to their Ownership Shares or Common Facilities Ownership Share, as applicable, all or portions of which shall be insured by the Operator as set forth in Section 9.2. If any Owner, by reason of joint liability, shall be called upon to make any payment or incur any obligation in excess of its proportionate

Ownership Share or Common Facilities Ownership Share, as applicable, then the other Owners shall have the obligation to pay and reimburse, regardless of cost, such Owner proportionately to the extent of any such excess by tendering payment upon ten (10) business days' notice of such Owner's payment in excess of its Ownership Share or Common Facilities Ownership Share, as applicable. Nothing contained herein shall result in any Unit 1 owner being liable to any Owners for any loss or damage resulting from the ownership, construction, operation or maintenance of any portion of Unit 1, and nothing contained herein shall result in any Owner being liable to any Unit 1 owner for any loss or damage resulting from the ownership, construction, operation or maintenance of any portion of Unit 2.

11.5 Indemnity.

(a) Subject to Section 11.6(a) and (b), and to the maximum extent permitted by law, each Owner hereby agrees to indemnify, defend and hold harmless each other Owner (an "Indemnified Owner") against, and agrees to hold each Indemnified Owner harmless from any claims, damages, liabilities, liens, losses or other obligations whatsoever incurred or suffered by an Indemnified Owner (together with reasonable costs and expenses, including reasonable fees and disbursements of counsel relating thereto) to the extent arising out of: (a) the failure of the Owner to satisfy, discharge or pay any liability owed by it hereunder, or (b) any misrepresentation or material breach of warranty by the Owner in this Agreement or any material breach of a covenant or agreement made or to be performed by the Owner pursuant to this Agreement.

(b) To the maximum extent permitted by law, each other Owner hereby agrees to indemnify KCPL (whether acting in its capacity as Operator or otherwise) against, and agrees to hold KCPL harmless in proportion to such Owner's Ownership Share or Common Facilities Ownership Share, as applicable, from any claims, damages, liabilities, liens, losses or other obligations whatsoever incurred or suffered by KCPL (together with reasonable costs and expenses, including reasonable fees and disbursements of counsel relating thereto) to the extent arising out of KCPL's (or Operator's) planning, design, construction and operation of Unit 2, except to the extent of any losses shown to be the result of KCPL's (or the Operator's) gross negligence or willful misconduct.

11.6 Exculpation.

(a) Anything to the contrary herein notwithstanding, KCPL (whether acting individually or in its capacity as Operator) shall not have any liability to any other Owner for any loss, cost, damage or expense incurred by such Owner except to the extent determined to have resulted from the gross negligence or willful misconduct of KCPL (or Operator).

(b) No Owner shall be liable hereunder for consequential, special or exemplary damages, regardless of whether such damages were or are reasonably foreseeable.

11.7 Equal Opportunity. During the performance of this Agreement, Operator agrees as follows:

(a) Operator shall not discriminate against any employee or applicant for employment because of race, color, religion, sex or national origin. Operator shall take

affirmative action to ensure that applicants, and employees are treated without regard to their race, color, religion, sex or national origin. Such action shall include, but not be limited to the following: employment, upgrading, demotion or transfer; recruitment or recruitment advertising; layoff or termination; rates of pay or other forms of compensation; and selection for training, including apprenticeship. Operator agrees to post in conspicuous places, available to employees and applicants for employment, notices to be provided setting forth the provisions of this nondiscrimination clause.

(b) Operator shall, in all solicitations or advertisements for employees placed by or on behalf of Operator, state that all qualified applicants shall receive consideration for employment without regard to race, color, religion, sex or national origin.

(c) Operator shall send to each labor union or representative of workers with which it has a collective bargaining agreement or other contract or understanding, a notice to be provided advising the said labor union or workers' representative of Operator's commitments under this Article, and shall post copies of the notice in conspicuous places available to employees and applicants for employment.

(d) Operator shall comply with all provisions of Executive Order 11246 of September 24, 1965, and of the rules, regulations and relevant orders of the Secretary of Labor.

(e) Operator shall furnish all information and reports required by Executive Order 11246 of September 24, 1965, and by the rules, regulations and orders of the Secretary of Labor, or pursuant thereto, and shall permit access to his books, records and accounts by the administering agency and the Secretary of Labor for purposes of investigation to ascertain compliance with such rules, regulations and orders.

11.8 Buy American. In the performance of this Agreement, KCPL shall use Commercially Reasonable Efforts to use or furnish or cause to be used or furnished no unmanufactured articles, materials and supplies which have not been mined or produced in the United States or any eligible country, and no manufactured articles, materials and supplies which have not been manufactured in the United States or any eligible country substantially all from articles, materials and supplies mined, produced or manufactured, as the case may be, in the United States or any eligible country (except to the extent that compliance with the second paragraph of the Rural Electrification Act of 1938, being Title IV of the Work Relief and Public Works Appropriation Act of 1938 (Public Resolution No. 122, 75th Congress, approved June 21, 1938) has been waived by the Administrator of RUS), the cost of which in the aggregate exceeds (i) 100% minus the Ownership Share of KEPCO of (ii) the aggregate of the cost of all such articles, materials and supplies used or furnished in connection with the construction of the Iatan Unit 2 Facility and the related Common Facilities Upgrades. For purposes of this Section, an "eligible country" is any country

that applies with respect to the United States an agreement ensuring reciprocal access for United States products and services and United States suppliers to the markets of that country, as determined by the United States Trade Representative. KCPL agrees to provide KEPCO such information, documents, and certificates with respect to articles, materials or supplies used in connection with the Iatan Unit 2 Facility as KEPCO may reasonably request from time to time.

ARTICLE XII

Arbitration

12.1 Controversies. Any controversy between or among Owners and/or the Operator arising out of or relating to this Agreement, or any breach hereof or default hereunder, shall be submitted to binding arbitration upon the request of any Owner in the manner provided herein; provided, however, that no Owner shall seek to arbitrate a controversy between or among the Owners without the Owner's most senior executive first attempting in good faith to resolve the dispute with the most senior executive(s) of the other Owner(s) involved in the dispute. Such executives shall decide, within ten (10) days of a written notice of controversy specifically referring to this Section 12.1, the maximum period during which they will attempt to resolve the dispute before any Owners or the Operator may serve a Notice to Arbitrate as provided in Section 12.2. If such executives fail for any reason to agree upon a maximum period during which they will attempt to resolve the controversy, then the maximum period shall end forty-five (45) days after the written notice of controversy specifically referring to this Section 12.1.

12.2 Notice to Arbitrate. The Owner submitting a request for arbitration shall serve a written notice (a "Notice to Arbitrate") upon all Owners including the other Owner or Owners against which a remedy or determination is sought, setting forth in detail the matter or matters to be arbitrated, including a statement of the facts or circumstances giving rise to such controversy and such Owner's contention with respect to the correct determination thereof.

12.3 Selection of Arbitrator and Venue. If the Owners directly involved in such controversy are unable to agree upon and appoint, within twenty (20) days of the date of service of the Notice to Arbitrate, three persons to act as arbitrators, then the arbitrators shall be selected by the American Arbitration Association from its then current list of neutrals. The venue for any arbitration under this Agreement shall be Kansas City, Missouri.

12.4 Scope of Arbitration. Any arbitrators serving hereunder shall give full force and effect to all provisions of this Agreement and any applicable ancillary agreement as may be involved, shall hear evidence submitted by the respective Owners, and may call for additional information, which additional information shall be furnished by the Owner(s) having such information. Consistent with the expedited nature of arbitration, each party will, upon the written request of the other party, promptly provide the other with copies of documents on which the producing party may rely in support of or in opposition to any claim or defense. Any dispute regarding discovery, or the relevance or scope thereof, shall be resolved by the arbitrators, whose findings shall be conclusive. All discovery shall be completed within forty-five (45) days following the appointment of the arbitrators, unless the arbitrators determine in their discretion that additional time is warranted, but not to exceed ninety (90) additional days. All objections to discovery are reserved for the arbitration hearing except for objections based on privilege, work product and proprietary or confidential information.

12.5 Findings and Award. All decisions concerning the arbitration, including the ultimate findings, shall be made by majority vote of the three arbitrators. The award shall be made within six (6) months of the filing of the Notice to Arbitrate (or such shorter period as the parties may agree at the commencement of the arbitration), and the arbitrators shall agree to

comply with this schedule before accepting appointment; provided, however, that this time limit may be extended by agreement of the parties or by the arbitrators if necessary. The arbitrators will have no authority to provide injunctive relief (except that the arbitrators may order the disclosure of documents which have been improperly withheld from a Covered Owner, subject to strict confidentiality to protect the disclosing party's right to retain such information as confidential and proprietary); nor shall the arbitrators have the authority to award punitive or other damages not measured by the prevailing party's actual damages except as may be required by statute. The findings and award of the arbitrators shall be final, binding and conclusive with respect to the matter or matters submitted to arbitration subject to challenges alleging fraud or gross misconduct on the part of the arbitrators.

12.6 Costs. The fees and expenses of the arbitrators shall be borne equally by the Owners directly involved in such arbitration. All other expenses and costs of the arbitration shall be borne by the Owner incurring the same.

ARTICLE XIII

Force Majeure

13.1 Force Majeure. If, because of a Force Majeure, any Owner is unable to carry out and perform any of its obligations under this Agreement, and if such Owner promptly gives the other Owners written notice of such Force Majeure, then the obligation of the Owner giving such notice shall be suspended to the extent made necessary by such Force Majeure and during its continuance, provided the Owner exercises Commercially Reasonable Efforts to mitigate the effect of the Force Majeure.

ARTICLE XIV

Accounting and Payment Procedures

14.1 Planning of Cash Flow Requirements. KCPL shall project, and the Owners shall pay, the funds required for the construction (and any reconstruction following a casualty) of the Iatan Unit 2 Facility and the Common Facilities Upgrades in accordance with the Cash Flow Memorandum attached as Exhibit I-1 (the "Construction Period Cash Flow Memorandum"). KCPL shall project, and the Owners shall pay, the funds required for the operation, maintenance and capital improvement of the Iatan Unit 2 Facility and the Common Facilities in accordance with the Cash Flow Memorandum attached as Exhibit I-2 (the "Operating Period Cash Flow Memorandum"). The Construction Period Cash Flow Memorandum shall be updated periodically by KCPL to reflect changes in the cash flow requirements, modifications to the critical path, and increases and decreases in the scope of the Iatan 2 project. Any variance in actual requirements from projected requirements shall not excuse timely payment by the Owners.

14.2 Record-Keeping; Accounting Manual. KCPL will develop and keep all records and perform all accounting for the Iatan Unit 2 Facility and the Common Facilities according to GAAP and FERC guidelines as prescribed in 18 C.F.R. Pt. 101. Such accounting and record keeping shall be performed in accordance with the procedures set forth in the Accounting Manual, a copy of which is attached as Exhibit J (the "Accounting Manual"). Each Owner will

be responsible for preparing and filing its required governmental reports. The Accounting Manual may be amended at any time by the unanimous written approval of the Owners, provided that each such amendment shall be in accordance with the principles set forth in this Agreement.

14.3 Construction Fund. Funds for the construction of the Iatan Unit 2 Facility and the Common Facilities Upgrades will be provided by the Owners and settlements therefor will be made in accordance with the Construction Period Cash Flow Memorandum.

ARTICLE XV

General Provisions

15.1 Implementing and Confirmatory Instruments. Each Owner shall execute such instruments as may from time to time reasonably be requested by any other Owner to implement the provisions of this Agreement, including instruments of conveyance and transfer, to confirm the effective Ownership Shares in the facilities and property that then constitute the Iatan Unit 2 Facility or any portion thereof and/or the effective Common Facilities Ownership Shares. Each additional Owner shall sign and deliver to each other Owner a written document assuming its proportional obligations and agreeing to perform the provisions of this Agreement.

15.2 Waivers. No waiver by an Owner of its rights with respect to a default under this Agreement shall be effective unless all nondefaulting Owners waive their respective rights. Any such waiver shall not be deemed to be a waiver with respect to any subsequent default or matter. No delay short of the statutory period of limitations in asserting or imposing any right hereunder shall be deemed a waiver of such right.

15.3 Notices. Any notice, demand, request or consent provided for in this Agreement or made in connection herewith to any Owner shall be effective if given in writing and delivered to such Owner by hand, by overnight delivery service, by first-class mail, or by facsimile (confirmed by first-class mail, but deemed given on the date of the facsimile) at the address for such Owner provided below:

Kansas City Power & Light Company
1201 Walnut Street
Kansas City, Missouri 64106
Attn: General Counsel; and Vice President, Production
Facsimile: (816) 556-2787

Aquila, Inc.
20 W. 9th Street
Kansas City, Missouri 64105
Facsimile: (816) 467-3591
Attn: General Counsel; and Vice President, Generation and Energy Resources
Facsimile: (816) 467-9830

The Empire District Electric Company
602 Joplin Street
Joplin, Missouri 64801
Attn: Vice President, Energy Supply
Facsimile: (417) 625-5153

Kansas Electric Power Cooperative, Inc.
600 SW Corporate View
Topeka, Kansas 66615
Attn: General Counsel
Facsimile: (785) 271-4888

Missouri Joint Municipal Electric Utility Commission
2407 West Ash
Columbia, Missouri 65203
Attn: General Manager
Facsimile: (573) 445-0680

Except as may be revised from time to time by the Owners in accordance with this Section 15.3.

15.4 Severability. In the event any provision hereof or the application thereof to any person or circumstance shall be held invalid in any final arbitration award rendered in accordance with Article XII or final decision by a court having jurisdiction in the premises, the remainder of this Agreement and its application to persons or circumstances other than those as to which it was held invalid shall not be affected thereby.

15.5 Governing Law. The validity, interpretation and performance of this Agreement and each of its provisions shall be governed by the laws of the State of Missouri, but without regard to said state's conflict of law provisions.

15.6 Continued Effect of Other Agreements. The Iatan Unit 1 Ownership Agreement shall survive the execution and delivery of this Agreement and continue in full force and effect without modification thereof except to the extent the provisions of this Agreement may be in conflict or inconsistent with provisions of the Iatan Unit 1 Ownership Agreement, in which case the provisions of this Agreement shall control except as specifically set forth in Section 2.4 of this Agreement.

15.7 Amendment to the Agreement. This Agreement, including any and all provisions, terms and conditions contained herein, may only be amended or modified upon the unanimous written approval of the Owners.

15.8 Agreement Survives Departure of Owner or Owners. In the event that one or more Owners transfer, sell or otherwise forfeit their Ownership Share pursuant to the terms of this Agreement, this Agreement shall survive with respect to the remaining Owners, and such remaining Owners shall continue to be bound by the terms of this Agreement.

15.9 Conflicts between Agreements. In the event of any conflicts among the Agreements, the terms of this Agreement shall control.

15.10 Exhibits. Any and all exhibits attached hereto, together with any appendices or attachments referenced therein, are incorporated herein by reference and made a part hereof.

ARTICLE XVI

Term; Termination

16.1 Effective Date and Term.

(a) Except as provided in Section 16.1(b), this Agreement shall be binding and effective as to each signatory upon execution hereof by all of the Owners and shall continue in full force and effect thereafter until terminated as provided in Sections 16.2 and 16.3; provided, however, that the obligations hereunder requiring regulatory or lender approval or the release of mortgage indentures shall not become effective until such approval or release, as applicable, has been obtained.

(b) With the exception of Articles VIII, XII and XVII and this Section 16.1(b) of this Agreement, this Agreement and the other Agreements shall not be effective as to KEPCO (and KCPL shall retain the Ownership Share otherwise attributable to KEPCO under Section 2.1, the Common Facilities Ownership Share otherwise attributable to KEPCO under Section 2.2, and the other rights and interests created by the Agreements (collectively, the "KEPCO Attributable Ownership Rights")) until receipt by KEPCO of the approval of RUS to enter into the Agreements; provided, however, that KEPCO shall receive its rights under the Agreements and to the KEPCO Attributable Ownership Rights following receipt of such RUS approval only if KEPCO has continued to comply with all of the financial and other obligations required by the Agreements that would have been applicable to KEPCO had the Agreements been effective as to KEPCO from the date the Agreements are effective as to the other Owners and by complying with such financial and other obligations, KCPL and the other Owners agree, for the benefit of KEPCO, (i) prior to receipt of such RUS approval, to permit KEPCO to receive all the benefits of being an Owner, Assignee, a Unit 2 Site Lessee, a Nower Property Lessee or other appropriate party under the Agreements and (ii) upon KEPCO's receipt of such RUS approval, to provide KEPCO with all rights of an Owner, Assignee, a Unit 2 Site Lessee, a Nower Property Lessee or other appropriate party under the Agreements and to transfer to KEPCO the KEPCO Attributable Ownership Rights subject to any necessary regulatory or lender approval and the release of any applicable mortgage indenture; and provided further, however, that if KEPCO does not receive such RUS approval within twenty-four (24) months of the execution date of this Agreement, KCPL shall reallocate such rights and the KEPCO Attributable Ownership Rights to itself and the other Owners in the manner set forth in Section 2.1(c) (except that KCPL may not exercise its right of rejection under Section 2.1(c)), and any Owner or Owners receiving all or a portion of the KEPCO Attributable Ownership Rights shall promptly, and severally in proportion to the portion of the KEPCO Attributable Ownership Rights reallocated to such Owner, reimburse KEPCO for all payments made by KEPCO prior to such date with respect to amounts described in Section 6.4 and elsewhere in the Agreements with respect to the KEPCO Attributable Ownership Rights.

16.2 Termination. Except as provided in Section 16.3, for such Affected Owner(s), this Agreement shall terminate and be of no further force and effect from and after the date of the earliest to occur of the following:

(a) the Owners shall file of record in the Office of the Recorder of Deeds for Platte County, Missouri (or such other office as may then serve such function) a duly executed agreement terminating this Agreement and discharging the rights, titles and interests of the Owners in and to the Iatan Unit 2 Facility from the benefits and burdens of the covenants and obligations herein; provided that the Iatan Unit 2 Facility shall have been released from the liens of all encumbrances contemplated by Section 10.2 and such releases shall have been duly filed of record prior to recording of such termination agreement; or

(b) an Owner shall acquire by transfer hereunder or by operation of law all Ownership Shares and, as a result of the merger of such undivided percentage interests therein, become the sole beneficial Owner of all rights, titles and interests in the Iatan Unit 2 Facility; or

(c) there has been an abandonment of the use of the Iatan Unit 2 Facility for the generation of electricity as evidenced by an Affidavit of Abandonment duly executed by the Owners, filed of record as provided in clause (a) above, and thereafter published in a newspaper of general circulation in Platte County, Missouri, with written notice thereof delivered to the other Owners within ten (10) days after the recording of such Affidavit, unless another Owner of any portion thereof denies such abandonment by an Affidavit of Non-abandonment similarly filed of record within sixty (60) days after publication of such Affidavit of Abandonment. Abandonment of the use of the Iatan Unit 2 Facility for the generation, transmission or distribution of electricity shall not be complete and deemed to occur until such time as all reclamation, remediation or disposition of Unit 2 and the improvements, including Common Facilities Upgrades, serving Unit 2 shall have been completed in the reasonable discretion of the Operator under Section 16.3 of this Agreement.

16.3 Disposition Upon Abandonment. In the event this Agreement is terminated by Affidavit of Abandonment as provided in Section 16.2(c), the Operator shall have the right to dispose of all the facilities and property then included in the Iatan Unit 2 Facility (provided such facilities and property to be disposed of are not then subject to the lien of any encumbrance, or such disposition is otherwise made in accordance with the terms of any related security agreement, contemplated in Section 10.2), shall dispose thereof in a reasonable manner and shall distribute the net proceeds or apportion the costs thereof to the Owners, or to lienholders for the account of the Owners, in proportion to their respective Ownership Shares; provided, however, that if any determinable portion of such proceeds is received from facilities or property the cost of which was borne by the Owners disproportionately to their Ownership Shares, the distribution of such proceeds shall be adjusted accordingly; and provided, further, that termination of this Agreement shall not (i) discharge any Owner of any obligation it then owes to any other Owner as a result of any transaction occurring prior to such termination; or (ii) terminate the obligations of any Owner to pay or be responsible for its allocable share of any disposition, remediation or reclamation of the Unit 2 Site, the Common Facilities, or any portion of the Iatan Station Site on which improvements which served Unit 2 were constructed it being the agreement of the parties that as part of the disposition of all of the personal property and real property then included in or serving the Iatan Unit 2 Facility, each Owner shall bear its proportional cost of demolition or

removal of such improvements and any environmental site restoration or remediation in connection with closure or abandonment.

ARTICLE XVII

Confidentiality

17.1 Confidential Information. Each party hereto agrees that it will keep in strict confidence, and will instruct, and use its reasonable best efforts to cause, its advisors and representatives to keep in strict confidence, all nonpublic information obtained from any other party hereto, including all documentation and cost studies, unless such information is disclosed with the prior written consent of the party to which it relates; provided, however, that this restriction shall not apply to information which (a) has at the time in question entered the public domain other than by reason of breach of this provision by a party hereto; (b) is required to be disclosed by law or by any order, rule, or regulation (whether valid or invalid) of any court, or governmental agency, or authority, but only to the extent such disclosure is so required; provided that the party disclosing the nonpublic information shall promptly give notice of such disclosure to the party from which the information was obtained and shall cooperate with the party from which the information was obtained in an effort to ensure that confidential treatment will be accorded such nonpublic information to the extent feasible; (c) is reasonably required or requested by any utility regulatory agency having relevant jurisdiction over the party so required or requested to furnish the nonpublic information; provided, that the party disclosing the nonpublic information shall promptly give notice of such disclosure to the party from which the information was obtained and shall cooperate with the party from which the information was obtained in an effort to ensure that confidential treatment will be accorded such nonpublic information to the extent feasible; or (d) is reasonably required to be provided to any party's accountants, attorneys, mortgagees, lenders, rating agencies or financial advisors in connection with this Agreement or the transactions contemplated hereby; provided that the party disclosing the nonpublic information uses its reasonable best efforts to cause such accountants, attorneys, mortgagees or other financial advisors, or rating agencies, to keep such nonpublic information in strict confidence. Upon termination of this Agreement, each party shall continue to maintain the confidentiality of all nonpublic information obtained from any other party or any of its affiliates, advisors, representatives and any copies made of such information, with the same standard of care used in the protection of its own confidential information. Nothing in this Article XVII shall prevent the recording of this Agreement to the extent the Management Committee does not determine as provided in Section 20.1 that a memorandum of this Agreement should be recorded in lieu of the full Iatan Unit 2 and Common Facilities Ownership Agreement.

17.2 Limitation on Disclosure of Documents. Notwithstanding any provision within this Agreement to the contrary, the Operator and/or any other Owner with responsibility for constructing and/or operating Unit 2 or any related interconnection or transmission facilities, when providing documents to any Owner that qualifies as a public governmental body ("Covered Owner"), as defined in Section 610.010(4) of the Missouri Revised Statutes, shall, in their reasonable and sole discretion, have the right to provide such Covered Owner with redactions, summaries and/or abridgements of such documents, as necessary to protect confidential, proprietary or trade secret information of the other Owners. The purpose of this provision is to ensure confidential and/or proprietary information relating to Unit 1 and/or Unit 2 is not

disclosed to the public. Nothing herein shall be interpreted to prevent the Covered Owner or its representatives from viewing any and all documents available to Owners that do not qualify as a public governmental body.

If any Covered Owner proposes to issue debt securities in connection with Unit 2 ("Unit 2 Debt Securities"), it will not include any confidential or proprietary information related to Unit 1 or Unit 2 in any offering memorandum or official statement with respect to Unit 2 Debt Securities. KCPL will enter into an agreement or agreements with such Covered Owner or its rating agencies, bond counsel, bond insurers or underwriters of such Unit 2 Debt Securities in a form satisfactory to KCPL pursuant to which KCPL will release to such Covered Owner or its rating agencies, bond counsel, bond insurers or underwriters updated information from time to time as specified in such agreement in order to permit such Covered Owner to comply with Rule 15c2-12 adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934.

In the event a Covered Owner needs unredacted documents to prosecute or defend against a claim in a pending legal proceeding, any Covered Owner agrees that 1) a Covered Owner will notify KCPL of the documents it needs for arbitration or litigation, 2) KCPL will permit a Covered Owner to use the requested documents solely for the purpose of resolving a pending legal dispute subject to the agreement by KCPL and a Covered Owner that all such documents produced in connection with the disposition of specified claims in the legal proceeding and are being produced subject to obtaining a protective order confidentiality from disclosure to any person, firm or entity other than is in support of or to refute a claim in the legal proceeding, and 3) the unredacted documents will at all times remain KCPL documents, and (4) a Covered Owner on behalf of itself and its attorneys agree they shall return all copies of the unredacted documents to KCPL at the conclusion of the proceeding for destruction or other disposition by KCPL.

ARTICLE XVIII

Private Use Covenant

18.1 Private Use Covenant. If MJMEUC provides written notice to the Management Committee, the Operator and other Owners that any action or inaction under this Agreement results in a Adverse Action with respect to any MJMEUC tax-exempt debt used to finance MJMEUC's Ownership Share, the Management Committee, the Operator and the other Owners covenant that each shall use its Commercially Reasonable Efforts to avoid such Adverse Action; provided, however, that the Management Committee, the Operator and the other Owners shall not be obligated to avoid such action if to do so would (i) materially impair the generation output of or materially increase the costs of owning and/or operating Unit 2 and/or the Common Facilities, (ii) cause the Management Committee or any of the other Owners to breach or otherwise violate any undertaking, representation, warranty or covenant set forth in this Agreement or (iii) prevent any of the other Owners or Operator from exercising any right provided by this Agreement or the Iatan Unit 1 Ownership Agreement. Contexts in which an Adverse Action may arise include, without limitation, a) sale of MJMEUC's Ownership Share other than during a default by MJMEUC, and b) the payment of a management fee to the Operator. If MJMEUC obtains an opinion from counsel as to the effect of the Adverse Action,

MJMEUC agrees to provide it, at its sole expense, to the other Owners. Further, this Article XVIII does not apply to any actions taken or to be taken with respect to matters involving Unit 1 or the Additional Units.

ARTICLE XIX

Representations and Warranties

19.1 KCPL's Representations and Warranties. KCPL hereby represents and warrants to the other Owners as follows:

(a) KCPL is a corporation duly organized, validly existing and in good standing under the laws of the State of Missouri, and has power and authority to own the undivided ownership interests in the Iatan Unit 2 Facility and Common Facilities to be owned by it hereunder, to execute and deliver this Agreement and to perform its obligations hereunder and to carry on its business as it is now being conducted and as it is contemplated to be conducted pursuant to this Agreement.

(b) Subject to certain regulatory and lender approvals and indenture releases, the execution, delivery and performance by KCPL of this Agreement have been duly authorized by all necessary corporate action on the part of KCPL, do not contravene the Articles of Incorporation or By-Laws of KCPL, and do not and will not contravene the provisions of, or constitute a material default under, any indenture, mortgage, security agreement, contract or other instrument to which KCPL is a party or by which KCPL is bound. Upon execution of this Agreement, KCPL shall deliver to the other Owners certified copies of the resolutions adopted by KCPL's board of directors authorizing the execution, delivery and performance of this Agreement.

(c) KCPL represents and warrants that to the best of its actual knowledge and as of the date of this Agreement, there are no adverse environmental conditions existing on the Iatan Station Site that would materially and adversely affect the operation of Unit 1, or the construction of Unit 2, or the Common Facilities.

(d) KCPL represents and warrants that to the best of its actual knowledge and as of the date of this Agreement there are no defects in Unit 1 or conditions on the Iatan Station Site that could reasonably be expected to materially delay or adversely affect the construction and operation of Unit 2.

(e) KCPL represents and warrants that as of the date of this Agreement, except as disclosed in writing to the other Owners, there is no action, suit or proceeding at law or in equity or by or before any Governmental Authority now pending against or affecting it or any of its properties, rights or assets, which could reasonably be expected to have a material adverse effect on its ability to perform its obligations under this Agreement or any Ancillary Agreement. KCPL will give prompt notice to each Owner of all material claims instituted against it or, if KCPL has actual notice thereof, against any other Owner relating to the construction, ownership or operation of the Iatan Unit 2 Facility.

(f) KCPL represents and warrants that to the best of its actual knowledge and as of the date of this Agreement, the Unit 2 Facility design specifications, construction time tables and budgets have been prepared in good faith, consistent with Good Utility Practice on the basis of assumptions believed to be reasonable and that it will use Commercially Reasonable Efforts to maintain true and accurate design specifications, construction time tables, and budgets prepared by qualified experts (which may include employees of KCPL having the relevant expertise).

(g) KCPL represents and warrants that to the best of its actual knowledge it has executed or will execute and file, with all regulatory agencies having jurisdiction, such applications, amendments, reports and other documents and filings as shall be required in or in connection with the licensing and other regulatory matters with respect to the Iatan Unit 2 Facility and Common Facilities; provided, however, that each Owner shall be responsible for obtaining all required approvals and authorizations relating to its participation in the Iatan Unit 2 Facility and to its performance of this Agreement.

19.2 Aquila's Representations and Warranties. Aquila hereby represents and warrants to the other Owners as follows:

(a) Aquila is a corporation duly organized, validly existing and in good standing under the laws of the State of Delaware and has power and authority to own the undivided ownership interests in the Iatan Unit 2 Facility and Common Facilities to be owned by it hereunder, to execute and deliver this Agreement and to perform its obligations hereunder and to carry on its business as it is now being conducted and as it is contemplated to be conducted pursuant to this Agreement.

(b) Subject to certain regulatory and lender approvals and indenture releases, the execution, delivery and performance by Aquila of this Agreement have been duly authorized by all necessary corporate action on the part of Aquila, do not contravene the Articles of Incorporation or By-Laws of Aquila, and do not and will not contravene the provisions of, or constitute a material default under any indenture, mortgage, security agreement, contract or other instrument to which Aquila is a party or by which Aquila is bound. Upon execution of this Agreement, Aquila shall deliver to the other Owners certified copies of the resolutions adopted by Aquila's board of directors authorizing the execution, delivery and performance of this Agreement.

(c) Aquila represents and warrants that to the best of its actual knowledge and as of the date of this Agreement, there are no adverse environmental conditions existing on the Iatan Station Site that would materially and adversely affect the continued operation of Unit 1, Unit 2, or the Common Facilities.

(d) Aquila represents and warrants to the best of its actual knowledge and that as of the date of this Agreement there are no defects in Unit 1 or conditions on the Iatan Station Site that could reasonably be expected to materially delay or adversely affect the construction and operation of the Iatan Unit 2 Facility and Common Facilities.

19.3 Empire's Representations and Warranties. Empire hereby represents and warrants to the other Owners as follows:

(a) Empire is a corporation duly organized, validly existing and in good standing under the laws of the State of Kansas and has power and authority to own the undivided ownership interests in the Iatan Unit 2 Facility and Common Facilities to be owned by it hereunder, to execute and deliver this Agreement and to perform its obligations hereunder and to carry on its business as it is now being conducted and as it is contemplated to be conducted pursuant to this Agreement.

(b) Subject to certain regulatory and lender approvals and indenture releases, the execution, delivery and performance by Empire of this Agreement have been duly authorized by all necessary corporate action on the part of Empire, do not contravene the Articles of Incorporation or By-Laws of Empire, and do not and will not contravene the provisions of, or constitute a material default under any indenture, mortgage, security agreement, contract or other instrument to which Empire is a party or by which Empire is bound. Upon execution of this Agreement, Empire shall deliver to the other Owners certified copies of the resolutions adopted by Empire's board of directors authorizing the execution, delivery and performance of this Agreement.

(c) Empire represents and warrants that to the best of its actual knowledge and as of the date of this Agreement, there are no adverse environmental conditions existing on the Iatan Station Site that would materially and adversely affect the continued operation of Unit 1, Unit 2, or the Common Facilities.

(d) Empire represents and warrants that to the best of its knowledge and as of the date of this Agreement there are no defects in Unit 1 or conditions on the Iatan Station Site that could reasonably be expected to materially delay or adversely affect the construction and operation of the Iatan Unit 2 Facility and Common Facilities.

19.4 KEPCO's Representations and Warranties. KEPCO hereby represents and warrants to the other Owners as follows:

(a) KEPCO is a cooperative corporation duly organized, validly existing and in good standing under the laws of the State of Kansas and has power and authority to own the undivided ownership interests in the Unit 2 Facility and Common Facilities to be owned by it hereunder, to execute and deliver this Agreement and to perform its obligations hereunder and to carry on its business as it is now being conducted and as it is contemplated to be conducted pursuant to this Agreement.

(b) Subject to certain regulatory approvals and indenture releases expected to be obtained in due course, the execution, delivery and performance by KEPCO of this Agreement have been duly authorized by all necessary corporate action on the part of KEPCO, do not

contravene the Articles of Incorporation or By-Laws of KEPCO, and do not and will not contravene the provisions of, or constitute a material default under any indenture, mortgage, security agreement, contract or other instrument to which KEPCO is a party or by which KEPCO is bound. Upon execution of this Agreement, KEPCO shall deliver to the other Owners certified

copies of the resolutions adopted by KEPCO's board of directors authorizing the execution, delivery and performance of this Agreement.

19.5 MJMEUC's Representations and Warranties. MJMEUC hereby represents, warrants and covenants to the other Owners as follows:

(a) MJMEUC is a body public and corporate of the State of Missouri duly organized, validly existing and in good standing under the laws of the State of Missouri and has power and authority to own the undivided ownership interests in the Iatan Unit 2 Facility and Common Facilities to be owned by it hereunder, to execute and deliver this Agreement and to perform its obligations hereunder and to carry on its business as it is now being conducted and as it is contemplated to be conducted pursuant to this Agreement.

(b) The execution, delivery and performance by MJMEUC of this Agreement have been duly authorized by all necessary action on the part of MJMEUC, do not contravene the Joint Contract, entered into as of May 1, 1979 and amended as of February 1, 1980 and June 4, 1984, between the Contracting Municipalities, or By-Laws of MJMEUC, and do not and will not contravene the provisions of, or constitute a material default under any indenture, mortgage, security agreement, contract or other instrument to which MJMEUC is a party or by which MJMEUC is bound. Upon execution of this Agreement, MJMEUC shall deliver to the other Owners certified copies of the resolutions adopted by MJMEUC's board of directors authorizing the execution, delivery and performance of this Agreement.

ARTICLE XX

Memorandum of Agreement

20.1 Memorandum of Agreement. To the extent permitted by applicable law, the Management Committee may determine to file a memorandum of this Agreement rather than filing the entire Agreement in the relevant real estate records. The Owners will promptly execute and deliver such a memorandum upon request of the Operator.

ARTICLE XXI

Cooperation

21.1 Cooperation. Subject to the limitations contained in Section 17.2 of this Agreement, each of the Owners shall use Commercially Reasonable Efforts to cooperate with each other Owner in order to assist the other Owner in the performance of its duties, responsibilities and obligations under this Agreement. This duty to cooperate shall include providing information, and executing and delivering customary documents, certificates, opinions and instruments necessary for the other Owner to perform its duties, responsibilities and obligations under this Agreement including obtaining financing for its share of the Cost of Construction.

THIS AGREEMENT CONTAINS A BINDING ARBITRATION PROVISION THAT MAY BE ENFORCED BY THE PARTIES.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed by their duly authorized officers the day and year first above written.

KANSAS CITY POWER AND LIGHT

ATTEST:

By /s/ William H. Downey
Chief Executive Officer

/s/ Mark G. English
Asst. Corporate Secretary

Date: 6/12/06

AQUILA, INC.

ATTEST:

By /s/ Keith Stamm
Chief Operating Officer

/s/ Christopher M. Reitz
Corporate Secretary

Date: 5/19/2006

THE EMPIRE DISTRICT ELECTRIC COMPANY

ATTEST:

/s/ Janet S. Watson
Corporate Secretary

By /s/ William L Gipson
Chief Executive Officer
Date: 5/19/2006

KANSAS ELECTRIC POWER COOPERATIVE, INC.

ATTEST:

/s/ J. Michael Peters
Asst. Corporate Secretary

By /s/ Stephen E. Parr
Executive Vice President and
Chief Executive Officer
Date: 5/24/2006

MISSOURI JOINT MUNICIPAL ELECTRIC UTILITY COMMISSION

ATTEST:

/s/ Robert E. Williams
Corporate Secretary

By /s/ Duncan Kincheloe
General Manager and
Chief Executive Officer
Date: 6/8/2006

[Published CUSIP Number: ____]

CREDIT AGREEMENT

Dated as of May 11, 2006

among

KANSAS CITY POWER & LIGHT COMPANY,

CERTAIN LENDERS,

BANK OF AMERICA, N.A.,

as Administrative Agent,

JPMORGAN CHASE BANK, N.A.,

as Syndication Agent,

and

BNP PARIBAS, THE BANK OF TOKYO-MITSUBISHI UFJ,
LIMITED, CHICAGO BRANCH and WACHOVIA BANK N.A.,

as Co-Documentation Agents

BANC OF AMERICA SECURITIES LLC

and

J.P. MORGAN SECURITIES INC.

Joint Lead Arrangers and Joint Book Runners

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SCHEDULES

EXHIBITS

CREDIT AGREEMENT

This Credit Agreement dated as of May 11, 2006 is among Kansas City Power & Light Company, a Missouri corporation, the Lenders, JPMorgan Chase Bank, N.A., as Syndication Agent and Bank of America, N.A., as Administrative Agent. The parties hereto agree as follows:

ARTICLE I

DEFINITIONS

1.1 Definitions.

As used in this Agreement, the following terms have the following meanings (such meanings to be equally applicable to both the singular and plural forms of such terms):

"Additional Commitment Lender" is defined in Section 2.20(d).

"Administrative Agent" means Bank of America in its capacity as administrative agent under any of the Loan Documents, or any successor administrative agent.

"Administrative Questionnaire" means an Administrative Questionnaire in a form supplied by the Administrative Agent.

"Advance" means a borrowing hereunder (or conversion or continuation thereof) consisting of the aggregate amount of the several Loans made on the same Borrowing Date (or date of conversion or continuation) by the Lenders to the Borrower of the same Type and, in the case of Eurodollar Advances, for the same Interest Period.

"Affiliate" of any Person means any other Person directly or indirectly controlling, controlled by or under common control with such Person. For purposes of this definition, "control" (including, with correlative meanings, the terms "controlled by" and "under common control with") shall mean the possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of a Person, whether through the ownership of voting securities or by contract or otherwise.

"Agents" means, collectively, the Administrative Agent and the Syndication Agent, and "Agent" means either of them.

"Aggregate Commitment" means the aggregate of the Commitments of all Lenders, as changed from time to time pursuant to the terms hereof. The amount of the Aggregate Commitment in effect as of the Closing Date is TWO HUNDRED FIFTY MILLION DOLLARS ($250,000,000); provided however at such time as the Borrower provides the Administrative Agent with a legal opinion satisfactory in form and substance to the Administrative Agent confirming that the Borrower has received all necessary governmental consents, approvals and authorization to incur up to $400,000,000 or more of Obligations under this Agreement, the

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Aggregate Commitment shall be automatically increased on a pro rata basis to FOUR HUNDRED MILLION DOLLARS ($400,000,000).

"Aggregate Outstanding Credit Exposure" means, at any time, the aggregate of the Outstanding Credit Exposure of all Lenders.

"Agreement" means this credit agreement, as it may be amended or modified and in effect from time to time.

"Alternate Base Rate" means for any day a fluctuating rate per annum equal to the higher of (a) the Federal Funds Effective Rate plus 1/2 of 1% and (b) the rate of interest in effect for such day as publicly announced from time to time by Bank of America as its "prime rate." The "prime rate" is a rate set by Bank of America based upon various factors including Bank of America's costs and desired return, general economic conditions and other factors, and is used as a reference point for pricing some loans, which may be priced at, above, or below such announced rate. Any change in such rate announced by Bank of America shall take effect at the opening of business on the day specified in the public announcement of such change.

"Applicable Margin" means, with respect to Advances of any Type at any time, the percentage rate per annum which is applicable at such time with respect to Advances of such Type as set forth in the Pricing Schedule.

"Approved Fund" means any Fund that is administered or managed by (a) a Lender, (b) an Affiliate of a Lender or (c) an entity or an Affiliate of an entity that administers or manages a Lender.

"Approving Lenders" is defined in Section 2.20(e).

"Arrangers" means Banc of America Securities LLC and J.P. Morgan Securities Inc., and "Arranger" means either of them.

"Article" means an article of this Agreement unless another document is specifically referenced.

"Assignment Agreement" means an assignment and assumption entered into by a Lender and an Eligible Assignee (with the consent of any party whose consent is required by Section 12.1(b)), and accepted by the Administrative Agent, in substantially the form of Exhibit B or any other form approved by the Administrative Agent.

"Attributable Indebtedness" means, on any date, (i) in respect of any Capitalized Lease Obligation of any Person, the capitalized amount thereof that would appear on a balance sheet of such Person prepared as of such date in accordance with GAAP, and (ii) in respect of any Synthetic Lease Obligation, the

capitalized amount of the remaining lease payments under the relevant lease that would appear on a balance sheet of such Person prepared as of such date in accordance with GAAP if such lease were accounted for as a Capitalized Lease.

"Authorized Officer" means any of the President, any Vice President, the Chief Financial Officer or the Treasurer of the Borrower, in each case acting singly.

"Bank of America" means Bank of America, N.A. in its individual capacity and its successors.

"BAS" means Banc of America Securities LLC.

"Borrower" means Kansas City Power & Light Company, a Missouri corporation, and its permitted successors and assigns.

"Borrowing Date" means a date on which an Advance is made hereunder.

"Borrowing Notice" is defined in Section 2.8.

"Business Day" means (i) with respect to any borrowing, payment or rate selection of Eurodollar Advances, a day (other than a Saturday or Sunday) on which banks generally are open in Chicago and New York City for the conduct of substantially all of their commercial lending activities and on which dealings in United States dollars are carried on in the London interbank market and (ii) for all other purposes, a day (other than a Saturday or Sunday) on which banks generally are open in Chicago and New York City for the conduct of substantially all of their commercial lending activities.

"Capitalized Lease" of a Person means any lease of Property by such Person as lessee which would be capitalized on a balance sheet of such Person prepared in accordance with GAAP.

"Capitalized Lease Obligations" of a Person means the amount of the obligations of such Person under Capitalized Leases which would be shown as a liability on a balance sheet of such Person prepared in accordance with GAAP.

"Change of Control" means an event or series of events by which:

(i) any "person" or "group" (as such terms are used in Sections 13(d) and 14(d) of the Securities Exchange Act of 1934, but excluding any employee benefit plan of Great Plains or its Subsidiaries, or any Person acting in its capacity as trustee, agent or other fiduciary or administrator of any such plan) becomes the "beneficial owner" (as defined in Rules 13d-3 and 13d-5 under the Securities Exchange Act of 1934), directly or indirectly, of 33 1/3% or more of the equity interests of Great Plains; or

(ii) during any period of 12 consecutive months (or such lesser period of time as shall have elapsed since the formation of Great Plains), a majority of the members of the board of directors or other equivalent governing body of Great Plains ceases to be composed of individuals (x) who were members of that board or equivalent governing body on the first day of such period, (y) whose election or nomination

to that board or equivalent governing body was approved by individuals referred to in clause (x) above constituting at the time of such election or nomination at least a majority of that board or equivalent governing body or (z) whose election or nomination to that board or other equivalent governing body was approved by individuals referred to in clauses (x) and (y) above constituting at the time of such election or nomination at least a majority of that board or equivalent governing body.

"Closing Date" means May 11, 2006.

"Code" means the Internal Revenue Code of 1986, as amended, reformed or otherwise modified from time to time.

"Commitment" means, for each Lender, the obligation of such Lender to make Loans and to participate in Letters of Credit in an aggregate amount not exceeding the amount set forth on Schedule I hereto or as set forth in any Assignment Agreement relating to any assignment that has become effective pursuant to Section 12.1(b), as such amount may be modified from time to time pursuant to the terms hereof.

"Consolidated Net Income" means, for any period, for the Borrower and its Consolidated Subsidiaries, the net income of the Borrower and its Consolidated Subsidiaries from continuing operations, excluding extraordinary items for that period.

"Consolidated Subsidiaries" means all Subsidiaries of the Borrower that are (or should be) included when preparing the consolidated financial statements of the Borrower.

"Consolidated Tangible Net Worth" means, as of any date of determination, for the Borrower and its Consolidated Subsidiaries, Shareholders' Equity of the Borrower and its Consolidated Subsidiaries on that date minus the Intangible Assets of the Borrower and its Consolidated Subsidiaries on that date.

"Contingent Obligation" of a Person means any agreement, undertaking or arrangement by which such Person assumes, guarantees, endorses, contingently agrees to purchase or provide funds for the payment of, or otherwise becomes or is contingently liable upon, the obligation or liability of any

other Person, or agrees to maintain the net worth or working capital or other financial condition of any other Person, or otherwise assures any creditor of such other Person against loss.

"Controlled Group" means all members of a controlled group of corporations or other business entities and all trades or businesses (whether or not incorporated) under common control which, together with the Borrower or any of its Subsidiaries, are treated as a single employer under Section 414 of the Code.

"Conversion/Continuation Notice" is defined in Section 2.9.

"Credit Extension" means the making of an Advance or the issuance of a Letter of Credit.

"Default" means an event described in Article VII.

"Eligible Assignee" means (a) a Lender; (b) an Affiliate of a Lender; (c) an Approved Fund; and (d) any other Person (other than a natural person) approved by (i) the Administrative Agent and the Issuers, and (ii) unless a Default has occurred and is continuing, the Borrower (each such approval not to be unreasonably withheld or delayed); provided that notwithstanding the foregoing, "Eligible Assignee" shall not include the Borrower or any of the Borrower's Affiliates or Subsidiaries.

"Environmental Laws" means any and all federal, state, local and foreign statutes, laws, judicial decisions, regulations, ordinances, rules, judgments, orders, decrees, plans, injunctions, permits, concessions, grants, franchises, licenses, agreements and other governmental restrictions relating to (i) the protection of the environment, (ii) the effect of the environment on human health, (iii) emissions, discharges or releases of pollutants, contaminants, hazardous substances or wastes into surface water, ground water or land, or (iv) the manufacture, processing, distribution, use, treatment, storage, disposal, transport or handling of pollutants, contaminants, hazardous substances or wastes or the clean-up or other remediation thereof.

"ERISA" means the Employee Retirement Income Security Act of 1974, as amended from time to time, and any rule or regulation issued thereunder.

"Eurodollar Advance" means an Advance which bears interest at the applicable Eurodollar Rate.

"Eurodollar Rate" means for any Interest Period with respect to a Eurodollar Loan, a rate per annum (rounded to the nearest multiple of 1/16 of 1%) determined by the Administrative Agent pursuant to the following formula:

$$\text{Eurodollar Rate} = \frac{\text{Eurodollar Base Rate}}{1.00 - \text{Eurodollar Reserve Percentage}}$$

Where,

"Eurodollar Base Rate" means, for such Interest Period, the rate per annum equal to the British Bankers Association LIBOR Rate ("BBA LIBOR"), as published by Reuters (or other commercially available source providing quotations of BBA LIBOR as designated by the Administrative Agent from time to time) at approximately 11:00 a.m., London time, two Business Days prior to the commencement of such Interest Period, for Dollar deposits (for delivery on the first day of such Interest Period) with a term equivalent to such Interest Period. If such rate is not available at such time for any reason, then the "Eurodollar Base Rate" for such Interest Period shall be the rate per annum determined by the Administrative Agent to be the rate at which deposits in Dollars for delivery on the first day of such Interest Period in same day funds in the approximate amount of the Eurodollar Loan being made, continued or converted by Bank of America and with a term equivalent to such Interest Period would be offered by Bank of America's London Branch to major banks in the London interbank eurodollar market at their

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request at approximately 11:00 a.m. (London time) two Business Days prior to the commencement of such Interest Period.

"Eurodollar Reserve Percentage" means, for any day during any Interest Period, the reserve percentage (expressed as a decimal, carried out to five decimal places) in effect on such day, whether or not applicable to any Lender, under regulations issued from time to time by the FRB for determining the maximum reserve requirement (including any emergency, supplemental or other marginal reserve requirement) with respect to Eurocurrency funding (currently referred to as "Eurocurrency liabilities"). The Eurodollar Rate for each outstanding Eurodollar Loan shall be adjusted automatically as of the effective date of any change in the Eurodollar Reserve Percentage.

"Eurodollar Loan" means a Loan which bears interest at the applicable Eurodollar Rate.

"Excluded Taxes" means, in the case of each Lender or applicable Lending Installation and the Administrative Agent, taxes imposed on its overall net income, and franchise taxes imposed on it, by (i) the jurisdiction under the laws of which such Lender or the Administrative Agent is incorporated or organized or (ii) the jurisdiction in which the Administrative Agent's or such Lender's principal executive office or such Lender's applicable Lending Installation is located.

"Exhibit" refers to an exhibit to this Agreement, unless another document is specifically referenced.

"Existing Credit Facility" means the credit agreement among the Borrower, JPMorgan Chase Bank, N.A., as administrative agent and the other lenders party thereto dated as of December 15, 2004, as amended or modified from time to time.

"Facility Fee Rate" means, at any time, the percentage rate per annum at which facility fees are accruing at such time as set forth in the Pricing Schedule.

"Facility Termination Date" means (a) the later of (i) May 11, 2011 and (ii) with respect to some or all of the Lenders if the facility termination date is extended pursuant to Section 2.20, such extended facility termination date or (b) any earlier date on which the Aggregate Commitment is reduced to zero or otherwise terminated pursuant to the terms hereof.

"Federal Funds Effective Rate" means, for any day, the rate per annum equal to the weighted average of the rates on overnight Federal funds transactions with members of the Federal Reserve System arranged by Federal funds brokers on such day, as published by the Federal Reserve Bank of New York on the Business Day next succeeding such day; provided that (a) if such day is not a Business Day, the Federal Funds Effective Rate for such day shall be such rate on such transactions on the next preceding Business Day as so published on the next succeeding Business Day, and (b) if no such rate is so published on such next succeeding Business Day, the Federal Funds Effective Rate for such day shall be the average rate (rounded upward, if necessary, to a whole multiple of 1/100 of 1%) charged to Bank of America on such day on such transactions as determined by the Administrative Agent.

"Fee Letter" means that certain fee letter dated April 6, 2006 among the Agents, the Arrangers, the Borrower and Great Plains.

"Floating Rate Advance" means an Advance which bears interest at the Alternate Base Rate.

"Floating Rate Loan" means a Loan which bears interest at the Alternate Base Rate.

"FRB" means the Board of Governors of the Federal Reserve System.

"Fund" means any Person (other than a natural person) that is (or will be) engaged in making, purchasing, holding or otherwise investing in commercial loans and similar extensions of credit in the ordinary course of its business.

"GAAP" means generally accepted accounting principles set forth from time to time in the opinions and pronouncements of the Accounting Principles Board and the American Institute of Certified Public Accountants and statements of the Financial Accounting Standards Board.

"Great Plains" means Great Plains Energy Incorporated, a Missouri corporation.

"Great Plains Credit Agreement" means that certain Credit Agreement dated as of the Closing Date among Great Plains, the financial institutions party thereto, JPMorgan, as syndication agent and Bank of America, as administrative agent, as amended or modified from time to time.

"including" means "including without limiting the generality of the following".

"Indebtedness" means, as to any Person at a particular time, all of the following, without duplication, to the extent recourse may be had to the assets or properties of such Person in respect thereof: (i) all obligations of such Person for borrowed money and all obligations of such Person evidenced by bonds, debentures, notes, loan agreements or other similar instruments; (ii) any direct or contingent obligations of such Person in the aggregate in excess of $2,000,000 arising under letters of credit (including standby and commercial), banker's acceptances, bank guaranties, surety bonds and similar instruments; (iii) net obligations of such Person under Swap Contracts; (iv) all obligations of such Person to pay the deferred purchase price of property or services (except trade accounts payable arising, and accrued expenses incurred, in the ordinary course of business), and indebtedness (excluding prepaid interest thereon) secured by a Lien on property owned or being purchased by such Person (including indebtedness arising under conditional sales or other title retention agreements), whether or not such indebtedness shall have been assumed by such Person or is limited in recourse; (v) Capitalized Lease Obligations and Synthetic Lease Obligations of such Person; and (vi) all Contingent Obligations of such Person in respect of any of the foregoing.

For all purposes hereof, the Indebtedness of any Person shall include the Indebtedness of any partnership or joint venture in which such Person is a general partner or a joint venturer,

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unless such Indebtedness is non-recourse to such Person. It is understood and agreed that Indebtedness (including Contingent Obligations) shall not include any obligations of the Borrower with respect to subordinated, deferrable interest debt securities, and any related securities issued by a trust or other special purpose entity in connection therewith, as long as the maturity date of such debt is subsequent to the Facility Termination Date; provided that the amount of mandatory principal amortization or defeasance of such debt prior to the Facility Termination Date shall be included in this definition of Indebtedness. The amount of any Capitalized Lease Obligation or Synthetic Lease Obligation as of any date shall be deemed to be the amount of Attributable Indebtedness in respect thereof as of such date.

"Intangible Assets" means, assets that are considered to be intangible assets under GAAP, including, but not limited to, customer lists, goodwill, computer software, copyrights, trade names, trademarks, patents, franchises and licenses.

"Interest Period" means, with respect to a Eurodollar Advance, a period of one, two, three or six months commencing on a Business Day selected by the Borrower pursuant to this Agreement. Such Interest Period shall end on the day which corresponds numerically to such date one, two, three or six months

thereafter; provided that if there is no such numerically corresponding day in such next, second, third or sixth succeeding month, such Interest Period shall end on the last Business Day of such next, second, third or sixth succeeding month. If an Interest Period would otherwise end on a day which is not a Business Day, such Interest Period shall end on the next succeeding Business Day; provided that if said next succeeding Business Day falls in a new calendar month, such Interest Period shall end on the immediately preceding Business Day.

"Issuer" means each of Bank of America, JPMorgan and any other Lender approved by the Borrower and the Administrative Agent, in each case in its capacity as an issuer of Letters of Credit hereunder.

"Issuer Documents" means with respect to any Letter of Credit, the Letter Credit Application and any other document, agreement and instrument entered into by the applicable Issuer and the Borrower or in favor of the applicable Issuer and relating to such Letter of Credit.

"JPMorgan" means JPMorgan Chase Bank, N.A. in its individual capacity, and its successors.

"LC Collateral Account" is defined in Section 2.19(k).

"Lenders" means the lending institutions listed on the signature pages of this Agreement and their respective successors and assigns.

"Lending Installation" means, with respect to a Lender or the Administrative Agent, the office, branch, subsidiary or affiliate of such Lender or the Administrative Agent listed on the signature pages hereof or on a Schedule or otherwise selected by such Lender or the Administrative Agent pursuant to Section 2.17.

"Letter of Credit" is defined in Section 2.19(a).

"Letter of Credit Application" is defined in Section 2.19(c).

"Letter of Credit Fee" is defined in Section 2.19(d).

"Letter of Credit Fee Rate" means, at any time, the percentage rate per annum applicable to Letter of Credit Fees at such time as set forth in the Pricing Schedule.

"Letter of Credit Obligations" means, at any time, the sum, without duplication, of (i) the aggregate undrawn stated amount of all Letters of Credit at such time plus (ii) the aggregate unpaid amount of all Reimbursement Obligations at such time.

"Lien" means any lien (statutory or other), mortgage, pledge, hypothecation, assignment, deposit arrangement, encumbrance or preference, priority or other security agreement or preferential arrangement of any kind or nature whatsoever (including the interest of a vendor or lessor under any conditional sale, Capitalized Lease or other title retention agreement).

"Loan" means, with respect to a Lender, such Lender's loans made pursuant to Article II (or any conversion or continuation thereof).

"Loan Documents" means this Agreement, each Note issued pursuant to Section 2.13, each Letter of Credit, each Letter of Credit Application and the Fee Letter.

"Material Adverse Effect" means a material adverse effect on (i) the business, Property, condition (financial or otherwise), results of operations, or prospects of the Borrower and its Subsidiaries taken as a whole, (ii) the ability of the Borrower to perform its obligations under the Loan Documents or (iii) the validity or enforceability of any of the Loan Documents or the rights or remedies of the Agents, the Lenders or the Issuers thereunder.

"Material Indebtedness" is defined in Section 7.5.

"Modification" and "Modify" are defined in Section 2.19(a).

"Moody's" means Moody's Investors Service, Inc.

"Multiemployer Plan" means a Plan maintained pursuant to a collective bargaining agreement or any other arrangement to which the Borrower or any member of the Controlled Group is a party to which more than one employer is obligated to make contributions.

"Non-Extending Lender" is defined in Section 2.20(b).

"Non-U.S. Lender" is defined in Section 3.5(iv).

"Note" is defined in Section 2.13.

"Notice Date" is defined in Section 2.20(b).

"Obligations" means all unpaid principal of and accrued and unpaid interest on the Loans, all Reimbursement Obligations and accrued and unpaid interest thereon, all accrued and unpaid fees and all expenses, reimbursements, indemnities and other obligations of the Borrower to any Lender, any Issuer, either Agent or any indemnified party arising under any Loan Document.

"Other Taxes" is defined in Section 3.5(ii).

"Outstanding Credit Exposure" means, as to any Lender at any time, the sum of (i) the aggregate principal amount of its Loans outstanding at such time, plus (ii) its Pro Rata Share of the Letter of Credit Obligations at such time.

"Participant" is defined in Section 12.1(d).

"Payment Date" means the last Business Day of each March, June, September and December.

"PBGC" means the Pension Benefit Guaranty Corporation, or any successor thereto.

"Person" means any natural person, corporation, firm, joint venture, partnership, limited liability company, association, enterprise, trust or other entity or organization, or any government or political subdivision or any agency, department or instrumentality thereof.

"Plan" means an employee pension benefit plan which is covered by Title IV of ERISA or subject to the minimum funding standards under Section 412 of the Code as to which the Borrower or any member of the Controlled Group may have any liability.

"Pricing Schedule" means Schedule II attached hereto identified as such.

"Prime Rate" means a rate per annum equal to the prime rate of interest announced by Bank of America from time to time (which is not necessarily the lowest rate charged to any customer). The "prime rate" is a rate set by Bank of America based upon various factors including Bank of America's costs and desired return, general economic conditions and other factors, and is used as a reference point for pricing some loans, which may be priced at, above, or below such announced rate. Any change in such rate announced by Bank of America shall take effect at the opening of business on the day specified in the public announcement of such change.

"Property" of a Person means any and all property, whether real, personal, tangible, intangible, or mixed, of such Person, or other assets owned or leased by such Person.

"Pro Rata Share" means, with respect to any Lender on any date of determination, the percentage which the amount of such Lender's Commitment is of the Aggregate Commitment (or, if the Commitments have terminated, which such Lender's Outstanding Credit Exposure is

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of the Aggregate Outstanding Credit Exposure) as of such date. For purposes of determining liability for any indemnity obligation under Section 2.19(j) or 9.6(iii), each Lender's Pro Rata Share shall be determined as of the date the applicable Issuer or the Administrative Agent notifies the Lenders of such indemnity obligation (or, if such notice is given after termination of this Agreement, as of the date of such termination).

"Register" is defined in Section 12.1(c).

"Regulation D" means Regulation D of the FRB as from time to time in effect and any successor thereto or other regulation or official interpretation of the FRB relating to reserve requirements applicable to member banks of the Federal Reserve System.

"Regulation U" means Regulation U of the FRB as from time to time in effect and any successor or other regulation or official interpretation of the FRB relating to the extension of credit by banks for the purpose of purchasing or carrying margin stocks applicable to member banks of the Federal Reserve System.

"Reimbursement Obligations" means, at any time, the aggregate of all obligations of the Borrower then outstanding under Section 2.19 to reimburse the Issuers for amounts paid by the Issuers in respect of any one or more drawings under Letters of Credit.

"Related Parties" means, with respect to any Person, such Person's Affiliates and the partners, directors, officers, employees, agents and advisors of such Person and of such Person's Affiliates.

"Reportable Event" means a reportable event as defined in Section 4043 of ERISA and the regulations issued under such section, with respect to a Plan, excluding, however, such events as to which the PBGC has by regulation waived the requirement of Section 4043(a) of ERISA that it be notified within 30 days of the occurrence of such event; provided that a failure to meet the minimum funding standard of Section 412 of the Code and of Section 302 of ERISA shall be a Reportable Event regardless of the issuance of any such waiver of the notice requirement in accordance with either Section 4043(a) of ERISA or Section 412(d) of the Code.

"Required Lenders" means Lenders in the aggregate having more than 50% of the Aggregate Commitment or, if the Aggregate Commitment has been terminated, Lenders in the aggregate holding more than 50% of the Aggregate Outstanding Credit Exposure.

"Re-Transfer" is defined in Section 2.6(b).

"S&P" means Standard and Poor's Ratings Services, a division of The McGraw Hill Companies, Inc.

"Schedule" refers to a specific schedule to this Agreement, unless another document is specifically referenced.

"SEC" means the Securities and Exchange Commission.

"Section" means a numbered section of this Agreement, unless another document is specifically referenced.

"Shareholders' Equity" means, as of any date of determination for the Borrower and its Consolidated Subsidiaries on a consolidated basis, shareholders' equity as of that date determined in accordance with GAAP.

"Significant Subsidiary" means, at any time, each Subsidiary which (i) as of the date of determination, owns consolidated assets equal to or greater than 15% of the consolidated assets of the Borrower and its Subsidiaries or (ii) which had consolidated net income from continuing operations (excluding extraordinary items) during the four most recently ended fiscal quarters equal to or greater than 15% of Consolidated Net Income during such period.

"Single Employer Plan" means a Plan maintained by the Borrower or any member of the Controlled Group for employees of the Borrower or any member of the Controlled Group.

"Subsidiary" of a Person means (i) any corporation more than 50% of the outstanding securities having ordinary voting power of which shall at the time be owned or controlled, directly or indirectly, by such Person or by one or more of its Subsidiaries or by such Person and one or more of its Subsidiaries, (ii) any partnership, limited liability company, association, joint venture or similar business organization more than 50% of the ownership interests having ordinary voting power of which shall at the time be so owned or controlled; or (iii) any other Person the operations and/or financial results of which are required to be consolidated with those of such first Person in accordance with GAAP. Unless otherwise expressly stated, all references herein to a "Subsidiary" shall mean a Subsidiary of the Borrower.

"Substantial Portion" means, with respect to the Property of the Borrower and its Subsidiaries, Property which (i) represents more than 10% of the consolidated assets of the Borrower and its Consolidated Subsidiaries as would be shown in the consolidated financial statements of the Borrower and its Consolidated Subsidiaries as at the beginning of the twelve-month period ending with the month in which such determination is made, or (ii) is responsible for more than 10% of the consolidated net sales or of the Consolidated Net Income of the Borrower and its Consolidated Subsidiaries as reflected in the financial statements referred to in clause (i) above.

"Swap Contract" means (i) any and all rate swap transactions, basis swaps, credit derivative transactions, forward rate transactions, commodity swaps, commodity options, forward commodity contracts, equity or equity index swaps or options, bond or bond price or bond index swaps or options or forward bond or forward bond price or forward bond index transactions, interest rate options, forward foreign exchange transactions, cap transaction, floor transactions, collar transactions, currency swap transactions, cross-currency rate swap transactions, currency options, spot contracts, or any other similar transactions or any combination of any of the foregoing (including any options to enter into any of the foregoing), whether or not any such transaction is governed by or subject to any master agreement, and (ii) any and all transactions of any kind, and the related confirmations, which are subject to the terms

and conditions of, or governed by, any form of master agreement published by the International Swaps and Derivatives Association, Inc., any International Foreign Exchange Master Agreement, or any other master agreement (any such master agreement, together with any related schedules, a "Master Agreement"), including any such obligations or liabilities under any Master Agreement.

"Syndication Agent" means JPMorgan, in its capacity as syndication agent hereunder, and not in its individual capacity as a Lender, and any successor thereto.

"Synthetic Lease Obligation" means the monetary obligation of a Person under (i) a so-called synthetic or off-balance sheet or tax retention lease, or (ii) an agreement for the use or possession of property creating obligations that do not appear on the balance sheet of such Person but which, upon the insolvency or bankruptcy of such Person, would be characterized as the indebtedness of such Person (without regard to accounting treatment).

"Taxes" means any and all present or future taxes, duties, levies, imposts, deductions, charges or withholdings, and any and all liabilities with respect to the foregoing, but excluding Excluded Taxes.

"'34 Act Reports" means the periodic reports of the Borrower filed with the SEC on Forms 10-K, 10-Q and 8-K (or any successor forms thereto).

"Total Capitalization" means Total Indebtedness of the Borrower and its Consolidated Subsidiaries plus the sum of (i) Shareholder's Equity (without giving effect to the application of FASB Statement No. 133 or 149) and (ii) to the extent not otherwise included in Indebtedness or Shareholder's Equity, preferred and preference stock and securities of the Borrower and its Subsidiaries included in a consolidated balance sheet of the Borrower and its Consolidated Subsidiaries in accordance with GAAP.

"Total Indebtedness" means all Indebtedness of the Borrower and its Consolidated Subsidiaries on a consolidated basis (and without duplication), excluding Indebtedness arising under Swap Contracts entered into in the ordinary course of business to hedge bona fide transactions and business risks and not for speculation.

"Transfer" is defined in Section 2.6(b).

"Type" means, with respect to any Advance, its nature as a Floating Rate Advance or a Eurodollar Advance.

"Unmatured Default" means an event which but for the lapse of time or the giving of notice, or both, would constitute a Default.

"Utilization Fee Rate" means, at any time, the percentage rate per annum at which utilization fees are accruing at such time as set forth in the Pricing Schedule.

"Wholly-Owned Subsidiary" of a Person means (i) any Subsidiary all of the outstanding voting securities of which shall at the time be owned or controlled, directly or indirectly, by such Person or one or more Wholly-Owned Subsidiaries of such Person, or by such Person and one or more Wholly-Owned Subsidiaries of such Person, or (ii) any partnership, limited liability company, association, joint venture or similar business organization 100% of the ownership interests having ordinary voting power of which shall at the time be so owned or controlled.

1.2 Accounting Principles.

Unless the context otherwise clearly requires, all accounting terms not expressly defined herein shall be construed, and all financial computations required under this Agreement shall be made, in accordance with GAAP, consistently applied; provided that if the Borrower notifies the Administrative Agent that the Borrower wishes to amend any covenant in Section 6 to eliminate the effect of any change in GAAP on the operation of such covenant (or if the Administrative Agent notifies the Borrower that the Required Lenders wish to amend any covenant in Section 6 for such purpose), then the Borrower's compliance with such covenant shall be determined on the basis of GAAP in effect immediately before the relevant change in GAAP became effective, until either such notice is withdrawn or such covenant is amended in a manner satisfactory to the Borrower and the Required Lenders.

1.3 Letter of Credit Amounts.

Unless otherwise specified herein, the amount of a Letter of Credit at any time shall be deemed to be the stated amount of such Letter of Credit in effect at such time; provided that with respect to any Letter of Credit that, by its terms or the terms of any Issuer Document related thereto, provides for one or more automatic increases in the stated amount thereof, the amount of such Letter of Credit shall be deemed to be the maximum stated amount of such Letter of Credit after giving effect to all such increases, whether or not such maximum stated amount is in effect at such time.

ARTICLE II

THE CREDITS

2.1 Commitment.

From and including the date of this Agreement and prior to the Facility Termination Date, subject to the terms and conditions set forth in this Agreement, (a) each Lender severally agrees to make Loans to the Borrower from time to time in amounts not to exceed in the aggregate at any one time outstanding the amount of its Commitment and (b) each Issuer agrees to issue Letters of Credit for the account of the Borrower from time to time (and each Lender severally agrees to participate in each such Letter of Credit as more fully set forth in Section 2.19); provided (i) that the Aggregate Outstanding Credit Exposure shall not at any time exceed the Aggregate Commitment; and (ii) the Outstanding Credit Exposure of any Lender shall not at any time exceed the amount of such Lender's Commitment. Subject to the terms of

this Agreement, the Borrower may borrow, repay and reborrow at any time prior to the Facility Termination Date. The Commitments shall expire on the Facility Termination Date.

2.2 Required Payments; Termination.

The Borrower shall (a) repay the principal amount of all Advances made to it on the Facility Termination Date and (b) deposit into the LC Collateral Account on the Facility Termination Date an amount in immediately available funds equal to the aggregate stated amount of all Letters of Credit that will remain outstanding after the Facility Termination Date.

2.3 Ratable Loans.

Each Advance hereunder shall consist of Loans made from the several Lenders ratably in proportion to their respective Pro Rata Shares.

2.4 Types of Advances; Minimum Amount.

The Advances may be Floating Rate Advances or Eurodollar Advances, or a combination thereof, selected by the Borrower in accordance with Sections 2.8 and 2.9. Each Eurodollar Advance shall be in the amount of $5,000,000 or a higher integral multiple of $1,000,000, and each Floating Rate Advance shall be in the amount of $1,000,000 or an integral multiple thereof.

2.5 Facility Fee; Utilization Fee.

The Borrower agrees to pay to the Administrative Agent for the account of each Lender (a) a facility fee at a per annum rate equal to the Facility Fee Rate on such Lender's Commitment (regardless of usage) from the date hereof to but excluding the Facility Termination Date, payable on each Payment Date and on the Facility Termination Date and, if applicable, thereafter on demand and (b) a utilization fee at a rate per annum equal to the Utilization Fee Rate on such Lender's Outstanding Credit Exposure for any date on which the Aggregate Outstanding Credit Exposure exceeds 50% of the Aggregate Commitment such utilization fee to be payable on each Payment Date, on the Facility Termination Date and, if applicable, thereafter on demand.

2.6 Changes in Aggregate Commitment.

(a) The Borrower may permanently reduce the Aggregate Commitment in whole, or in part ratably among the Lenders (according to their respective Pro Rata Shares) in integral multiples of $5,000,000, upon at least three Business Days' prior written notice to the Administrative Agent, which notice shall specify the amount of any such reduction; provided that the amount of the Aggregate Commitment may not be reduced below the Aggregate Outstanding Credit Exposure. All accrued facility fees and utilization fees shall be payable on the effective date of any termination of the obligations of the Lenders to make Loans hereunder.

(b) (i) Subject to Section 4.2, the Borrower and Great Plains may, by joint election in a written notice to the Administrative Agent (which shall promptly provide a copy of such notice to the Lenders) and the "Administrative Agent" under the Great Plains Credit Agreement,

transfer up to $200,000,000 of the unused Commitments (as such term is defined in the Great Plains Credit Agreement) from the Great Plains Credit Agreement to the Commitments hereunder (any such addition, a "Transfer") and (ii) subject to Section 4.2 of the Great Plains Credit Agreement, the Borrower and Great Plains may, by joint election in a written notice to the Administrative Agent (which shall promptly provide a copy of such notice to the Lenders) and the "Administrative Agent" under the Great Plains Credit Agreement, re-transfer up to $200,000,000 of the unused Commitments previously transferred to this Agreement from the Great Plains Credit Agreement pursuant to subclause (b)(i) above back to the Commitments (as such term is defined in the Great Plains Credit Agreement) under the Great Plains Credit Agreement (any such reduction, a "Re-Transfer"). For the avoidance of doubt, the parties acknowledge and agree that after giving effect to any Transfer or Re-Transfer contemplated in subclauses (i) and (ii) above, (x) the aggregate Commitments hereunder shall not exceed $600,000,000, (y) the aggregate Commitments under and as defined in the Great Plains Credit Agreement shall not exceed $600,000,000 and (z) the aggregate commitments under both this Agreement and the Great Plains Credit Agreement shall not exceed $1,000,000,000.

(c) On the effective date of a Transfer, which shall be specified in the notice delivered pursuant to Section 2.6(b)(i) and which shall not be less than five (5) Business Days subsequent to the date of giving of such notice, then subject to the satisfaction of the conditions precedent specified in Section 4.2, (i) the Commitments hereunder shall be ratably increased by the aggregate amount specified in such notice and (ii) the aggregate amount of the "Commitments" under and as defined in the Great Plains Credit Agreement shall be ratably decreased by such amount. Such Transfer and the consequent decreases and increases shall be irrevocable subject, however, to subsequent permissible Re-Transfers in accordance with the terms hereof.

(d) On the effective date of a Re-Transfer, which shall be specified in the notice delivered pursuant to Section 2.6(b)(ii) and which shall not be less than five (5) Business Days subsequent to the date of giving of such notice, then subject to the satisfaction of the conditions precedent specified in Section 4.2 of the Great Plains Credit Agreement, (i) the Commitments hereunder shall be ratably decreased by the aggregate amount specified in such notice and (ii) the aggregate amount of the "Commitments" under and as defined in the Great Plains Credit Agreement shall be ratably increased by such amount. Such Re-Transfer and the consequent decreases and increases shall be irrevocable.

2.7 Optional Prepayments.

(a) The Borrower may from time to time prepay Floating Rate Advances upon one Business Day's prior notice to the Administrative Agent, without penalty or premium. Each partial prepayment of Floating Rate Advances shall be in an aggregate amount of $1,000,000 or an integral multiple thereof.

(b) The Borrower may from time to time prepay Eurodollar Advances (subject to the payment of any funding indemnification amounts required by Section 3.4) upon three Business Days' prior notice to the Administrative Agent, without penalty or premium. Each partial

prepayment of Eurodollar Advances shall be in an aggregate amount of $5,000,000 or a higher integral multiple of $1,000,000.

(c) All prepayments of Advances shall be applied ratably to the Loans of the Lenders in accordance with their respective Pro Rata Shares.

2.8 Method of Selecting Types and Interest Periods for New Advances.

The Borrower shall select the Type of Advance and, in the case of each Eurodollar Advance, the Interest Period applicable thereto from time to time. The Borrower shall give the Administrative Agent irrevocable notice (a "Borrowing Notice") not later than noon (Charlotte, North Carolina time) on the Borrowing Date of each Floating Rate Advance and not later than noon (Charlotte, North Carolina time) three Business Days before the Borrowing Date for each Eurodollar Advance, specifying:

(i) the Borrowing Date, which shall be a Business Day, of such Advance,

(ii) the aggregate amount of such Advance,

(iii) the Type of Advance selected, and

(iv) in the case of each Eurodollar Advance, the Interest Period applicable thereto.

Not later than 1:00 p.m. (Charlotte, North Carolina time) on each Borrowing Date, each Lender shall make available its Loan or Loans in funds immediately available to the Administrative Agent at its address specified pursuant to Article XIII. The Administrative Agent will make the funds so received from the Lenders available to the Borrower at the Administrative Agent's aforesaid address.

2.9 Conversion and Continuation of Outstanding Advances.

Floating Rate Advances shall continue as Floating Rate Advances unless and until such Floating Rate Advances are converted into Eurodollar Advances pursuant to this Section 2.9 or are repaid in accordance with Section 2.7. Each Eurodollar Advance shall continue as a Eurodollar Advance until the end of the then applicable Interest Period therefor, at which time such Eurodollar Advance shall be automatically converted into a Floating Rate Advance unless (x) such Eurodollar Advance is or was repaid in accordance with Section 2.7 or (y) the Borrower shall have given the Administrative Agent a Conversion/Continuation Notice (as defined below) requesting that, at the end of such Interest Period, such Eurodollar Advance continue as a Eurodollar Advance for the same or another Interest Period. Subject to the terms of Section 2.4, the Borrower may elect from time to time to convert all or any part of a Floating Rate Advance into a Eurodollar Advance. The Borrower shall give the Administrative Agent irrevocable notice (a "Conversion/Continuation Notice") of each conversion of a Floating Rate Advance into a Eurodollar Advance or continuation of a Eurodollar Advance not later than 11:00 a.m.

(Charlotte, North Carolina time) at least three Business Days prior to the date of the requested conversion or continuation, specifying:

(i) the requested date, which shall be a Business Day, of such conversion or continuation,

(ii) the aggregate amount and Type of the Advance which is to be converted or continued, and

(iii) the amount of such Advance which is to be converted into or continued as a Eurodollar Advance and the duration of the Interest Period applicable thereto.

2.10 Changes in Interest Rate, etc.

Each Floating Rate Advance shall bear interest on the outstanding principal amount thereof, for each day from and including the date such Advance is made or is automatically converted from a Eurodollar Advance into a Floating Rate Advance pursuant to Section 2.9, to but excluding the date it is paid or is converted into a Eurodollar Advance pursuant to Section 2.9 hereof, at a rate per annum equal to the Alternate Base Rate for such day. Changes in the rate of interest on that portion of any Advance maintained as a Floating Rate Advance will take effect simultaneously with each change in the Alternate Base Rate. Each Eurodollar Advance shall bear interest on the outstanding principal amount thereof from and including the first day of the Interest Period applicable thereto to (but not including) the last day of such Interest Period at the interest rate determined by the Administrative Agent as applicable to such Eurodollar Advance based upon the Borrower's selections under Sections 2.8 and 2.9 and otherwise in accordance with the terms hereof. No Interest Period may end after the Facility Termination Date.

2.11 Rates Applicable After Default.

Notwithstanding anything to the contrary contained in Section 2.8 or 2.9, during the continuance of a Default or Unmatured Default the Required Lenders may, at their option, by notice to the Borrower (which notice may be revoked at the option of the Required Lenders notwithstanding any provision of Section 8.2 requiring unanimous consent of the Lenders to changes in interest rates), declare that no Advance may be made as, converted into or continued as a Eurodollar Advance. During the continuance of a Default the Required Lenders may, at their option, by notice to the Borrower (which notice may be revoked at the option of the Required Lenders notwithstanding any provision of Section 8.2 requiring unanimous consent of the Lenders to changes in interest rates), declare that (i) each Eurodollar Advance shall bear interest for the remainder of the applicable Interest Period at the rate otherwise applicable to such Interest Period plus 2% per annum, (ii) each Floating Rate Advance shall bear interest at a rate per annum equal to the Alternate Base Rate in effect from time to time plus 2% per annum and (iii) the Letter of Credit Fee Rate shall be increased by 2% per annum; provided that, during the continuance of a Default under Section 7.6 or 7.7, the interest rates set forth in clauses (i) and (ii) above and the increase in the Letter of Credit Fee Rate set forth in clause (iii) above shall be

applicable to all applicable Credit Extensions without any election or action on the part of the Administrative Agent or any Lender.

2.12 Method of Payment.

All payments of the Obligations hereunder shall be made, without setoff, deduction, or counterclaim, in immediately available funds to the Administrative Agent at the Administrative Agent's address specified pursuant to Article XIII, or at any other Lending Installation of the Administrative Agent specified in writing by the Administrative Agent to the Borrower, by 1:00 p.m. (Charlotte, North Carolina time) on the date when due and shall be applied ratably by the Administrative Agent among the Lenders in accordance with their respective Pro Rata Shares. Each payment delivered to the Administrative Agent for the account of any Lender shall be delivered promptly by the Administrative Agent to such Lender in the same type of funds that the Administrative Agent received at its address specified pursuant to Article XIII or at any Lending Installation specified in a notice received by the Administrative Agent from such Lender.

2.13 Noteless Agreement; Evidence of Indebtedness.

(i) Each Lender shall maintain in accordance with its usual practice an account or accounts evidencing the indebtedness of the Borrower to such Lender resulting from each Loan made by such Lender from time to time, including the amounts of principal and interest payable and paid to such Lender from time to time hereunder.

(ii) The Administrative Agent shall also maintain accounts in which it will record (a) the amount of each Loan made hereunder, the Type thereof and the Interest Period with respect thereto, (b) the amount of any principal or interest due and payable or to become due and payable from the Borrower to each Lender hereunder, (c) the original stated amount of each Letter of Credit and the amount of Letter of Credit Obligations outstanding at any time and (d) the amount of any sum received by the Administrative Agent hereunder from the Borrower and each Lender's share thereof.

(iii) The entries maintained in the accounts maintained pursuant to clauses (i) and (ii) above shall be *prima facie* evidence of the existence and amounts of the Obligations therein recorded; provided that the failure of the Administrative Agent or any Lender to maintain such accounts or any error therein shall not in any manner affect the obligation of the Borrower to repay the Obligations in accordance with their terms.

(iv) Any Lender may request that its Loans be evidenced by a promissory note substantially in the form of Exhibit D (a "Note"). In such event, the Borrower shall prepare, execute and deliver to such Lender a Note payable to the order of such Lender. Thereafter, the Loans evidenced by such Note and interest thereon shall at all times (including after any assignment pursuant to Section 12.1(b)) be represented by one or more Notes payable to the order of the payee named therein or any assignee pursuant to Section 12.1(b), except to the extent that any such Lender or assignee subsequently returns any such Note for cancellation and requests that such Loans once again be evidenced as described in clauses (i) and (ii) above.

2.14 Telephonic Notices.

The Borrower hereby authorizes the Lenders and the Administrative Agent to extend, convert or continue Advances, effect selections of Types of Advances and to transfer funds based on telephonic notices made by any person or persons the Administrative Agent or any Lender in good faith believes to be acting on behalf of the Borrower. The Borrower agrees to deliver promptly to the Administrative Agent a written confirmation, if such confirmation is requested by the Administrative Agent or any Lender, of each telephonic notice signed by an Authorized Officer. If the written confirmation differs in any material respect from the action taken by the Administrative Agent and the Lenders, the records of the Administrative Agent and the Lenders shall govern absent manifest error.

2.15 Interest Payment Dates; Interest and Fee Basis.

Interest accrued on each Floating Rate Advance shall be payable on each Payment Date, commencing with the first such date to occur after the date hereof, and at maturity. Interest accrued on each Eurodollar Advance shall be payable on the last day of its applicable Interest Period, on any date on which such Eurodollar Advance is prepaid, whether by acceleration or otherwise, and at maturity. Interest accrued on each Eurodollar Advance having an Interest Period longer than three months shall also be payable on the last day of each three-month interval during such Interest Period. All computations of interest for Floating Rate Loans when the Alternate Base Rate is determined by the Prime Rate shall be made on the basis of a year of 365 or 366 days, as the case may be, and actual days elapsed. All other computations of interest and fees shall be calculated for actual days elapsed on the basis of a 360-day year. Interest shall be payable for the day an Advance is made but not for the day of any payment on the amount paid if payment is received prior to 1:00 p.m. (Charlotte, North Carolina time) at the place of payment (it being understood that the Administrative Agent shall be deemed to have received a payment prior to 1:00 p.m. (Charlotte, North Carolina time) if (x) the Borrower has provided the Administrative Agent with evidence satisfactory to the Administrative Agent that the Borrower has initiated a wire transfer of such payment prior to such time and (y) the Administrative Agent actually receives such payment on the same Business Day on which such wire transfer was initiated). If any payment of principal of or interest on an Advance shall become due on a day which is not a Business Day, such payment shall be made on the next succeeding Business Day and, in the case of a principal payment, such extension of time shall be included in computing interest in connection with such payment.

2.16 Notification of Advances, Interest Rates, Prepayments and Commitment Reductions.

Promptly after receipt thereof, the Administrative Agent will notify each Lender of the contents of each Aggregate Commitment reduction notice, Borrowing Notice, Conversion/Continuation Notice, and repayment notice received by it hereunder. The Administrative Agent will notify each Lender of the interest rate applicable to each Eurodollar Advance promptly upon determination of such interest rate and will give each Lender prompt notice of each change in the Alternate Base Rate. The Administrative Agent will also promptly

notify each Lender of any increase or reduction of the Aggregate Commitments pursuant to the terms hereof.

2.17 Lending Installations.

Each Lender may book its Loans at any Lending Installation selected by such Lender and may change its Lending Installation from time to time. All terms of this Agreement shall apply to any such Lending Installation and the Loans and any Notes issued hereunder shall be deemed held by each Lender for the benefit of such Lending Installation. Each Lender may, by written notice to the Administrative Agent and the Borrower in accordance with Article XIII, designate replacement or additional Lending Installations through which Loans will be made by it and for whose account Loan payments are to be made.

2.18 Non-Receipt of Funds by the Administrative Agent.

Unless the Borrower or a Lender, as the case may be, notifies the Administrative Agent prior to the date on which it is scheduled to make payment to the Administrative Agent of (i) in the case of a Lender, the proceeds of a Loan or (ii) in the case of the Borrower, a payment of principal, interest or fees to the Administrative Agent for the account of the Lenders, that it does not intend to make such payment, the Administrative Agent may assume that such payment has been made. The Administrative Agent may, but shall not be obligated to, make the amount of such payment available to the intended recipient in reliance upon such assumption. If such Lender or the Borrower, as the case may be, has not in fact made such payment to the Administrative Agent, the recipient of such payment shall, on demand by the Administrative Agent, repay to the Administrative Agent the amount so made available together with interest thereon in respect of each day during the period commencing on the date such amount was so made available by the Administrative Agent until the date the Administrative Agent recovers such amount at a rate per annum equal to (x) in the case of payment by a Lender, the Federal Funds Effective Rate for such day or (y) in the case of payment by the Borrower, the interest rate applicable to the relevant Loan.

2.19 Letters of Credit.

(a) Issuance. Each Issuer hereby agrees, on the terms and conditions set forth in this Agreement, to issue standby letters of credit (each a "Letter of Credit") and to extend, increase, decrease or otherwise modify Letters of Credit ("Modify," and each such action a "Modification") from time to time from and including the date of this Agreement and prior to the Facility Termination Date upon the request of the Borrower; provided that immediately after each such Letter of Credit is issued or Modified, the Aggregate Outstanding Credit Exposure shall not exceed the Aggregate Commitment. No Letter of Credit shall have an expiry date later than the date that is five days prior to the scheduled Facility Termination Date.

(b) Participations. Upon the issuance or Modification by any Issuer of a Letter of Credit in accordance with this Section 2.19, such Issuer shall be deemed, without further action by any Person, to have unconditionally and irrevocably sold to each Lender, and each Lender shall be deemed, without further action by any Person, to have unconditionally and irrevocably

purchased from such Issuer, a participation in such Letter of Credit (and each Modification thereof) and the related Letter of Credit Obligations in proportion to its Pro Rata Share.

(c) Notice. Subject to Section 2.19(a), the Borrower shall give the applicable Issuer and the Administrative Agent notice prior to 11:00 a.m. (Charlotte, North Carolina time) at least three Business Days (or such lesser period of time as such Issuer may agree in its sole discretion) prior to the proposed date of issuance or Modification of each Letter of Credit, specifying the beneficiary, the proposed date of issuance (or Modification) and the expiry date of such Letter of Credit, and describing the proposed terms of such Letter of Credit and the nature of the transactions proposed to be supported thereby. Upon receipt of such notice, the applicable Issuer shall promptly notify the Administrative Agent, and the Administrative Agent shall promptly notify each Lender, of the contents thereof and of the amount of such Lender's participation in such proposed Letter of Credit. The issuance or Modification by an Issuer of any Letter of Credit shall, in addition to the conditions precedent set forth in Article IV (the satisfaction of which such Issuer shall have no duty to ascertain, it being understood, however, that such Issuer shall not issue any Letter of Credit if it has received written notice from the Borrower, the Administrative Agent or any Lender one day prior to the proposed date of issuance, that any such condition precedent has not been satisfied), be subject to the conditions precedent that such Letter of Credit shall be satisfactory to such Issuer and that the Borrower shall have executed and delivered such application agreement and/or such other instruments and agreements relating to such Letter of Credit as such Issuer shall have reasonably requested (each a "Letter of Credit Application"). In the event of any conflict between the terms of this Agreement and the terms of any Letter of Credit Application, the terms of this Agreement shall control.

(d) Letter of Credit Fees. The Borrower shall pay to the Administrative Agent, for the account of the Lenders ratably in accordance with their respective Pro Rata Shares, with respect to each Letter of Credit, a letter of credit fee (the "Letter of Credit Fee") at a per annum rate equal to the Letter of Credit Fee Rate in effect from time to time on the daily maximum amount available under such Letter of Credit, such fee to be payable in arrears on each Payment Date, on the Facility Termination Date and, if applicable, thereafter on demand. The Borrower shall also pay to each Issuer for its own account (x) a fronting fee in the amount agreed to by such Issuer and the Borrower from time to time, with such fee to be payable in arrears on each Payment Date, and (y) documentary and processing charges in connection with the issuance or Modification of and draws under Letters of Credit in accordance with such Issuer's standard schedule for such charges as in effect from time to time.

(e) Administration; Reimbursement by Lenders. Upon receipt from the beneficiary of any Letter of Credit of any demand for payment under such Letter of Credit, the applicable Issuer shall notify the Administrative Agent and the Administrative Agent shall promptly notify the Borrower and each Lender of the amount to be paid by such Issuer as a result of such demand and the proposed payment date (the "Letter of Credit Payment Date"). The responsibility of any Issuer to the Borrower and each Lender shall be only to determine that the documents delivered under each Letter of Credit issued by such Issuer in connection with a demand for payment are in conformity in all material respects with such Letter of Credit. Each Issuer shall endeavor to exercise the same care in its issuance and administration of Letters of Credit as it does with respect to letters of credit in which no participations are granted, it being understood that in the

absence of any gross negligence or willful misconduct by such Issuer, each Lender shall be unconditionally and irrevocably obligated, without regard to the occurrence of any Default or any condition precedent whatsoever, to reimburse such Issuer on demand for (i) such Lender's Pro Rata Share of the amount of each payment made by such Issuer under each Letter of Credit to the extent such amount is not reimbursed by the Borrower pursuant to Section 2.19(f) below, plus (ii) interest on the foregoing amount, for each day from the date of the applicable payment by such Issuer to the date on which such Issuer is reimbursed by such Lender for its Pro Rata Share thereof, at a rate per annum equal to the Federal Funds Effective Rate or, beginning on third Business Day after demand for such amount by such Issuer, the rate applicable to Floating Rate Advances.

(f) Reimbursement by Borrower. The Borrower shall be irrevocably and unconditionally obligated to reimburse each Issuer through the Administrative Agent on or before the applicable Letter of Credit Payment Date for any amount to be paid by such Issuer upon any drawing under any Letter of Credit, without presentment, demand, protest or other formalities of any kind; provided that the Borrower shall not be precluded from asserting any claim for direct (but not consequential) damages suffered by the Borrower which the Borrower proves were caused by (i) the willful misconduct or gross negligence of such Issuer in determining whether a request presented under any Letter of Credit complied with the terms of such Letter of Credit or (ii) such Issuer's failure to pay under any Letter of Credit after the presentation to it of a request strictly complying with the terms and conditions of such Letter of Credit. All such amounts paid by an Issuer and remaining unpaid by the Borrower shall bear interest, payable on demand, for each day until paid at a rate per annum equal to the sum of 2% plus the rate applicable to Floating Rate Advances. The Administrative Agent will pay to each Lender ratably in accordance with its Pro Rata Share all amounts received by it from the Borrower for application in payment, in whole or in part, of the Reimbursement Obligation in respect of any Letter of Credit, but only to the extent such Lender made payment to the applicable Issuer in respect of such Letter of Credit pursuant to Section 2.19(e).

(g) Obligations Absolute. The Borrower's obligations under this Section 2.19 shall be absolute and unconditional under any and all circumstances and irrespective of any setoff, counterclaim or defense to payment which the Borrower may have or have had against any Issuer, any Lender or any beneficiary of a Letter of Credit. The Borrower further agrees with the Issuers and the Lenders that neither any Issuer nor any Lender shall be responsible for, and the Borrower's Reimbursement Obligation in respect of any Letter of Credit shall not be affected by, among other things, the validity or genuineness of documents or of any endorsements thereon, even if such documents should in fact prove to be in any or all respects invalid, fraudulent or forged, or any dispute between or among the Borrower, any of its Affiliates, the beneficiary of any Letter of Credit or any financing institution or other party to whom any Letter of Credit may be transferred or any claims or defenses whatsoever of the Borrower or of any of its Affiliates against the beneficiary of any Letter of Credit or any such transferee. No Issuer shall be liable for any error, omission, interruption or delay in transmission, dispatch or delivery of any message or advice, however transmitted, in connection with any Letter of Credit. The Borrower agrees that any action taken or omitted by any Issuer or any Lender under or in connection with any Letter of Credit and the related drafts and documents, if done without gross negligence or willful misconduct, shall be binding upon the Borrower and shall not put any Issuer or any

Lender under any liability to the Borrower. Nothing in this Section 2.19(g) is intended to limit the right of the Borrower to make a claim against any Issuer for damages as contemplated by the proviso to the first sentence of Section 2.19(f).

(h) Actions of Issuers. Each Issuer shall be entitled to rely, and shall be fully protected in relying, upon any Letter of Credit, draft, writing, resolution, notice, consent, certificate, affidavit, letter, cablegram, telegram, facsimile, telex or teletype message, statement, order or other document believed by it to be genuine and correct and to have been signed, sent or made by the proper Person or Persons, and upon advice and statements of legal counsel, independent accountants and other experts selected by such Issuer. Each Issuer shall be fully justified in failing or refusing to take any action under this Agreement unless it shall first have received such advice or concurrence of the Required Lenders as it reasonably deems appropriate or it shall first be indemnified to its reasonable satisfaction by the Lenders against any and all liability and expense which may be incurred by it by reason of taking or continuing to take any such action. Notwithstanding any other provision of this Section 2.19, each Issuer shall in all cases be fully protected in acting, or in refraining from acting, under this Agreement in accordance with a request of the Required Lenders, and such request and any action taken or failure to act pursuant thereto shall be binding upon the Lenders and any future holder of a participation in any Letter of Credit issued by such Issuer.

(i) Indemnification. The Borrower agrees to indemnify and hold harmless each Lender, each Issuer and the Administrative Agent, and their respective directors, officers, agents and employees, from and against any and all claims and damages, losses, liabilities, costs or expenses which such Person may incur (or which may be claimed against such Person by any other Person whatsoever) by reason of or in connection with the issuance, execution and delivery or transfer of or payment or failure to pay under any Letter of Credit or any actual or proposed use of any Letter of Credit, including any claims, damages, losses, liabilities, costs or expenses which any Issuer may incur by reason of or in connection with (i) the failure of any other Lender to fulfill or comply with its obligations to such Issuer hereunder (but nothing herein contained shall affect any right the Borrower may have against any defaulting Lender) or (ii) by reason of or on account of such Issuer issuing any Letter of Credit which specifies that the term "Beneficiary" therein includes any successor by operation of law of the named Beneficiary, but which Letter of Credit does not require that any drawing by any such successor Beneficiary be accompanied by a copy of a legal document, satisfactory to such Issuer, evidencing the appointment of such successor Beneficiary; provided that the Borrower shall not be required to indemnify any Person for any claims, damages, losses, liabilities, costs or expenses to the extent, but only to the extent, caused by (x) the willful misconduct or gross negligence of any Issuer in determining whether a request presented under any Letter of Credit issued by such Issuer complied with the terms of such Letter of Credit or (y) any Issuer's failure to pay under any Letter of Credit issued by it after the presentation to it of a request strictly complying with the terms and conditions of such Letter of Credit. Nothing in this Section 2.19(i) is intended to limit the obligations of the Borrower under any other provision of this Agreement.

(j) Lenders' Indemnification. Each Lender shall, ratably in accordance with its Pro Rata Share, indemnify each Issuer and its Affiliates and their respective directors, officers, agents and employees (to the extent not reimbursed by the Borrower) against any cost, expense

(including reasonable counsel fees and charges), claim, demand, action, loss or liability (except such as result from such indemnitees' gross negligence or willful misconduct or such Issuer's failure to pay under any Letter of Credit issued by it after the presentation to it of a request strictly complying with the

terms and conditions of such Letter of Credit) that such indemnitees may suffer or incur in connection with this Section 2.19 or any action taken or omitted by such indemnitees hereunder.

(k) LC Collateral Account. The Borrower agrees that it will establish on the Facility Termination Date (or on such earlier date as may be required pursuant to Section 8.1), and thereafter maintain so long as any Letter of Credit Obligation remains outstanding or any other amount is payable to any Issuer or the Lenders in respect of any Letter of Credit, a special collateral account pursuant to arrangements satisfactory to the Administrative Agent (the "LC Collateral Account") at the Administrative Agent's office at the address specified pursuant to Article XIII, in the name of the Borrower but under the sole dominion and control of the Administrative Agent, for the benefit of the Lenders, and in which the Borrower shall have no interest other than as set forth in Section 8.1. The Borrower hereby pledges, assigns and grants to the Administrative Agent, on behalf of and for the ratable benefit of the Lenders and the Issuers, a security interest in all of the Borrower's right, title and interest in and to all funds which may from time to time be on deposit in the LC Collateral Account, to secure the prompt and complete payment and performance of the Obligations. The Administrative Agent will invest any funds on deposit from time to time in the LC Collateral Account in certificates of deposit of Bank of America having a maturity not exceeding 30 days. If funds are deposited in the LC Collateral Account pursuant to Section 2.2(b) and the provisions of Section 8.1 are not applicable, then the Administrative Agent shall release from the LC Collateral Account to the Borrower, upon the request of the Borrower, an amount equal to the excess (if any) of all funds in the LC Collateral Account over the Letter of Credit Obligations.

(l) Issuers' Obligation to Issue Letters of Credit. No Issuer shall be under any obligation to issue any Letter of Credit if:

(i) any order, judgment or decree of any Governmental Authority or arbitrator shall by its terms purport to enjoin or restrain such Issuer from issuing such Letter of Credit, or any law applicable to such Issuer or any request or directive (whether or not having the force of law) from any Governmental Authority with jurisdiction over such Issuer shall prohibit, or request that such Issuer refrain from, the issuance of letters of credit generally or such Letter of Credit in particular or shall impose upon such Issuer with respect to such Letter of Credit any restriction, reserve or capital requirement (for which such Issuer is not otherwise compensated hereunder) not in effect on the Closing Date, or shall impose upon such Issuer any unreimbursed loss, cost or expense which was not applicable on the Closing Date and which such Issuer in good faith deems material to it;

(ii) the issuance of such Letter of Credit would violate one or more policies of such Issuer applicable to letters of credit generally; or

(iii) except as otherwise agreed by the Administrative Agent and the applicable Issuer, such Letter of Credit is in an initial stated amount less than $250,000.

(m) Rights as a Lender. In its capacity as a Lender, each Issuer shall have the same rights and obligations as any other Lender.

2.20 Extension of Facility Termination Date.

(a) Request for Extension. The Borrower may by notice to the Administrative Agent (who shall promptly notify the Lenders) given not more than 60 days and not less than 45 days prior to any anniversary of the Closing Date, request that each Lender extend the Facility Termination Date for an additional one year from the then existing Facility Termination Date; provided, that the Borrower shall only be permitted to exercise this extension option two times during the term of the Agreement.

(b) Lenders Election to Extend. Each Lender, acting in its sole and individual discretion, shall, by notice to the Administrative Agent given not later than 15 days following the receipt of notice of such request from the Administrative Agent (the "Notice Date"), advise the Administrative Agent in writing whether or not such Lender agrees to such extension (and each Lender that determines not to so extend its Facility Termination Date (a "Non-Extending Lender") shall notify the Administrative Agent of such fact promptly after such determination (but in any event no later than the Notice Date) and any Lender that does not so advise the Administrative Agent on or before the Notice Date shall be deemed to be a Non-Extending Lender. The election of any Lender to agree to such extension shall not obligate any other Lender to so agree.

(c) Notification by Administrative Agent. The Administrative Agent shall notify the Borrower of each Lender's determination under this Section no later than the date 15 days after the Notice Date (or, if such date is not a Business Day, on the next preceding Business Day).

(d) Additional Commitment Lenders. The Borrower shall have the right on or before the applicable anniversary of the Closing Date to replace each Non-Extending Lender with, and add as "Lenders" under this Agreement in place thereof, one or more Eligible Assignees (each, an "Additional Commitment Lender") as provided in Section 12.2, each of which Additional Commitment Lenders shall have entered into an Assignment Agreement pursuant to which such Additional Commitment Lender shall, undertake, a Commitment (and, if any such Additional Commitment Lender is already a Lender, its Commitment shall be in addition to such Lender's Commitment hereunder on such date) and shall be a "Lender" for all purposes of this Agreement.

(e) Minimum Extension Requirement. If all of the Lenders agree to any such request for extension of the Facility Termination Date then the Facility Termination for all Lenders shall be extended for the additional one year, as applicable. If there exists any Non-Extending Lenders then the Borrower shall (i) withdraw its extension request and the Facility Termination Date will remain unchanged or (ii) provided that the Required Lenders (but for the avoidance of doubt, not including any Additional Commitment Lenders) have agreed to the extension request (such Lenders agreeing to such extension, the "Approving Lenders"), then the Borrower may extend the Facility Termination Date solely as to the Approving Lenders and the Additional Commitment Lenders with a reduced amount of Aggregate Commitments during such extension period equal to the aggregate

Commitments of the Approving Lenders and the Additional Commitment Lenders; it being understood that (A) the Facility Termination Date relating to any Non-Extending Lenders not replaced by an Additional Commitment Lender shall not be extended and the repayment of all obligations owed to them and the termination of their Commitments shall occur on the already existing Facility Termination Date and (B) the Facility Termination Date relating to the Approving Lenders and the Additional Commitment Lenders shall be extended for an additional year, as applicable.

(f) Conditions to Effectiveness of Extensions. Notwithstanding the foregoing, any extension of the Facility Termination Date pursuant to this Section shall not be effective with respect to any Lender unless:

(i) no Default or Unmatured Default shall have occurred and be continuing on the date of such extension and after giving effect thereto;

(ii) the representations and warranties contained in Article V are true and correct on and as of the date of such extension except to the extent any such representation or warranty is stated to relate solely to an earlier date, in which case such representation or warranty shall have been true and correct on and as of such earlier date; and

(iii) on any Facility Termination Date, the Borrower shall prepay any Loans outstanding on such date (and pay any additional amounts required pursuant to Section 3.4) to the extent necessary to keep outstanding Loans ratable with any revised Pro Rata Shares of the respective Lenders effective as of such date.

ARTICLE III

YIELD PROTECTION; TAXES

3.1 Yield Protection.

If, on or after the date of this Agreement, the adoption of any law or any governmental or quasi-governmental rule, regulation, policy, guideline or directive (whether or not having the force of law), or any change in the interpretation or administration thereof by any governmental or quasi-governmental authority, central bank or comparable agency charged with the interpretation or administration thereof, or compliance by any Lender, any applicable Lending Installation or any Issuer with any request or directive (whether or not having the force of law) of any such authority, central bank or comparable agency:

(i) subjects any Lender, any applicable Lending Installation or any Issuer to any Taxes, or changes the basis of taxation of payments (other than with respect to Excluded Taxes) to any Lender in respect of its Eurodollar Loans or Letters of Credit or participations therein, or

(ii) imposes or increases or deems applicable any reserve, assessment, insurance charge, special deposit or similar requirement against assets of, deposits with or for the account of, or credit extended by, any Lender, any applicable Lending Installation or any Issuer (other than reserves and assessments taken into account in determining the interest rate applicable to Eurodollar Advances), or

(iii) imposes any other condition the result of which is to increase the cost to any Lender, any applicable Lending Installation or any Issuer of making, funding or maintaining its Eurodollar Loans or of issuing or participating in Letters of Credit or reduces any amount receivable by any Lender, any applicable Lending Installation or any Issuer in connection with its Eurodollar Loans or Letters of Credit, or requires any Lender, any applicable Lending Installation or any Issuer to make any payment calculated by reference to the amount of Eurodollar Loans or Letters of Credit held or interest received by it, by an amount deemed material by such Lender or such Issuer, as the case may be,

and the result of any of the foregoing is to increase the cost to such Lender, the applicable Lending Installation or such Issuer of making or maintaining its Eurodollar Loans, Letters of Credit or Commitment or to reduce the return received by such Lender, the applicable Lending Installation or such Issuer in connection with such Eurodollar Loans, Letters of Credit or Commitment, then, within 15 days of demand by such Lender or such Issuer, the Borrower shall pay such Lender or such Issuer such additional amount or amounts as will compensate such Lender or such Issuer for such increased cost or reduction in amount received.

3.2 Changes in Capital Adequacy Regulations.

If a Lender or an Issuer determines the amount of capital required or expected to be maintained by such Lender, any Lending Installation of such Lender, such Issuer or any corporation controlling such Lender or such Issuer is increased as a result of a Change, then, within 15 days of demand by such Lender or such Issuer, the Borrower shall pay such Lender or such Issuer the amount necessary to compensate for any shortfall in the rate of return on the portion of such increased capital which such Lender or such Issuer determines is attributable to this Agreement, its Outstanding Credit Exposure or its Commitment to make Loans or to issue or participate in Letters of Credit hereunder (after taking into account such Lender's policies as to capital adequacy). "Change" means (i) any change after the date of this Agreement in (or in the interpretation of) the Risk-Based Capital Guidelines or (ii) any adoption of or change in (or any change in the interpretation of) any other law, governmental or quasi-governmental rule, regulation, policy, guideline, interpretation, or directive (whether or not having the force of law) after the date of this Agreement which affects the amount of capital required or expected to be maintained by any Lender, any Lending Installation, any Issuer or any corporation controlling any Lender or any Issuer. "Risk-Based Capital Guidelines" means (x) the risk-based capital guidelines in effect in the United States on the date of this Agreement, including transition rules, and (y) the corresponding capital regulations promulgated by regulatory authorities outside the United States implementing the July 1988 report of the Basle Committee on Banking Regulation and Supervisory Practices Entitled "International Convergence of Capital

Measurements and Capital Standards," including transition rules, and any amendments to such regulations adopted prior to the date of this Agreement.

3.3 Availability of Types of Advances.

If (i) any Lender determines that maintenance of its Eurodollar Loans at a suitable Lending Installation would violate any applicable law, rule, regulation, or directive, whether or not having the force of law, (ii) the Required Lenders determine that (a) deposits of a type and maturity appropriate to match fund Eurodollar Advances are not available or (b) the interest rate applicable to a Type of Advance does not accurately reflect the cost of making or maintaining such Advance or (iii) the Administrative Agent determines that adequate and reasonable means do not exist for determining the Eurodollar Base Rate, then the Administrative Agent shall suspend the availability of the affected Type of Advance and, in the case of clause (i), require any affected Eurodollar Advances to be repaid or converted to Floating Rate Advances, subject to the payment of any funding indemnification amounts required by Section 3.4.

3.4 Funding Indemnification.

If any conversion, prepayment or payment of a Eurodollar Advance occurs on a date which is not the last day of the applicable Interest Period, whether because of acceleration, prepayment or otherwise, or a Eurodollar Advance is not made, paid, continued or converted on the date or in the amount specified by the Borrower for any reason other than default by the Lenders, the Borrower will indemnify each Lender for any loss or cost incurred by it resulting therefrom, including any loss or cost in liquidating or employing deposits acquired to fund or maintain such Eurodollar Advance.

3.5 Taxes.

(i) All payments by the Borrower to or for the account of any Lender, any Issuer or the Administrative Agent hereunder or under any Note shall be made free and clear of and without deduction for any and all Taxes. If the Borrower shall be required by law to deduct any Taxes from or in respect of any sum payable hereunder to any Lender, any Issuer or the Administrative Agent, (a) the sum payable shall be increased as necessary so that after making all required deductions (including deductions applicable to additional sums payable under this Section 3.5) such Lender, such Issuer or the Administrative Agent (as the case may be) receives an amount equal to the sum it would have received had no such deductions been made, (b) the Borrower shall make such deductions, (c) the Borrower shall pay the full amount deducted to the relevant authority in accordance with applicable law and (d) the Borrower shall furnish to the Administrative Agent the original copy of a receipt evidencing payment thereof within 30 days after such payment is made.

(ii) In addition, the Borrower hereby agrees to pay any present or future stamp or documentary taxes and any other excise or property taxes, charges or similar levies which arise from any payment made hereunder or under any Note or Letter of Credit Application or from the execution or delivery of, or otherwise with respect to, this Agreement, any Note or any Letter of Credit Application ("Other Taxes").

(iii) The Borrower hereby agrees to indemnify the Administrative Agent, each Lender and each Issuer for the full amount of Taxes or Other Taxes (including any Taxes or Other Taxes imposed on amounts payable under this Section 3.5) paid by the Administrative Agent, such Lender or such Issuer and any liability (including penalties, interest and expenses) arising therefrom or with respect thereto. Payments due under this indemnification shall be made within 30 days of the date the Administrative Agent, such Lender or such Issuer makes demand therefor pursuant to Section 3.6.

(iv) Each Lender that is not incorporated under the laws of the United States of America or a state thereof (each a "Non-U.S. Lender") agrees that it will, not less than ten Business Days after the date of this Agreement (or, if later, the date it becomes a party hereto), (i) deliver to each of the Borrower and the Administrative Agent two duly completed copies of United States Internal Revenue Service Form W-8BEN or W-8ECI, certifying in either case that such Lender is entitled to receive payments under this Agreement without deduction or withholding of any United States federal income taxes, and (ii) deliver to each of the Borrower and the Administrative Agent a United States Internal Revenue Form W-8BEN or W-9, as the case may be, and certify that it is entitled to an exemption from United States backup withholding tax. Each Non-U.S. Lender further undertakes to deliver to each of the Borrower and the Administrative Agent (x) renewals or additional copies of such form (or any successor form) on or before the date that such form expires or becomes obsolete, and (y) after the occurrence of any event requiring a change in the most recent forms so delivered by it, such additional forms or amendments thereto as may be reasonably requested by the Borrower or the Administrative Agent. All forms or amendments described in the preceding sentence shall certify that such Lender is entitled to receive payments under this Agreement without deduction or withholding of any United States federal income taxes, unless an event (including any change in treaty, law or regulation) has occurred prior to the date on which any such delivery would otherwise be required which renders all such forms inapplicable or which would prevent such Lender from duly completing and delivering any such form or amendment with respect to it and such Lender advises the Borrower and the Administrative Agent that it is not capable of receiving payments without any deduction or withholding of United States federal income tax.

(v) For any period during which a Non-U.S. Lender has failed to provide the Borrower with an appropriate form pursuant to clause (iv) above (unless such failure is due to a change in treaty, law or regulation, or any change in the interpretation or administration thereof by any governmental authority, occurring subsequent to the date on which a form originally was required to be provided), such Non-U.S. Lender shall not be entitled to indemnification under this Section 3.5 with respect to Taxes imposed by the United States; provided that, should a Non-U.S. Lender which is otherwise exempt from or subject to a reduced rate of withholding tax become subject to Taxes because of its failure to deliver a form required under clause (iv) above, the Borrower shall take such steps as such Non-U.S. Lender shall reasonably request to assist such Non-U.S. Lender to recover such Taxes.

(vi) Any Lender that is entitled to an exemption from or reduction of withholding tax with respect to payments under this Agreement or any Note pursuant to the law of any relevant jurisdiction or any treaty shall deliver to the Borrower (with a copy to the Administrative Agent),

at the time or times prescribed by applicable law, such properly completed and executed documentation prescribed by applicable law as will permit such payments to be made without withholding or at a reduced rate.

3.6 Lender Statements; Survival of Indemnity.

To the extent reasonably possible and upon the request of the Borrower, each Lender shall designate an alternate Lending Installation with respect to its Eurodollar Loans to reduce any liability of the Borrower to such Lender under Sections 3.1, 3.2 and 3.5 or to avoid the unavailability of Eurodollar Advances under Section 3.3, so long as such designation is not, in the judgment of such Lender, disadvantageous to such Lender. Each Lender or each Issuer, as applicable, shall deliver a written statement of such Lender or such Issuer to the Borrower (with a copy to the Administrative Agent) as to any amount due under Section 3.1, 3.2, 3.4 or 3.5. Such written statement shall set forth in reasonable detail the calculations upon which such Lender or such Issuer determined such amount and shall be final, conclusive and binding on the Borrower in the absence of manifest error. Determination of amounts payable under such Sections in connection with a Eurodollar Loan shall be calculated as though each Lender funded its Eurodollar Loan through the purchase of a deposit of the type and maturity corresponding to the deposit used as a reference in determining the Eurodollar Rate applicable to such Loan, whether in fact that is the case or not. Unless otherwise provided herein, the amount specified in the written statement of any Lender or any Issuer shall be payable on demand after receipt by the Borrower of such written statement. The obligations of the Borrower under Sections 3.1, 3.2, 3.4 and 3.5 shall survive payment of the Obligations and termination of this Agreement.

ARTICLE IV

CONDITIONS PRECEDENT

4.1 Initial Credit Extension.

The Lenders and the Issuers shall not be required to make the initial Credit Extension hereunder until the Borrower has furnished the Administrative Agent with (a) all fees required to be paid to the Lenders on the date hereof, (b) evidence that, prior to or concurrently with the initial Credit Extension hereunder, all obligations under the Existing Credit Facility have been paid in full and all commitments to lend thereunder have been terminated and (c) all of the following, in form and substance satisfactory to each Agent and each Lender, and in sufficient copies for each Lender:

(i) Copies of the articles or certificate of incorporation of the Borrower, together with all amendments, certified by the Secretary or an Assistant Secretary of the Borrower, and a certificate of good standing, certified by the appropriate governmental officer in its jurisdiction of incorporation, as well as any other information that any Lender may request that is required by Section 326 of the USA PATRIOT ACT or necessary for the Administrative Agent or any Lender to verify the identity of the Borrower as required by Section 326 of the USA PATRIOT ACT.

(ii) Copies, certified by the Secretary or an Assistant Secretary of the Borrower, of its by-laws and of its Board of Directors' resolutions and of resolutions or actions of any other body authorizing the execution of the Loan Documents to which the Borrower is a party.

(iii) An incumbency certificate, executed by the Secretary or an Assistant Secretary of the Borrower, which shall identify by name and title and bear the signatures of the Authorized Officers and any other officers of the Borrower authorized to sign the Loan Documents to which the Borrower is a party, upon which certificate the Administrative Agent and the Lenders shall be entitled to rely until informed of any change in writing by the Borrower.

(iv) A certificate, signed by the Chief Accounting Officer or the Chief Financial Officer of the Borrower, stating that on the initial Borrowing Date no Default or Unmatured Default has occurred and is continuing.

(v) A written opinion of the Borrower's counsel, addressed to the Administrative Agent and the Lenders in a form reasonably satisfactory to the Administrative Agent and its counsel.

(vi) Executed counterparts of this Agreement executed by the Borrower and each Lender.

(vii) Any Notes requested by a Lender pursuant to Section 2.13 payable to the order of each such requesting Lender.

(viii) If the initial Credit Extension will be the issuance of a Letter of Credit, a properly completed Letter of Credit Application.

(ix) Evidence of the effectiveness of the Great Plains Credit Agreement, having terms substantially similar to the terms hereof.

(x) Written money transfer instructions, in substantially the form of Exhibit C, addressed to the Administrative Agent and signed by an Authorized Officer who has executed and delivered an incumbency certificate in accordance with the terms hereof, together with such other related money transfer authorizations as the Administrative Agent may have reasonably requested.

(xi) Such other documents as any Lender or its counsel may have reasonably requested.

4.2 Each Credit Extension.

The Lenders shall not be required to make any Credit Extension (other than a Credit Extension that, after giving effect thereto and to the application of the proceeds thereof, does not

increase the aggregate amount of outstanding Credit Extensions) or increase its Commitment pursuant to any Transfer, unless on the date of such Credit Extension or Transfer:

(i) No Default or Unmatured Default exists or would result from such Credit Extension.

(ii) The representations and warranties contained in Article V are true and correct as of the date of such Credit Extension except to the extent any such representation or warranty is stated to relate solely to an earlier date, in which case such representation or warranty shall have been true and correct on and as of such earlier date; provided that this clause (ii) shall not apply to the representations and warranties set forth in Section 5.5 (as it relates to clause (i) or (ii) of the definition of "Material Adverse Effect"), clause (a) of the first sentence of Section 5.7 and the second sentence of Section 5.7 with respect to any borrowing hereunder which is not part of the Initial Credit Extension.

Each delivery of a Borrowing Notice and each request for the issuance of a Letter of Credit shall constitute a representation and warranty by the Borrower that the conditions contained in Sections 4.2(i) and (ii) have been satisfied. Any Lender may require delivery of a duly completed compliance certificate in substantially the form of Exhibit A as a condition to making a Credit Extension.

ARTICLE V

REPRESENTATIONS AND WARRANTIES

The Borrower represents and warrants to the Lenders that:

5.1 Existence and Standing.

Each of the Borrower and its Significant Subsidiaries is a corporation, partnership (in the case of Subsidiaries only) or limited liability company duly and properly incorporated or organized, as the case may be, validly existing and (to the extent such concept applies to such entity) in good standing under the laws of its jurisdiction of incorporation or organization and has all requisite authority to conduct its business in each jurisdiction in which its business is conducted.

5.2 Authorization and Validity.

The Borrower has the power and authority and legal right to execute and deliver the Loan Documents and to perform its obligations thereunder. The execution and delivery by the Borrower of the Loan Documents and the performance of its obligations thereunder have been duly authorized by proper corporate proceedings, and the Loan Documents constitute legal, valid and binding obligations of the Borrower enforceable against the Borrower in accordance with their terms, except as enforceability may be limited by bankruptcy, insolvency or similar laws affecting the enforcement of creditors' rights generally.

5.3 No Conflict; Government Consent.

Neither the execution and delivery by the Borrower of the Loan Documents, nor the consummation of the transactions therein contemplated, nor compliance with the provisions thereof will violate (i) any law, rule, regulation, order, writ, judgment, injunction, decree or award binding on the Borrower or (ii) the Borrower's articles or certificate of incorporation or by-laws or (iii) the provisions of any indenture, instrument or agreement to which the Borrower is a party or is subject, or by which it, or its Property, is bound, or conflict with or constitute a default thereunder, or result in, or require, the creation or imposition of any Lien in, of or on the Property of the Borrower pursuant to the terms of any such indenture, instrument or agreement. No order, consent, adjudication, approval, license, authorization, or validation of, or filing, recording or registration with, or exemption by, or other action in respect of any governmental or public body or authority, or any subdivision thereof, which has not been obtained by the Borrower, is required to be obtained by the Borrower in connection with the execution and delivery of the Loan Documents, the borrowings under this Agreement, the payment and performance by the Borrower of the Obligations or the legality, validity, binding effect or enforceability of any of the Loan Documents.

5.4 Financial Statements.

The June 30, 2005, September 30, 2005, December 31, 2005 and March 31, 2006 consolidated financial statements of the Borrower and its Subsidiaries heretofore delivered to the Lenders were prepared in accordance with GAAP and fairly present the consolidated financial condition and operations of the Borrower and its Subsidiaries at such dates and the consolidated results of their operations for the periods then ended subject, in the case of the June 30, 2005, September 30, 2005 and March 31, 2006 financial statements, to normal year-end adjustments.

5.5 Material Adverse Change.

Since December 31, 2005, there has been no change in the business, Property, prospects, condition (financial or otherwise) or results of operations of the Borrower and its Subsidiaries which could reasonably be expected to have a Material Adverse Effect.

5.6 Taxes.

The Borrower and its Significant Subsidiaries have filed all United States federal tax returns and all other material tax returns which are required to be filed and have paid all taxes due and payable pursuant to said returns or pursuant to any assessment received by the Borrower or any of its Significant Subsidiaries, except such taxes, if any, as are being contested in good faith and as to which adequate reserves have been provided in accordance with GAAP and as to which no Lien exists. No tax liens have been filed and no material claims are being asserted against the Borrower or any Significant Subsidiary with respect to any such taxes. The charges, accruals and reserves on the books of the Borrower and its Significant Subsidiaries in respect of any taxes or other governmental charges are adequate.

5.7 Litigation; etc.

Except as set forth in the Borrower's '34 Act Reports, there is no litigation, arbitration, governmental investigation, proceeding or inquiry pending or, to the knowledge of any of their officers, threatened against or affecting the Borrower or any of its Subsidiaries which (a) could reasonably be expected to have a Material Adverse Effect or (b) seeks to prevent, enjoin or delay the making of any Credit Extension. Other than any liability incident to any litigation, arbitration or proceeding which could not reasonably be expected to have a Material Adverse Effect, the Borrower has no material contingent obligations not provided for or disclosed in the financial statements referred to in Section 5.4.

5.8 ERISA.

The Borrower and each other member of the Controlled Group has fulfilled its obligations under the minimum funding standards of ERISA and the Code with respect to each Plan and is in compliance with the presently applicable provisions of ERISA and the Code with respect to each Plan, except to the extent that noncompliance, individually or in the aggregate, has not resulted in and could not reasonably be expected to result in a Material Adverse Effect. Neither the Borrower nor any other member of the Controlled Group has (i) sought a waiver of the minimum funding standard under Section 412 of the Code in respect of any Plan, (ii) failed to make any required contribution or payment to any Plan or Multiemployer Plan, or made any amendment to any Plan which has resulted or could result in the imposition of a Lien or the posting of a bond or other security under ERISA or the Code or (iii) incurred any liability under Title IV of ERISA other than a liability to the PBGC for premiums under Section 4007 of ERISA.

5.9 Accuracy of Information.

No information, exhibit or report furnished by the Borrower or any of its Subsidiaries to the Administrative Agent or to any Lender in connection with the negotiation of, or compliance with, the Loan Documents contained any material misstatement of fact or omitted to state a material fact or any fact necessary to make the statements contained therein not misleading.

5.10 Regulation U.

The Borrower is not engaged and will not engage, principally or as one of its important activities, in the business of purchasing or carrying margin stock (as defined in Regulation U), or extending credit for the purpose of purchasing or carrying margin stock. Margin stock constitutes less than 25% of the value of those assets of the Borrower and its Subsidiaries which are subject to any limitation on sale, pledge or other restriction hereunder.

5.11 Material Agreements.

Neither the Borrower nor any Subsidiary is a party to any agreement or instrument or subject to any charter or other corporate restriction which is reasonably likely to have a Material Adverse Effect. Neither the Borrower nor any Subsidiary is in default in the performance,

observance or fulfillment of any of the obligations, covenants or conditions contained in any agreement to which it is a party, which default could reasonably be expected to have a Material Adverse Effect.

5.12 Compliance With Laws.

The Borrower and its Subsidiaries have complied with all applicable statutes, rules, regulations, orders and restrictions of any domestic or foreign government or any instrumentality or agency thereof having jurisdiction over the conduct of their respective businesses or the ownership of their respective

Property except for any failure to comply with any of the foregoing which could not reasonably be expected to have a Material Adverse Effect.

5.13 Ownership of Properties.

On the date of this Agreement, the Borrower and its Significant Subsidiaries will have good title, free of all Liens other than those permitted by Section 6.12, to all of the Property and assets reflected in the Borrower's most recent consolidated financial statements provided to the Administrative Agent as owned by the Borrower and its Subsidiaries.

5.14 Plan Assets; Prohibited Transactions.

To the Borrower's knowledge, the Borrower is not an entity deemed to hold "plan assets" within the meaning of 29 C.F.R. § 2510.3-101 of another entity's employee benefit plan (as defined in Section 3(3) of ERISA) which is subject to Title I of ERISA or any plan (within the meaning of Section 4975 of the Code), and neither the execution of this Agreement nor the making of Loans hereunder gives rise to a prohibited transaction within the meaning of Section 406 of ERISA or Section 4975 of the Code.

5.15 Environmental Matters.

Except as set forth in the Borrower's '34 Act Reports, there are no known risks and liabilities accruing to the Borrower or any of its Subsidiaries due to Environmental Laws that could reasonably be expected to have a Material Adverse Effect.

5.16 Investment Company Act.

Neither the Borrower nor any Subsidiary is or is required to be registered as an "investment company" within the meaning of the Investment Company Act of 1940, as amended.

5.17 Pari Passu Indebtedness.

The Indebtedness under the Loan Documents ranks at least pari passu with all other unsecured Indebtedness of the Borrower.

5.18 Solvency.

As of the date hereof and after giving effect to the consummation of the transactions contemplated by the Loan Documents, the Borrower and each Significant Subsidiary is solvent. For purposes of the preceding sentence, solvent means (a) the fair saleable value (on a going concern basis) of the Borrower's assets or a Significant Subsidiary's assets, as applicable, exceed its liabilities, contingent or otherwise, fairly valued, (b) such Person will be able to pay its debts as they become due and (c) such Person will not be left with unreasonably small capital as is necessary to satisfy all of its current and reasonably anticipated obligations giving due consideration to the prevailing practice in the industry in which such Person is engaged. In computing the amount of contingent liabilities at any time, it is intended that such liabilities will be computed at the amount which, in light of all the facts and circumstances existing at such time, represents the amount that can reasonably be expected to become an actual or matured liability. The Borrower is not entering into the Loan Documents with the actual intent to hinder, delay or defraud its current or future creditors, nor does the Borrower intend to or believe that it will incur, as a result of entering into this Agreement and the other Loan Documents, debts beyond its ability to repay.

ARTICLE VI

COVENANTS

During the term of this Agreement, unless the Required Lenders shall otherwise consent in writing:

6.1 Financial Reporting.

The Borrower will maintain, for itself and each Subsidiary, a system of accounting established and administered in accordance with generally accepted accounting principles, and furnish to the Lenders:

(i) Within 90 days after the close of each of its fiscal years, an unqualified audit report certified by an independent registered public accounting firm which is a member of the "Big Four," prepared in accordance with GAAP on a consolidated basis for itself and its Consolidated Subsidiaries, including balance sheets as of the end of such period and related statements of income, common shareholders' equity and cash flows, accompanied by any management letter prepared by said accountants.

(ii) Within 45 days after the close of the first three quarterly periods of each of its fiscal years, for itself and its Consolidated Subsidiaries, either (a) consolidated and consolidating unaudited balance sheets as at the close of each such period and consolidated and consolidating profit and loss and reconciliation of surplus statements and a statement of cash flows for the period from the beginning of such fiscal year to the end of such quarter, all certified by its Chief Accounting Officer or Chief Financial Officer or (b) if the Borrower is then a "registrant" within the meaning of Rule 1-01 of

Regulation S-X of the SEC and required to file a report on Form 10-Q with the SEC, a copy of the Borrower's report on Form 10-Q for such quarterly period.

(iii) Together with the financial statements required under Sections 6.1(i) and (ii), a compliance certificate in substantially the form of Exhibit A signed by its Chief Accounting Officer or Chief Financial Officer setting forth calculations of the financial covenants contained in Section 6 and stating that no Default or Unmatured Default exists, or if any Default or Unmatured Default exists, stating the nature and status thereof.

(iv) As soon as possible and in any event within 10 days after the Borrower or any member of the Controlled Group knows that any Reportable Event has occurred with respect to any Plan, a statement, signed by the Chief Accounting Officer or Chief Financial Officer of the Borrower, describing said Reportable Event and the action which the Borrower or member of the Controlled Group proposes to take with respect thereto.

(v) As soon as possible and in any event within two days after receipt of notice by the Borrower or any member of the Controlled Group of the PBGC's intention to terminate any Plan or to have a trustee appointed to administer any Plan, a copy of such notice.

(vi) Promptly upon the furnishing thereof to the shareholders of the Borrower, copies of all financial statements, reports and proxy statements so furnished.

(vii) Promptly upon the filing thereof, copies of all registration statements and annual, quarterly, monthly or other regular reports which the Borrower files with the SEC.

(viii) As soon as possible, and in any event within three days after an Authorized Officer of the Borrower shall have knowledge thereof, notice of any change by Moody's or S&P in the senior unsecured debt rating of the Borrower.

(ix) Such other information (including non-financial information) as the Administrative Agent or any Lender may from time to time reasonably request.

The statements and reports required to be furnished by the Borrower pursuant to clauses (ii), (vi) and (vii) above shall be deemed furnished for such purpose upon becoming publicly available on the SEC's EDGAR web page.

The Borrower hereby acknowledges that (a) the Administrative Agent and/or BAS will make available to the Lenders and Issuers materials and/or information provided by or on behalf of the Borrower hereunder (collectively, "Borrower Materials") by posting the Borrower Materials on IntraLinks or another similar electronic system (the "Platform") and (b) certain of the Lenders may be "public-side" Lenders (i.e., Lenders that do not wish to receive material non-public information with respect to the Borrower or its securities) (each, a "Public Lender"). The Borrower hereby agrees that (w) all Borrower Materials that are to be made available to Public Lenders shall be clearly and conspicuously marked "PUBLIC" which, at a minimum, shall mean

that the word "PUBLIC" shall appear prominently on the first page thereof; (x) by marking Borrower Materials "PUBLIC," the Borrower shall be deemed to have authorized the Agents, the Arrangers, the Issuers and the Lenders to treat such Borrower Materials as not containing any material non-public information with respect to the Borrower or its securities for purposes of United States Federal and state securities laws (provided, however, that to the extent such Borrower Materials constitute Specified Information, they shall be treated as set forth in Section 9.11(a)); (y) all Borrower Materials marked "PUBLIC" are permitted to be made available through a portion of the Platform designated "Public Investor;" and (z) the Administrative Agent and BAS shall be entitled to treat any Borrower Materials that are not marked "PUBLIC" as being suitable only for posting on a portion of the Platform not designated "Public Investor." Notwithstanding the foregoing, the Borrower shall be under no obligation to mark any Borrower Materials "PUBLIC."

6.2 Permits, Etc.

The Borrower will, and will cause each Significant Subsidiary to, take all reasonable action to maintain all rights, privileges, permits, licenses and franchises necessary or desirable in the normal conduct of its business, except to the extent failure to do so could not reasonably be expected to have a Material Adverse Effect; and preserve or renew all of its registered patents, trademarks, trade names and service marks, the non-preservation of which could reasonably be expected to have a Material Adverse Effect.

6.3 Use of Proceeds.

The Borrower will use the proceeds of the Credit Extensions (i) to repay the Existing Credit Facility and (ii) for the general corporate and working capital purposes of the Borrower and its Subsidiaries, including support for the Borrower's commercial paper. The Borrower will not use any of the proceeds of the Credit Extensions to purchase or carry any margin stock (as defined in Regulation U) or to extend credit for the purpose of purchasing or carrying margin stock. The Borrower will not permit margin stock to constitute 25% or more of the value of those assets of the Borrower and its Subsidiaries which are subject to any limitation on sale, pledge or other restriction hereunder.

6.4 Notice of Default.

The Borrower will, and will cause each Subsidiary to, give prompt notice in writing to the Administrative Agent and the Lenders of the occurrence of any Default or Unmatured Default and of any other development, financial or otherwise, which could reasonably be expected to have a Material Adverse Effect.

6.5 Conduct of Business.

The Borrower will, and will cause each Significant Subsidiary to, carry on and conduct its business in substantially the same manner and in substantially the same fields of enterprise as it is presently conducted and do all things necessary to remain duly incorporated or organized, validly existing and (to the extent such concept applies to such entity) in good standing as a

domestic corporation, partnership or limited liability company in its jurisdiction of incorporation or organization, as the case may be, and maintain all requisite authority to conduct its business in each jurisdiction in which its business is conducted.

6.6 Taxes.

The Borrower will, and will cause each Significant Subsidiary to, timely file United States federal and applicable foreign, state and local tax returns required by law and pay when due all taxes, assessments and governmental charges and levies upon it or its income, profits or Property, except those which are being contested in good faith by appropriate proceedings and with respect to which adequate reserves have been set aside in accordance with GAAP.

6.7 Insurance.

The Borrower will, and will cause each Significant Subsidiary to, maintain with financially sound and reputable insurance companies that are not Affiliates of the Borrower or its Subsidiaries (other than any captive insurance company) insurance on all their Properties and business against loss or damage of the kinds customarily insured against by Persons engaged in the same or similar business, of such types and in such amounts as are customarily carried under similar circumstances by such other Persons, and the Borrower will furnish to any Lender upon request full information as to the insurance carried. Such insurance may be subject to co-insurance, deductibility or similar clauses which, in effect, result in self-insurance of certain losses; provided that such self-insurance is in accord with the customary industry practices for Persons in the same or similar businesses and adequate insurance reserves are maintained in connection with such self-insurance to the extent required by GAAP.

6.8 Compliance with Laws.

The Borrower will, and will cause each Significant Subsidiary to, comply with all laws, rules, regulations, orders, writs, judgments, injunctions, decrees or awards to which it may be subject including all Environmental Laws, the failure to comply with which could reasonably be expected to have a Material Adverse Effect.

6.9 Maintenance of Properties; Books of Record.

The Borrower will, and will cause each Significant Subsidiary to, (i) do all things necessary to maintain, preserve, protect and keep its Property in good repair, working order and condition, and make all necessary and proper repairs, renewals and replacements so that its business carried on in connection therewith may be properly conducted at all times and (ii) keep proper books of record and account, in which full and correct entries shall be made of all material financial transactions and the assets and business of the Borrower and each Significant Subsidiary in accordance with GAAP; provided that nothing in this Section shall prevent the Borrower or any Significant Subsidiary from discontinuing the operation or maintenance of any of its Property or equipment if such discontinuance is, in the judgment of such Person, desirable in the conduct of its business.

6.10 Inspection.

The Borrower will, and if a Default or Unmatured Default exists, will cause each Subsidiary to, permit the Administrative Agent and the Lenders, by their respective representatives and agents, to inspect any of the Property, books and financial records of such Person, to examine and make copies of the books of accounts and other financial records of such Person, and to discuss the affairs, finances and accounts of such Person with, and to be advised as to the same by, such Person's officers at such reasonable times and intervals as the Administrative Agent or any Lender may designate. After the occurrence and during the continuance of a Default, any such inspection shall be at the Borrower's expense; at all other times, the Borrower shall not be liable to pay the expenses of the Administrative Agent or any Lender in connection with such inspections.

6.11 Consolidations, Mergers and Sale of Assets.

The Borrower will not, nor will it permit any Significant Subsidiary to, sell, lease, transfer, or otherwise dispose of all or substantially all of its assets (whether by a single transaction or a number of related transactions and whether at one time or over a period of time) or consolidate with or merge into any Person or permit any Person to merge into it, except

(i) A Wholly-Owned Subsidiary may be merged into the Borrower.

(ii) Any Significant Subsidiary may sell all or substantially all of its assets to, or consolidate or merge into, another Significant Subsidiary; provided that, immediately before and after such merger, consolidation or sale, no Default or Unmatured Default shall exist.

(iii) The Borrower may sell or transfer accounts receivable pursuant to one or more securitization transactions.

(iv) The Borrower may sell all or substantially all of its assets to, or consolidate with or merge into, any other corporation, or permit another corporation to merge into it; provided that (a) the surviving corporation, if such surviving corporation is not the Borrower, or the transferee corporation in the case of a sale of all or substantially all of the Borrower's assets (1) shall be a corporation organized and existing under the laws of the United States of America or a state thereof or the District of Columbia, (2) shall be a Wholly-Owned Subsidiary of Great Plains, (3) shall expressly assume in a writing satisfactory to the Administrative Agent the due and punctual payment of the Obligations and the due and punctual performance of and compliance with all of the terms of this Agreement and the other Loan Documents to be performed or complied with by the Borrower and (4) shall deliver all documents required to be delivered pursuant to Sections 4.1(i), (ii), (iii), (v) and (ix), (b) immediately before and after such merger, consolidation or sale, there shall not exist any Default or Unmatured Default and (c) the surviving corporation of such merger or consolidation, or the transferee corporation of the assets of the Borrower, as applicable, has, both immediately before and after such

merger, consolidation or sale, a Moody's Rating of Baa3 or better or an S&P Rating of BBB - or better.

Notwithstanding the foregoing, the Borrower and its Consolidated Subsidiaries will not convey, transfer, lease or otherwise dispose of (whether in one transaction or a series of transactions, but excluding (a) sales of inventory in the ordinary course of business, (b) transactions permitted by clauses (i) through (iv) above and (c) transfers by the Borrower of assets related to, or ownership interests in, Iatan 2 to co-owners of Iatan 2 pursuant to the co-ownership, co-operating or other similar agreements of the co-owners of Iatan 2) in the aggregate within any 12-month period, more than 20% of the aggregate book value of the assets of the Borrower and its Consolidated Subsidiaries as calculated as of the end of the most recent fiscal quarter.

6.12 Liens.

The Borrower will not, nor will it permit any Significant Subsidiary to, create, incur, or suffer to exist any Lien in, of or on the Property of the Borrower or any of its Significant Subsidiaries, except:

(i) Liens for taxes, assessments or governmental charges or levies on its Property if the same shall not at the time be delinquent or thereafter can be paid without penalty, or are being contested in good faith and by appropriate proceedings and for which adequate reserves in accordance with GAAP shall have been set aside on its books.

(ii) Liens imposed by law, such as carriers', warehousemen's, mechanics' and landlords' liens and other similar liens arising in the ordinary course of business which secure payment of obligations not more than 60 days past due or which are being contested in good faith by appropriate proceedings and for which adequate reserves shall have been set aside on its books.

(iii) Liens arising out of pledges or deposits in the ordinary course of business under worker's compensation laws, unemployment insurance, old age pensions, or other social security or retirement benefits, or similar legislation, other than any Lien imposed under ERISA.

(iv) Liens incidental to the normal conduct of the Borrower or any Significant Subsidiary or the ownership or leasing of its Property or the conduct of the ordinary course of its business, including (a) zoning restrictions, easements, building restrictions, rights of way, reservations, restrictions on the use of real property and such other encumbrances or charges against real property as are of a nature generally existing with respect to properties of a similar character and which are not substantial in amount and do not in any material way affect the marketability of the same, (b) rights of lessees and lessors under leases, (c) rights of collecting banks having rights of setoff, revocation, refund or chargeback with respect to money or instruments of the Borrower or any Significant Subsidiary on deposit with or in the possession of such banks, (d) Liens or deposits to secure the performance of statutory obligations, tenders, bids, contracts,

leases, progress payments, performance or return-of-money bonds, surety and appeal bonds, performance or other similar bonds, letters of credit, or other obligations of a similar nature incurred in the ordinary course of business, and (e) Liens required by any contract or statute in order to permit the Borrower or Significant Subsidiary to perform any contract or subcontract made by it with or pursuant to the requirements of a governmental entity, in each case which are not incurred in connection with the borrowing of money, the obtaining of advances of credit or the payment of the deferred purchase price of Property and which do not in the aggregate impair the use of Property in the operation of the business of the Borrower and its Significant Subsidiaries taken as a whole.

(v) Liens arising under the General Mortgage Indenture and Deed of Trust Dated December 1, 1986 from the Borrower to UMB, N.A.

(vi) Liens on Property of the Borrower existing on the date hereof and any renewal or extension thereof; provided that the Property covered thereby is not increased and any renewal or extension of the obligations secured or benefited thereby is permitted by this Agreement.

(vii) Judgment Liens which secure payment of legal obligations that would not constitute a Default under Section 7.9.

(viii) Liens on Property acquired by the Borrower or a Significant Subsidiary after the date hereof, existing on such Property at the time of acquisition thereof (and not created in anticipation thereof); provided that in any such case no such Lien shall extend to or cover any other Property of the Borrower or such Significant Subsidiary, as the case may be.

(ix) Liens on the Property, revenues and/or assets of any Person that exist at the time such Person becomes a Significant Subsidiary and the continuation of such Liens in connection with any refinancing or restructuring of the obligations secured by such Liens.

(x) Liens on Property securing Indebtedness incurred or assumed at the time of, or within 12 months after, the acquisition of such Property for the purpose of financing all or any part of the cost of acquiring such Property; provided that (a) such Lien attaches to such Property concurrently with or within 12 months after the acquisition thereof, (b) such Lien attaches solely to the Property so acquired in such transaction and (c) the principal amount of the Indebtedness secured thereby does not exceed the cost or fair market value determined at the date of incurrence, whichever is lower, of the Property being acquired on the date of acquisition.

(xi) Liens on any improvements to Property securing Indebtedness incurred to provide funds for all or part of the cost of such improvements in a principal amount not exceeding the cost of construction of such improvements and incurred within 12 months after completion of such improvements or construction, provided that such Liens do not

extend to or cover any property of the Borrower or any Significant Subsidiary other than such improvements.

(xii) Liens to government entities granted to secure pollution control or industrial revenue bond financings, which Liens in each financing transaction cover only Property the acquisition or construction of which was financed by such financings and Property related thereto.

(xiii) Liens on or over gas, oil, coal, fissionable material, or other fuel or fuel products as security for any obligations incurred by such Person (or any special purpose entity formed by such Person) for the sole purpose of financing the acquisition or storage of such fuel or fuel products or, with respect to nuclear fuel, the processing, reprocessing, sorting, storage and disposal thereof.

(xiv) Liens on (including Liens arising out of the transfer or sale of, or financings secured by) accounts receivable and/or contracts which will give rise to accounts receivable of the Borrower; and other Liens on (including Liens arising out of the transfer or sale of, or financings secured by) accounts receivable and/or contracts which will give rise to accounts receivable of any Subsidiary in an aggregate amount not at any time exceeding $10,000,000.

(xv) Liens on Property or assets of a Significant Subsidiary securing obligations owing to the Borrower or any Significant Subsidiary.

(xvi) Liens on Property of the Borrower arising in connection with utility co-ownership, co-operating and similar agreements that are consistent with the utilities business and ancillary operations.

(xvii) Liens on assets held by entities which are required to be included in the Borrower's consolidated financial statements solely as a result of the application of Financial Accounting Standards Board Interpretation No. 46R, as it may be amended or supplemented.

(xviii) Liens securing Swap Contracts permitted to be incurred under this Agreement.

(xix) Liens securing any extension, renewal, replacement or refinancing of Indebtedness secured by any Lien referred to in the foregoing clauses (viii), (ix), (x), (xi), (xii), (xiii) and (xx); provided that (A) such new Lien shall be limited to all or part of the same Property that secured the original Lien (plus improvements on such Property) and (B) the amount secured by such Lien at such time is not increased to any amount greater than the amount outstanding at the time of such renewal, replacement or refinancing.

(xx) Liens which would otherwise not be permitted by clauses (i) through (xix) securing additional Indebtedness of the Borrower or a Significant Subsidiary; provided that after giving effect thereto the aggregate unpaid

principal amount of Indebtedness (including Capitalized Lease Obligations) of the Borrower and its Significant Subsidiaries (including prepayment premiums and penalties) secured by Liens permitted by this clause (xv) shall not exceed the greater of (a) $35,000,000 and (b) 10% of Consolidated Tangible Net Worth.

6.13 Affiliates.

Except to the extent required by applicable law with respect to transactions among the Borrower and its Subsidiaries, the Borrower will not, and will not permit any Subsidiary to, enter into any transaction (including the purchase or sale of any Property or service) with, or make any payment or transfer to, any Affiliate except in the ordinary course of business and pursuant to the reasonable requirements of the Borrower's or such Subsidiary's business and upon

fair and reasonable terms no less favorable to the Borrower or such Subsidiary than the Borrower or such Subsidiary would obtain in a comparable arms-length transaction.

6.14 ERISA.

The Borrower will not, nor will it permit any Significant Subsidiary to, (i) voluntarily terminate any Plan, so as to result in any material liability of the Borrower or any Significant Subsidiary to the PBGC or (ii) enter into any Prohibited Transaction (as defined in Section 4975 of the Code and in Section 406 of ERISA) involving any Plan which results in any liability of the Borrower or any Significant Subsidiary that could reasonably be expected, individually or in the aggregate, to cause a Material Adverse Effect or (iii) cause any occurrence of any Reportable Event which results in any liability of the Borrower or any Significant Subsidiary to the PBGC that could reasonably be expected, individually or in the aggregate, to cause a Material Adverse Effect or (iv) allow or suffer to exist any other event or condition known to the Borrower which results in any material liability of the Borrower or any Significant Subsidiary to the PBGC.

6.15 Total Indebtedness to Total Capitalization.

The Borrower shall at all times cause the ratio of (i) Total Indebtedness to (ii) Total Capitalization to be less than or equal to 0.65 to 1.0.

6.16 Restrictions on Subsidiary Dividends.

The Borrower will not, nor will it permit any Significant Subsidiary to, be a party to any agreement prohibiting or restricting the ability of such Significant Subsidiary to declare or pay dividends to the Borrower; provided that the foregoing provisions of this Section 6.16 shall not prohibit the Borrower or any Significant Subsidiary from entering into any debt instrument containing a total debt to capitalization covenant.

ARTICLE VII

DEFAULTS

The occurrence of any one or more of the following events shall constitute a Default:

7.1 Any representation or warranty made or deemed made by or on behalf of the Borrower to the Lenders or the Administrative Agent under or in connection with this Agreement, any Loan, or any certificate or information delivered in connection with this Agreement or any other Loan Document shall be materially false on the date as of which made.

7.2 Nonpayment of principal of any Loan when due, nonpayment of any Reimbursement Obligations within one Business Day after the same becomes due, or nonpayment of interest upon any Loan or of any fee or other obligation under any of the Loan Documents within three Business Days after the same becomes due.

7.3 The breach by the Borrower of any of the terms or provisions of Section 6.3, 6.10 (with respect to the Borrower and its Significant Subsidiaries only), 6.11, 6.12, 6.13, 6.15 or 6.16.

7.4 The breach by the Borrower (other than a breach which constitutes a Default under another Section of this Article VII) of any of the terms or provisions of this Agreement which is not remedied within 30 days after the earlier of (a) the Borrower becoming aware of such breach and (b) receipt by the Borrower of written notice from the Administrative Agent or any Lender; provided that if such breach is capable of cure but (i) cannot be cured by payment of money and (ii) cannot be cured by diligent efforts within such 30-day period, but such diligent efforts shall be properly commenced within such 30-day period and the Borrower is diligently pursuing, and shall continue to pursue diligently, remedy of such failure, the cure period shall be extended for an additional 90 days, but in no event beyond the Facility Termination Date.

7.5 Failure of the Borrower or any of its Significant Subsidiaries to pay when due any Indebtedness aggregating in excess of $25,000,000 ("Material Indebtedness"); or the default by the Borrower or any of its Significant Subsidiaries in the performance of any term, provision or condition contained in any agreement under which any such Material Indebtedness was created or is governed, or any other event shall occur or condition exist, the effect of which default or event is to cause, or to permit the holder or holders of such Material Indebtedness to cause, such Material Indebtedness to become due prior to its stated maturity; or any Material Indebtedness of the Borrower or any of its Significant Subsidiaries shall be declared to be due and payable or required to be prepaid or repurchased (other than by a regularly scheduled payment) prior to the stated maturity thereof; or the Borrower or any of its Significant Subsidiaries shall not pay, or admit in writing its inability to pay, its debts generally as they become due.

7.6 The Borrower or any of its Significant Subsidiaries shall (i) have an order for relief entered with respect to it under the Federal bankruptcy laws as now or hereafter in effect, (ii) make an assignment for the benefit of creditors, (iii) apply for, seek, consent to, or acquiesce in, the appointment of a receiver, custodian, trustee, examiner, liquidator or similar official for it

or any Substantial Portion of its Property, (iv) institute any proceeding seeking an order for relief under the Federal bankruptcy laws as now or hereafter in effect or seeking to adjudicate it a bankrupt or insolvent, or seeking dissolution, winding up, liquidation, reorganization, arrangement, adjustment or

composition of it or its debts under any law relating to bankruptcy, insolvency or reorganization or relief of debtors or fail to file an answer or other pleading denying the material allegations of any such proceeding filed against it, (v) take any corporate, partnership or limited liability company action to authorize or effect any of the foregoing actions set forth in this Section 7.6 or (vi) fail to contest in good faith any appointment or proceeding described in Section 7.7.

7.7 Without the application, approval or consent of the Borrower or any of its Subsidiaries, a receiver, trustee, examiner, liquidator or similar official shall be appointed for the Borrower or any of its Subsidiaries or any Substantial Portion of its Property, or a proceeding described in Section 7.6(iv) shall be instituted against the Borrower or any of its Subsidiaries and such appointment continues undischarged or such proceeding continues undismissed or unstayed for a period of 30 consecutive days.

7.8 Any court, government or governmental agency shall condemn, seize or otherwise appropriate, or take custody or control of, all or any portion of the Property of the Borrower and its Subsidiaries which, when taken together with all other Property of the Borrower and its Subsidiaries so condemned, seized, appropriated, or taken custody or control of, during the twelve-month period ending with the month in which any such action occurs, constitutes a Substantial Portion.

7.9 The Borrower or any of its Significant Subsidiaries shall fail within 30 days to pay, bond or otherwise discharge (i) any judgment or order for the payment of money in excess of $25,000,000 (either singly or in the aggregate with other such judgments) or (ii) any non-monetary final judgment that has, or could reasonably be expected to have, a Material Adverse Effect, in either case which is not stayed on appeal or otherwise being appropriately contested in good faith.

7.10 A Change of Control shall occur.

7.11 A Reportable Event shall have occurred with respect to a Plan which could reasonably be expected to have a Material Adverse Effect and, 30 days after notice thereof shall have been given to the Borrower by the Administrative Agent or any Lender, such Reportable Event shall still exist.

7.12 Any authorization or approval or other action by any governmental authority or regulatory body required for the execution, delivery or performance of this Agreement or any other Loan Document by the Borrower shall fail to have been obtained or be terminated, revoked or rescinded or shall otherwise no longer be in full force and effect, and such occurrence shall (i) adversely affect the enforceability of the Loan Documents against the Borrower and (ii) to the extent that such occurrence can be cured, shall continue for five days.

7.13 Great Plains shall fail to own, directly or indirectly, all of the outstanding stock of the Borrower which, in the absence of any contingency, has the right to vote in an election of directors of the Borrower.

ARTICLE VIII

ACCELERATION, WAIVERS, AMENDMENTS AND REMEDIES

8.1 Acceleration; Letter of Credit Account.

(a) If any Default described in Section 7.6 or 7.7 occurs with respect to the Borrower, the obligations of the Lenders to make Loans hereunder and the obligation and power of the Issuers to issue Letters of Credit shall automatically terminate and the Obligations shall immediately become due and payable without any election or action on the part of the Administrative Agent, any Lender or any Issuer and the Borrower will be and become thereby unconditionally obligated, without any further notice, act or demand, to pay to the Administrative Agent an amount in immediately available funds, which funds shall be held in the LC Collateral Account, equal to the excess of (i) the amount of Letter of Credit Obligations at such time over (ii) the amount on deposit in the LC Collateral Account at such time which is free and clear of all rights and claims of third parties and has not been applied against the Obligations (such difference, the "Collateral Shortfall Amount"). If any other Default occurs, the Administrative Agent may with the consent, or shall at the request, of the Required Lenders, (x) terminate or suspend the obligations of the Lenders to make Loans hereunder and the obligation and power of the Issuers to issue Letters of Credit, or declare the Obligations to be due and payable, or both, whereupon the Obligations shall become immediately due and payable, without presentment, demand, protest or notice of any kind, all of which the Borrower hereby expressly waives, and (y) upon notice to the Borrower and in addition to the continuing right to demand payment of all amounts payable under this Agreement, make demand on the Borrower to pay, and the Borrower will, forthwith upon such demand and without any further notice or act, pay to the Administrative Agent in immediately available funds the Collateral Shortfall Amount, which funds shall be deposited in the LC Collateral Account.

If (a) within 30 days after acceleration of the maturity of the Obligations or termination of the obligations of the Lenders to make Loans hereunder as a result of any Default (other than any Default as described in Section 7.6 or 7.7 with respect to the Borrower) and (b) before any judgment or decree for the payment of the Obligations due shall have been obtained or entered, the Required Lenders (in their sole discretion) shall so direct, the Administrative Agent shall, by notice to the Borrower, rescind and annul such acceleration and/or termination.

8.2 Amendments.

Subject to the provisions of this Article VIII, the Required Lenders (or the Administrative Agent with the consent in writing of the Required Lenders) and the Borrower may enter into agreements supplemental hereto for the purpose of adding or modifying any provisions to the Loan Documents or changing in any manner the rights of the Lenders or the Borrower hereunder or waiving any Default hereunder; provided that no such supplemental agreement shall:

(i) Extend the final maturity of any Loan or the expiry date of any Letter of Credit to a date after the Facility Termination Date or forgive all or any portion of the principal amount thereof, or reduce the rate or extend the time of payment of interest or fees thereon, without the consent of each Lender directly affected thereby.

(ii) Reduce the percentage specified in the definition of Required Lenders, without the consent of each Lender directly affected thereby.

(iii) Increase the amount of the Commitment of any Lender without the consent of such Lender (except as provided for in Section 2.6), or extend the Facility Termination Date (except as provided for in Section 2.20), reduce the amount or extend the payment date for, the mandatory payments required under Section 2.2, or permit the Borrower to assign its rights under this Agreement without the consent of each Lender directly affected thereby.

(iv) Amend this Section 8.2 without the consent of each Lender directly affected thereby.

(v) Release any funds from the LC Collateral Account, except to the extent such release is expressly permitted hereunder without the consent of each Lender directly affected thereby.

No amendment of any provision of this Agreement relating to the Administrative Agent shall be effective without the written consent of the Administrative Agent, and no amendment of any provision of this Agreement relating to any Issuer shall be effective without the written consent of such Issuer. The Administrative Agent may waive payment of the fee required under Section 12.1(b) without obtaining the consent of any other party to this Agreement.

8.3 Preservation of Rights.

No delay or omission of the Lenders, the Issuers or the Administrative Agent to exercise any right under the Loan Documents shall impair such right or be construed to be a waiver of any Default or an acquiescence therein, and the making of a Credit Extension notwithstanding the existence of a Default or the inability of the Borrower to satisfy the conditions precedent to such Credit Extension shall not constitute any waiver or acquiescence. Any single or partial exercise of any such right shall not preclude other or further exercise thereof or the exercise of any other right, and no waiver, amendment or other variation of the terms, conditions or provisions of the Loan Documents whatsoever shall be valid unless in writing signed by the Lenders required pursuant to Section 8.2, and then only to the extent in such writing specifically set forth. All remedies contained in the Loan Documents or by law afforded shall be cumulative and all shall be available to the Administrative Agent, the Lenders and the Issuers until the Obligations have been paid in full.

ARTICLE IX

GENERAL PROVISIONS

9.1 Survival of Representations.

All representations and warranties of the Borrower contained in this Agreement shall survive the making of the Credit Extensions herein contemplated.

9.2 Governmental Regulation.

Anything contained in this Agreement to the contrary notwithstanding, no Lender shall be obligated to extend credit to the Borrower in violation of any limitation or prohibition provided by any applicable statute or regulation.

9.3 Headings.

Section headings in the Loan Documents are for convenience of reference only, and shall not govern the interpretation of any of the provisions of the Loan Documents.

9.4 Entire Agreement.

The Loan Documents embody the entire agreement and understanding among the Borrower, the Administrative Agent, the Lenders and the Issuers and supersede all prior agreements and understandings among the Borrower, the Administrative Agent, the Lenders and the Issuers relating to the subject matter thereof.

9.5 Several Obligations; Benefits of this Agreement.

The respective obligations of the Lenders hereunder are several and not joint and no Lender shall be the partner or agent of any other (except to the extent to which the Administrative Agent is authorized to act as such). The failure of any Lender to perform any of its obligations hereunder shall not relieve any other Lender from any of its obligations hereunder. This Agreement shall not be construed so as to confer any right or benefit upon any Person other than the parties to this Agreement and their respective successors and assigns; provided that the parties hereto expressly agree that each Arranger shall enjoy the

benefits of the provisions of Sections 9.6, 9.10 and 10.7 to the extent specifically set forth therein and shall have the right to enforce such provisions on its own behalf and in its own name to the same extent as if it were a party to this Agreement.

9.6 Expenses; Indemnification.

(i) The Borrower shall reimburse the Agents and the Arrangers for any reasonable costs and expenses (including fees and charges of outside counsel for the Agents) paid or incurred by the Agents or the Arrangers in connection with the preparation, negotiation, execution, delivery, syndication, distribution (including via the internet), review, amendment,

modification, and administration of the Loan Documents. The Borrower also agrees to reimburse each Agent, each Arranger, each Lender and each Issuer for any reasonable costs, internal charges and expenses (including fees and charges of attorneys for such Agent, such Arranger, such Lender and such Issuer, which attorneys may be employees of such Agent, such Arranger, such Lender or such Issuer) paid or incurred by either Agent, either Arranger, any Lender or any Issuer in connection with the collection and enforcement, attempted enforcement, and preservation of rights and remedies under, any of the Loan Documents (including all such costs and expenses incurred during any "workout" or restructuring in respect of the Obligations and during any legal proceeding).

(ii) The Borrower hereby further agrees to indemnify each Agent, each Arranger, each Lender, each Issuer, their respective affiliates and the directors, officers and employees of the foregoing against all losses, claims, damages, penalties, judgments, liabilities and expenses (including all expenses of litigation or preparation therefor whether or not either Agent, either Arranger, any Lender or any Issuer or any affiliate is a party thereto) which any of them may pay or incur arising out of or relating to this Agreement, the other Loan Documents, the transactions contemplated hereby or the direct or indirect application or proposed application of the proceeds of any Credit Extension hereunder except to the extent that they are determined in a final non-appealable judgment by a court of competent jurisdiction to have resulted from the gross negligence or willful misconduct of the party seeking indemnification. In the case of any investigation, litigation or proceeding to which the indemnity in this Section applies, such indemnity shall be effective whether or not such investigation, litigation or proceeding is brought by a third party, by the Borrower or by any affiliate of the Borrower. The obligations of the Borrower under this Section 9.6 shall survive the payment of the Obligations and termination of this Agreement.

(iii) To the extent that the Borrower for any reason fails to indefeasibly pay any amount required under subsection (i) or (ii) of this Section to be paid by it to the Administrative Agent (or any sub-agent thereof), any Issuer or any Related Party of any of the foregoing, each Lender severally agrees to pay to the Administrative Agent (or any such sub-agent), such Issuer or such Related Party, as the case may be, such Lender's Pro Rata Share (determined as of the time that the applicable unreimbursed expense or indemnity payment is sought) of such unpaid amount, provided that the unreimbursed expense or indemnified loss, claim, damage, liability or related expense, as the case may be, was incurred by or asserted against the Administrative Agent (or any such sub-agent) or any Issuer in its capacity as such, or against any Related Party of any of the foregoing acting for the Administrative Agent (or any such sub-agent) or any Issuer in connection with such capacity.

9.7 Numbers of Documents.

All statements, notices, closing documents, and requests hereunder shall be furnished to the Administrative Agent with sufficient counterparts so that the Administrative Agent may furnish one to each of the Lenders.

9.8 Accounting.

Except as provided to the contrary herein, all accounting terms used herein shall be interpreted and all accounting determinations hereunder shall be made in accordance with GAAP.

9.9 Severability of Provisions.

Any provision in any Loan Document that is held to be inoperative, unenforceable, or invalid in any jurisdiction shall, as to that jurisdiction, be inoperative, unenforceable, or invalid without affecting the remaining provisions in that jurisdiction or the operation, enforceability, or validity of that provision in any other jurisdiction, and to this end the provisions of all Loan Documents are declared to be severable.

9.10 Nonliability of Lenders.

The relationship between the Borrower on the one hand and the Lenders, the Issuers and the Agents on the other hand shall be solely that of borrower and lender. None of either Agent, either Arranger, any Lender or any Issuer shall have any fiduciary responsibilities to the Borrower. None of either Agent, either Arranger, any Lender or any Issuer undertakes any responsibility to the Borrower to review or inform the Borrower of any matter in connection with any phase of the Borrower's business or operations. The Borrower agrees that none of either Agent, either Arranger, any Lender or any Issuer shall have liability to the Borrower (whether sounding in tort, contract or otherwise) for losses suffered by the Borrower in connection with, arising out of, or in any way related to, the transactions contemplated and the relationship established by the Loan Documents, or any act, omission or event occurring in connection therewith, unless it is determined in a final non-appealable judgment by a court of competent jurisdiction that such losses resulted from the gross negligence or willful misconduct of the party from which recovery is sought. None of either Agent, either Arranger, any Lender, any Issuer or any Related Party of any of the foregoing Persons shall have any liability with respect to, and the Borrower hereby waives, releases and agrees not to sue for, any special, indirect, consequential or punitive damages suffered by the Borrower in connection with, arising out of, or in any way related to the Loan Documents or the

transactions contemplated thereby. None of either Agent, either Arranger, any Lender, any Issuer or any Related Party of any of the foregoing Persons shall be liable for any damages arising from the use by unintended recipients of any information or other materials distributed by it through telecommunications, electronic or other information transmission systems in connection with this Agreement or the other Loan Documents or the transactions contemplated hereby or thereby, except to the extent such recipient receives such information due to the gross negligence of the party from which recovery is sought.

9.11 Limited Disclosure.

(a) Neither the Administrative Agent nor any Lender may disclose to any Person any Specified Information (as defined below) except (i) to its, and its Affiliates', officers, employees, agents, accountants, legal counsel, advisors and other representatives who have a need to know such Specified Information (it being understood that the Persons to whom such disclosure is

made will be informed of the confidential nature of such Specified Information and instructed to keep such Specified Information confidential) or (ii) with the Borrower's prior consent. "Specified Information" means information that the Borrower furnishes to the Administrative Agent or any Lender that is designated in writing as confidential, but does not include any such information that is or becomes generally available to the public or that is or becomes available to the Administrative Agent or such Lender from a source other than the Borrower.

(b) The provisions of clause (a) above shall not apply to Specified Information (i) that is a matter of general public knowledge or has heretofore been or is hereafter published in any source generally available to the public, (ii) that is required to be disclosed by law, regulation or judicial order, (iii) that is requested by any regulatory body with jurisdiction over the Administrative Agent or any Lender, or (iv) that is disclosed (A) to legal counsel, accountants and other professional advisors to such Lender, (B) in connection with the exercise of any right or remedy hereunder or under any Note or any suit or other litigation or proceeding relating to this Agreement or any Note, (C) to a rating agency if required by such agency in connection with a rating relating to Credit Extensions hereunder or (D) to assignees or participants or potential assignees or participants who agree to be bound by the provisions of this Section 9.11.

9.12 USA PATRIOT ACT NOTIFICATION.

The following notification is provided to the Borrower pursuant to Section 326 of the USA Patriot Act of 2001, 31 U.S.C. Section 5318: IMPORTANT INFORMATION ABOUT PROCEDURES FOR OPENING A NEW ACCOUNT. To help the government fight the funding of terrorism and money laundering activities, Federal law requires all financial institutions to obtain, verify and record information that identifies each person or entity that opens an account, including any deposit account, treasury management account, loan, other extension of credit or other financial services product. What this means for the Borrower: When the Borrower opens an account, the Lenders will ask for the Borrower's name, tax identification number, business address and other information that will allow the Administrative Agent and the Lenders to identify the Borrower. The Administrative Agent and the Lenders may also ask to see the Borrower's legal organizational documents or other identifying documents.

9.13 Nonreliance.

Each Lender hereby represents that it is not relying on or looking to any margin stock (as defined in Regulation U of the FRB) for the repayment of the Loans provided for herein.

9.14 No Advisory or Fiduciary Responsibility.

In connection with all aspects of each transaction contemplated hereby, the Borrower acknowledges and agrees, and acknowledges its Affiliates' understanding, that: (i) the credit facility provided for hereunder and any related arranging or other services in connection therewith (including in connection with any amendment, waiver or other modification hereof or of any other Loan Document) are an arm's-length commercial transaction between the Borrower and its Affiliates, on the one hand, and the Agents and the Arrangers, on the other hand, and the

Borrower is capable of evaluating and understanding and understands and accepts the terms, risks and conditions of the transactions contemplated hereby and by the other Loan Documents (including any amendment, waiver or other modification hereof or thereof); (ii) in connection with the process leading to such transaction, each Agent and Arranger is and has been acting solely as a principal and is not the financial advisor, agent or fiduciary, for the Borrower or any of its Affiliates, stockholders, creditors or employees or any other Person; (iii) no Agent or Arranger has assumed or will assume an advisory, agency or fiduciary responsibility in favor of the Borrower with respect to any of the transactions contemplated hereby or the process leading thereto, including with respect to any amendment, waiver or other modification hereof or of any other Loan Document (irrespective of whether any Agent or Arranger has advised or is currently advising the Borrower or any of its Affiliates on other matters) and no Agent or Arranger has any obligation to the Borrower or any of its Affiliates with respect to the transactions contemplated hereby except those obligations expressly set forth herein and in the other Loan Documents; (iv) the Agents and the Arrangers and their respective Affiliates may be engaged in a broad range of transactions that involve interests that differ from those of the Borrower and its Affiliates, and no Agent or Arranger has any obligation to disclose any of such interests by virtue of any advisory, agency or fiduciary relationship; and (v) the Agents and the Arrangers have not provided and will not provide any legal, accounting, regulatory or tax advice with respect to any of the transactions contemplated hereby (including any amendment, waiver or other modification hereof or of any other Loan Document) and the Borrower has consulted its own legal, accounting, regulatory and tax advisors to the extent it has deemed appropriate. The Borrower hereby waives and releases, to the fullest extent permitted by law, any claims that it may have against any Agent and any Arranger with respect to any breach or alleged breach of agency or fiduciary duty.

ARTICLE X

THE ADMINISTRATIVE AGENT

10.1 Appointment and Authority.

Each of the Lenders and the Issuers hereby irrevocably appoints Bank of America to act on its behalf as the Administrative Agent hereunder and under the other Loan Documents and authorizes the Administrative Agent to take such actions on its behalf and to exercise such powers as are delegated to the Administrative Agent by the terms hereof or thereof, together with such actions and powers as are reasonably incidental thereto. The provisions of this Article are solely for the benefit of the Administrative Agent, the Lenders and the Issuers, and the Borrower shall have no rights as a third party beneficiary of any of such provisions.

10.2 Rights as a Lender.

The Person serving as the Administrative Agent hereunder shall have the same rights and powers in its capacity as a Lender as any other Lender and may exercise the same as though it were not the Administrative Agent and the term "Lender" or "Lenders" shall, unless otherwise expressly indicated or unless the context otherwise requires, include the Person serving as the Administrative Agent hereunder in its individual capacity. Such Person and its Affiliates may accept deposits from, lend money to, act as the financial advisor or in any other advisory

capacity for and generally engage in any kind of business with the Borrowers or any Subsidiary or other Affiliate thereof as if such Person were not the Administrative Agent hereunder and without any duty to account therefor to the Lenders.

10.3 Exculpatory Provisions.

The Administrative Agent shall not have any duties or obligations except those expressly set forth herein and in the other Loan Documents. Without limiting the generality of the foregoing, the Administrative Agent:

(a) shall not be subject to any fiduciary or other implied duties, regardless of whether a Default or Unmatured Default has occurred and is continuing;

(b) shall not have any duty to take any discretionary action or exercise any discretionary powers, except discretionary rights and powers expressly contemplated hereby or by the other Loan Documents that the Administrative Agent is required to exercise as directed in writing by the Required Lenders (or such other number or percentage of the Lenders as shall be expressly provided for herein or in the other Loan Documents), provided that the Administrative Agent shall not be required to take any action that, in its opinion or the opinion of its counsel, may expose the Administrative Agent to liability or that is contrary to any Loan Document or applicable law; and

(c) shall not, except as expressly set forth herein and in the other Loan Documents, have any duty to disclose, and shall not be liable for the failure to disclose, any information relating to the Borrower or any of its Affiliates that is communicated to or obtained by the Person serving as the Administrative Agent or any of its Affiliates in any capacity.

The Administrative Agent shall not be liable for any action taken or not taken by it (i) with the consent or at the request of the Required Lenders (or such other number or percentage of the Lenders as shall be necessary, or as the Administrative Agent shall believe in good faith shall be necessary, under the circumstances as provided in Sections 8.1 and 8.2) or (ii) in the absence of its own gross negligence or willful misconduct. The Administrative Agent shall be deemed not to have knowledge of any Default or Unmatured Default unless and until notice describing such Default or Unmatured Default is given to the Administrative Agent by the Borrower, a Lender or an Issuer.

The Administrative Agent shall not be responsible for or have any duty to ascertain or inquire into (i) any statement, warranty or representation made in or in connection with this Agreement or any other Loan Document, (ii) the contents of any certificate, report or other document delivered hereunder or thereunder or in connection herewith or therewith, (iii) the performance or observance of any of the covenants, agreements or other terms or conditions set forth herein or therein or the occurrence of any Default or Unmatured Default, (iv) the validity, enforceability, effectiveness or genuineness of this Agreement, any other Loan Document or any other agreement, instrument or document or (v) the satisfaction of any condition set forth in Article IV or elsewhere herein, other than to confirm receipt of items expressly required to be delivered to the Administrative Agent.

10.4 Reliance by Administrative Agent.

The Administrative Agent shall be entitled to rely upon, and shall not incur any liability for relying upon, any notice, request, certificate, consent, statement, instrument, document or other writing (including any electronic message, Internet or intranet website posting or other distribution) believed by it to be genuine and to have been signed, sent or otherwise authenticated by the proper Person. The Administrative Agent also may rely upon any statement made to it orally or by telephone and believed by it to have been made by the proper Person, and shall not incur any liability for relying thereon. In determining compliance with any condition hereunder to the making of a Loan, or the issuance of a Letter of Credit, that by its terms must be fulfilled to the satisfaction of a Lender or an Issuer, the Administrative Agent may presume that such condition is satisfactory to such Lender or such Issuer unless the Administrative

Agent shall have received notice to the contrary from such Lender or such Issuer prior to the making of such Loan or the issuance of such Letter of Credit. The Administrative Agent may consult with legal counsel (who may be counsel for the Borrower), independent accountants and other experts selected by it, and shall not be liable for any action taken or not taken by it in accordance with the advice of any such counsel, accountants or experts.

10.5 Delegation of Duties.

The Administrative Agent may perform any and all of its duties and exercise its rights and powers hereunder or under any other Loan Document by or through any one or more sub-agents appointed by the Administrative Agent. The Administrative Agent and any such sub-agent may perform any and all of its duties and exercise its rights and powers by or through their respective Related Parties. The exculpatory provisions of this Article shall apply to any such sub-agent and to the Related Parties of the Administrative Agent and any such sub-agent, and shall apply to their respective activities in connection with the syndication of the credit facilities provided for herein as well as activities as Administrative Agent.

10.6 Resignation of Administrative Agent.

The Administrative Agent may at any time give notice of its resignation to the Lenders, the Issuers and the Borrower. Upon receipt of any such notice of resignation, the Required Lenders shall have the right, in consultation with the Borrower, to appoint a successor, which shall be a bank with an office in the United States, or an Affiliate of any such bank with an office in the United States. If no such successor shall have been so appointed by the Required Lenders and shall have accepted such appointment within 30 days after the retiring Administrative Agent gives notice of its resignation, then the retiring Administrative Agent may on behalf of the Lenders and the Issuers, appoint a successor Administrative Agent meeting the qualifications set forth above; provided that if the Administrative Agent shall notify the Borrower and the Lenders that no qualifying Person has accepted such appointment, then such resignation shall nonetheless become effective in accordance with such notice and (1) the retiring Administrative Agent shall be discharged from its duties and obligations hereunder and under the other Loan Documents and (2) all payments, communications and determinations provided to be made by, to or through the Administrative Agent shall instead be made by or to each Lender and each Issuer directly, until such time as the Required Lenders appoint a successor Administrative Agent as provided for

above in this Section. Upon the acceptance of a successor's appointment as Administrative Agent hereunder, such successor shall succeed to and become vested with all of the rights, powers, privileges and duties of the retiring (or retired) Administrative Agent, and the retiring Administrative Agent shall be discharged from all of its duties and obligations hereunder or under the other Loan Documents (if not already discharged therefrom as provided above in this Section). The fees payable by the Borrower to a successor Administrative Agent shall be the same as those payable to its predecessor unless otherwise agreed between the Borrower and such successor. After the retiring Administrative Agent's resignation hereunder and under the other Loan Documents, the provisions of this Article and Section 9.6 shall continue in effect for the benefit of such retiring Administrative Agent, its sub-agents and their respective Related Parties in respect of any actions taken or omitted to be taken by any of them while the retiring Administrative Agent was acting as Administrative Agent.

Any resignation by Bank of America as Administrative Agent pursuant to this Section shall also constitute its resignation as an Issuer. Upon the acceptance of a successor's appointment as Administrative Agent hereunder, (a) such successor shall succeed to and become vested with all of the rights, powers, privileges and duties of the retiring Issuer, (b) the retiring Issuer shall be discharged from all of its duties and obligations hereunder or under the other Loan Documents, and (c) the successor Issuer shall issue letters of credit in substitution for the Letters of Credit, if any, outstanding at the time of such succession or make other arrangements satisfactory to the retiring Issuer to effectively assume the obligations of the retiring Issuer with respect to such Letters of Credit.

10.7 Non-Reliance on Administrative Agent and Other Lenders.

Each Lender and each Issuer acknowledges that it has, independently and without reliance upon the Administrative Agent or any other Lender or any of their Related Parties and based on such documents and information as it has deemed appropriate, made its own credit analysis and decision to enter into this Agreement. Each Lender and each Issuer also acknowledges that it will, independently and without reliance upon the Administrative Agent or any other Lender or any of their Related Parties and based on such documents and information as it shall from time to time deem appropriate, continue to make its own decisions in taking or not taking action under or based upon this Agreement, any other Loan Document or any related agreement or any document furnished hereunder or thereunder.

10.8 No Other Duties, Etc.

Anything herein to the contrary notwithstanding, none of the Bookrunners or Arrangers listed on the cover page hereof shall have any powers, duties or responsibilities under this Agreement or any of the other Loan Documents, except in its capacity, as applicable, as the Administrative Agent, a Lender or an Issuer hereunder.

10.9 Administrative Agent May File Proofs of Claim.

In case of the pendency of any receivership, insolvency, liquidation, bankruptcy, reorganization, arrangement, adjustment, composition or other judicial proceeding relative to the Borrower, the Administrative Agent (irrespective of whether the principal of any Loan or L/C

Obligation shall then be due and payable as herein expressed or by declaration or otherwise and irrespective of whether the Administrative Agent shall have made any demand on any Borrower) shall be entitled and empowered, by intervention in such proceeding or otherwise

(a) to file and prove a claim for the whole amount of the principal and interest owing and unpaid in respect of the Loans, Letter of Credit Obligations and all other Obligations that are owing and unpaid and to file such other documents as may be necessary or advisable in order to have the claims of the Lenders, the Issuers and the Administrative Agent (including any claim for the reasonable compensation, expenses, disbursements and advances of the Lenders, the Issuers and the Administrative Agent and their respective agents and counsel and all other amounts due the Lenders, the Issuers and the Administrative Agent under Sections 2.5, 2.19(d), and 9.6) allowed in such judicial proceeding; and

(b) to collect and receive any monies or other property payable or deliverable on any such claims and to distribute the same;

and any custodian, receiver, assignee, trustee, liquidator, sequestrator or other similar official in any such judicial proceeding is hereby authorized by each Lender and each Issuer to make such payments to the Administrative Agent and, in the event that the Administrative Agent shall consent to the making of such payments directly to the Lenders and the Issuers, to pay to the Administrative Agent any amount due for the reasonable compensation, expenses, disbursements and advances of the Administrative Agent and its agents and counsel, and any other amounts due the Administrative Agent under Sections 2.5 and 9.6.

Nothing contained herein shall be deemed to authorize the Administrative Agent to authorize or consent to or accept or adopt on behalf of any Lender or any Issuer any plan of reorganization, arrangement, adjustment or composition affecting the Obligations or the rights of any Lender or to authorize the Administrative Agent to vote in respect of the claim of any Lender in any such proceeding.

ARTICLE XI

SETOFF; RATABLE PAYMENTS

11.1 Setoff.

In addition to, and without limitation of, any rights of the Lenders under applicable law, if the Borrower becomes insolvent, however evidenced, or any Default occurs, any and all deposits (including all account balances, whether provisional or final and whether or not collected or available) and any other Indebtedness at any time held or owing by any Lender or any Affiliate of any Lender to or for the credit or account of the Borrower may be offset and applied toward the payment of the Obligations owing to such Lender, whether or not the Obligations, or any part hereof, shall then be due.

11.2 Ratable Payments.

If any Lender, whether by setoff or otherwise, has payment made to it upon its Outstanding Credit Exposure (other than payments received pursuant to Section 3.1, 3.2, 3.4 or 3.5 and payments made to any Issuer in respect of Reimbursement Obligations so long as the Lenders have not funded their participations therein) in a greater proportion than that received by any other Lender, such Lender agrees, promptly upon demand, to purchase a portion of the Aggregate Outstanding Credit Exposure held by the other Lenders so that after such purchase each Lender will hold its Pro Rata Share of the Aggregate Outstanding Credit Exposure. If any Lender, whether in connection with setoff or amounts which might be subject to setoff or otherwise, receives collateral or other protection for its Obligations or such amounts which may be subject to setoff, such Lender agrees, promptly upon demand, to take such action necessary such that all Lenders share in the benefits of such collateral ratably in accordance with their respective Pro Rata Shares. In case any such payment is disturbed by legal process, or otherwise, appropriate further adjustments shall be made.

ARTICLE XII

BENEFIT OF AGREEMENT; ASSIGNMENTS; PARTICIPATIONS

12.1 Successors and Assigns.

(a) The provisions of this Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns permitted hereby, except that the Borrower may not assign or otherwise transfer any of its rights or obligations hereunder without the prior written consent of the Administrative Agent and each Lender and no Lender may assign or otherwise transfer any of its rights or obligations hereunder except (i) to an Eligible Assignee in accordance with the provisions of subsection (b) of this Section, (ii) by way of participation in accordance with the provisions of subsection (d) of this Section, or (iii) by way of pledge or assignment of a security interest subject to the restrictions of subsection (d) of this Section (and any other attempted assignment or transfer by any party hereto shall be null and void). Nothing in this Agreement, expressed or implied, shall be construed to confer upon any Person (other than the parties hereto, their respective successors and assigns permitted hereby, Participants to the extent provided in subsection (d) of this Section and, to the extent expressly contemplated hereby, the Related Parties of each of the Administrative Agent, the Issuers and the Lenders) any legal or equitable right, remedy or claim under or by reason of this Agreement.

(b) Any Lender may at any time assign to one or more Eligible Assignees all or a portion of its rights and obligations under this Agreement (including all or a portion of its Commitment and the Loans (including for purposes of this subsection (b) participations in Letter of Credit Obligations) at the time owing to it); provided that

(i) except in the case of an assignment of the entire remaining amount of the assigning Lender's Commitment and the Loans at the time owing to it or in the case of an assignment to a Lender or an Affiliate of a Lender or an Approved Fund with respect to a Lender, the aggregate amount of the Commitment (which for this purpose includes Loans

outstanding thereunder) or, if the Commitment is not then in effect, the principal outstanding balance of the Loans of the assigning Lender subject to each such assignment, determined as of the date the Assignment Agreement with respect to such assignment is delivered to the Administrative Agent or, if "Trade Date" is specified in the Assignment Agreement, as of the Trade Date, shall not be less than $5,000,000 unless each of the Administrative Agent and, so long as no Default has occurred and is continuing, the Borrower otherwise consents (each such consent not to be unreasonably withheld or delayed); provided, however, that concurrent assignments to members of an Assignee Group and concurrent assignments from members of an Assignee Group to a single Eligible Assignee (or to an Eligible Assignee and members of its Assignee Group) will be treated as a single assignment for purposes of determining whether such minimum amount has been met;

(ii) each partial assignment shall be made as an assignment of a proportionate part of all the assigning Lender's rights and obligations under this Agreement with respect to the Loans or the Commitment assigned;

(iii) any assignment of a Commitment must be approved by the Administrative Agent and the Issuers unless the Person that is the proposed assignee is itself a Lender (whether or not the proposed assignee would otherwise qualify as an Eligible Assignee);

(iv) such Lender shall at the same time enter into an Assignment Agreement (as defined in the Great Plains Credit Agreement) with the same Eligible Assignee(s) in an amount representing an equal proportion of such Lender's Commitment (as defined in the Great Plains Credit Agreement) under the Great Plains Credit Agreement; and

(v) the parties to each assignment shall execute and deliver to the Administrative Agent an Assignment Agreement, together with a processing and recordation fee in the amount, if any, required as set forth in Schedule III, and the Eligible Assignee, if it shall not be a Lender, shall deliver to the Administrative Agent an Administrative Questionnaire.

Subject to acceptance and recording thereof by the Administrative Agent pursuant to subsection (c) of this Section, from and after the effective date specified in each Assignment Agreement, the Eligible Assignee thereunder shall be a party to this Agreement and, to the extent of the interest assigned by such Assignment Agreement, have the rights and obligations of a Lender under this Agreement, and the assigning Lender thereunder shall, to the extent of the interest assigned by such Assignment Agreement, be released from its obligations under this Agreement (and, in the case of an Assignment Agreement covering all of the assigning Lender's rights and obligations under this Agreement, such Lender shall cease to be a party hereto) but shall continue to be entitled to the benefits of Sections 3.1, 3.4, 3.5, and 9.6 with respect to facts and circumstances occurring prior to the effective date of such assignment. Upon request, the Borrower (at its expense) shall execute and deliver a Note to the assignee Lender. Any assignment or transfer by a Lender of rights or obligations under this Agreement that does not comply with this subsection shall be treated for purposes of this Agreement as a sale by such

Lender of a participation in such rights and obligations in accordance with subsection (d) of this Section.

(c) The Administrative Agent, acting solely for this purpose as an agent of the Borrower, shall maintain at the Administrative Agent's Office a copy of each Assignment Agreement delivered to it and a register for the recordation of the names and addresses of the Lenders, and the Commitments of, and principal amounts of the Loans and Letter of Credit Obligations owing to, each Lender pursuant to the terms hereof from time to time (the "Register"). The entries in the Register shall be conclusive, and the Borrower, the Administrative Agent and the Lenders may treat each Person whose name is recorded in the Register pursuant to the terms hereof as a Lender hereunder for all purposes of this Agreement, notwithstanding notice to the contrary. The Register shall be available for inspection by each of the Borrower and the Issuers at any reasonable time and from time to time upon reasonable prior notice. In addition, at any time that a request for a consent for a material or substantive change to the Loan Documents is pending, any Lender may request and receive from the Administrative Agent a copy of the Register.

(d) Any Lender may at any time, without the consent of, or notice to, the Borrower or the Administrative Agent, sell participations to any Person (other than a natural person or the Borrower or any of the Borrower's Affiliates or Subsidiaries) (each, a "Participant") in all or a portion of such Lender's rights and/or obligations under this Agreement (including all or a portion of its Commitment and/or the Loans (including such Lender's participations in Letter of Credit Obligations) owing to it); provided that (i) such Lender's obligations under this Agreement shall remain unchanged, (ii) such Lender shall remain solely responsible to the other parties hereto for the performance of such obligations and (iii) the Borrower, the Administrative Agent, the Lenders and the Issuers shall continue to deal solely and directly with such Lender in connection with such Lender's rights and obligations under this Agreement.

Any agreement or instrument pursuant to which a Lender sells such a participation shall provide that such Lender shall retain the sole right to enforce this Agreement and to approve any amendment, modification or waiver of any provision of this Agreement; provided that such agreement or instrument may provide that such Lender will not, without the consent of the Participant, agree to any amendment, waiver or other modification described in the proviso to Section 8.2 that affects such Participant. Subject to subsection (e) of this Section, the Borrower agrees that each Participant shall be entitled to the benefits of Sections 3.1, 3.4 and 3.5 to the same extent as if it were a Lender and had acquired its interest by assignment pursuant to subsection (b) of this Section. To the extent permitted by law, each Participant also shall be entitled to the benefits of Section 11.1 as though it were a Lender, provided such Participant agrees to be subject to Section 11.2 as though it were a Lender.

(e) A Participant shall not be entitled to receive any greater payment under Section 3.1 or 3.5 than the applicable Lender would have been entitled to receive with respect to the participation sold to such Participant, unless the sale of the participation to such Participant is made with the Borrower's prior written consent. A Participant that would be a Foreign Lender if it were a Lender shall not be entitled to the benefits of Section 3.5 unless the Borrower is notified

of the participation sold to such Participant and such Participant agrees, for the benefit of the Borrower, to comply with Section 3.5(iv) as though it were a Lender.

(f) Any Lender may at any time pledge or assign a security interest in all or any portion of its rights under this Agreement (including under its Note, if any) to secure obligations of such Lender, including any pledge or assignment to secure obligations to a Federal Reserve Bank; provided that no such pledge or assignment shall release such Lender from any of its obligations hereunder or substitute any such pledgee or assignee for such Lender as a party hereto.

(g) The words "execution," "signed," "signature," and words of like import in any Assignment Agreement shall be deemed to include electronic signatures or the keeping of records in electronic form, each of which shall be of the same legal effect, validity or enforceability as a manually executed signature or the use of a paper-based recordkeeping system, as the case may be, to the extent and as provided for in any applicable law, including the Federal Electronic Signatures in Global and National Commerce Act, the New York State Electronic Signatures and Records Act, or any other similar state laws based on the Uniform Electronic Transactions Act.

(h) Notwithstanding anything to the contrary contained herein, if at any time Bank of America assigns all of its Commitment and Loans pursuant to subsection (b) above, Bank of America may, upon 30 days' notice to the Borrower and the Lenders, resign as an Issuer. In the event of any such resignation as an Issuer, the Borrower shall be entitled to appoint from among the Lenders another Issuer hereunder; provided, however, that no failure by the Borrower to appoint any such Issuer shall affect the resignation of Bank of America as an Issuer. If Bank of America resigns as an Issuer, it shall retain all the rights, powers, privileges and duties of an Issuer hereunder with respect to all Letters of Credit outstanding as of the effective date of its resignation as Issuer and all Letter of Credit Obligations with respect thereto (including the right to require the Lenders to fund risk participations pursuant to Section 2.19(e)).

12.2 Replacement of Lenders.

If (i) any Lender requests compensation under Section 3.1, (ii) the Borrower is required to pay any additional amount to any Lender or any governmental authority for the account of any Lender pursuant to Section 3.4 or (iii) any Lender is a Non-Extending Lender pursuant to Section 2.20(b), then the Borrower may, at its sole expense and effort, upon notice to such Lender and the Administrative Agent, require such Lender to assign and delegate, without recourse (in accordance with and subject to the restrictions contained in, and consents required by, Section 12.1(b)), all of its interests, rights and obligations under this Agreement and the related Loan Documents to an Eligible Assignee that shall assume such obligations (which Eligible Assignee may be another Lender, if a Lender accepts such assignment), provided that:

(a) the Borrower shall have paid to the Administrative Agent the assignment fee specified in Section 12.1(b);

(b) such Lender shall have received payment of an amount equal to the outstanding principal of its Loans and participations, accrued interest thereon, accrued fees and all other amounts payable to it hereunder and under the other Loan Documents from such Eligible Assignee (to the extent of such outstanding principal and accrued interest and fees) or the Borrower (in the case of all other amounts);

(c) in the case of any such assignment resulting from a claim for compensation under Section 3.1 or payments required to be made pursuant to Section 3.4, such assignment will result in a reduction in such compensation or payments thereafter; and

(d) such assignment does not conflict with applicable Laws.

A Lender shall not be required to make any such assignment or delegation if, prior thereto, as a result of a waiver by such Lender or otherwise, the circumstances entitling the Borrower to require such assignment and delegation cease to apply.

ARTICLE XIII

NOTICES

13.1 Notices.

Except as otherwise permitted by Section 2.14 with respect to borrowing notices, all notices, requests and other communications to any party hereunder shall be in writing (including electronic transmission, facsimile transmission or similar writing) and shall be given to such party: (i) in the case of the Borrower or the Administrative Agent, at its address or facsimile number set forth on Schedule IV, (ii) in the case of any Lender, at its address or facsimile number specified in its Administrative Questionnaire or (iii) in the case of any party, at such other address or facsimile number as such party may hereafter specify for the purpose by notice to the Administrative Agent and the Borrower in accordance with the provisions of this Section 13.1. Each such notice, request or other communication shall be effective (a) if given by facsimile transmission, when transmitted to the facsimile number specified in this Section and confirmation of receipt is received, (b) if given by mail, 72 hours after such communication is deposited in the mails with first class postage prepaid, addressed as aforesaid, or (c) if given by any other means, when delivered (or, in the case of electronic transmission, received) at the address specified in this Section; provided that notices to the Administrative Agent under Article II shall not be effective until received.

13.2 Change of Address.

The Borrower, the Administrative Agent and any Lender may each change the address for service of notice upon it by a notice in writing to the other parties hereto.

ARTICLE XIV

COUNTERPARTS

This Agreement may be executed in any number of counterparts, all of which taken together shall constitute one agreement, and any of the parties hereto may execute this Agreement by signing any such counterpart. This Agreement shall be effective when it has been executed by the Borrower, the Administrative Agent and the Lenders and each party has notified the Administrative Agent by facsimile transmission or telephone that it has taken such action.

ARTICLE XV

OTHER AGENTS

No Lender identified on the cover page, the signature pages or otherwise in this Agreement, or in any document related hereto, as being the "Syndication Agent" or a "Co-Documentation Agent" shall have any right, power, obligation, liability, responsibility or duty under this Agreement in such capacity other than those applicable to all Lenders. Each Lender acknowledges that it has not relied, and will not rely, on the Syndication Agent or any Co-Documentation Agent in deciding to enter into this Agreement or in taking or refraining from taking any action hereunder or pursuant hereto.

ARTICLE XVI

CHOICE OF LAW; CONSENT TO JURISDICTION; WAIVER OF JURY TRIAL

16.1 CHOICE OF LAW.

THIS AGREEMENT SHALL BE CONSTRUED IN ACCORDANCE WITH THE INTERNAL LAWS (AND NOT THE LAW OF CONFLICTS) OF THE STATE OF NEW YORK, BUT GIVING EFFECT TO FEDERAL LAWS APPLICABLE TO NATIONAL BANKS.

16.2 CONSENT TO JURISDICTION.

THE BORROWER HEREBY IRREVOCABLY SUBMITS TO THE NON-EXCLUSIVE JURISDICTION OF ANY UNITED STATES FEDERAL OR NEW YORK STATE COURT SITTING IN NEW YORK CITY, NEW YORK IN ANY ACTION OR PROCEEDING ARISING OUT OF OR RELATING TO THIS AGREEMENT AND THE BORROWER HEREBY IRREVOCABLY AGREES THAT ALL CLAIMS IN RESPECT OF SUCH ACTION OR PROCEEDING MAY BE HEARD AND DETERMINED IN ANY SUCH COURT AND IRREVOCABLY WAIVES ANY OBJECTION IT MAY NOW OR HEREAFTER HAVE AS TO THE VENUE OF ANY SUCH SUIT, ACTION OR PROCEEDING BROUGHT IN SUCH A COURT OR THAT SUCH COURT IS AN INCONVENIENT FORUM. NOTHING HEREIN SHALL LIMIT THE RIGHT OF THE ADMINISTRATIVE AGENT, ANY LENDER OR ANY ISSUER TO BRING PROCEEDINGS

AGAINST THE BORROWER IN THE COURTS OF ANY OTHER JURISDICTION. ANY JUDICIAL PROCEEDING BY THE BORROWER AGAINST THE ADMINISTRATIVE AGENT OR ANY LENDER OR ANY AFFILIATE OF THE ADMINISTRATIVE AGENT OR ANY LENDER INVOLVING, DIRECTLY OR INDIRECTLY, ANY MATTER IN ANY WAY ARISING OUT OF, RELATED TO, OR CONNECTED WITH THIS AGREEMENT SHALL BE BROUGHT ONLY IN A COURT IN NEW YORK CITY, NEW YORK.

16.3 WAIVER OF JURY TRIAL.

THE BORROWER, THE ADMINISTRATIVE AGENT, EACH LENDER AND EACH ISSUER HEREBY WAIVE TRIAL BY JURY IN ANY JUDICIAL PROCEEDING INVOLVING, DIRECTLY OR INDIRECTLY, ANY MATTER (WHETHER SOUNDING IN TORT, CONTRACT OR OTHERWISE) IN ANY WAY ARISING OUT OF, RELATED TO, OR CONNECTED WITH ANY LOAN DOCUMENT OR THE RELATIONSHIP ESTABLISHED THEREUNDER.

ARTICLE XVII

TERMINATION OF EXISTING CREDIT FACILITY

Lenders which are parties to the Existing Credit Facility (and which constitute "Required Lenders" under and as defined in the Existing Credit Facility) hereby waive any advance notice requirement for terminating the commitments under the Existing Credit Facility, and the Borrower and the

applicable Lenders agree that the Existing Credit Facility and the commitments thereunder shall be terminated on the date hereof (except for any provisions thereof which by their terms survive termination thereof).

IN WITNESS WHEREOF, the Borrower, the Lenders, the Issuers and the Agents have executed this Agreement as of the date first above written.

KANSAS CITY POWER & LIGHT COMPANY

By: /s/Michael W. Cline
Name: Michael W. Cline
Title: Treasurer and Chief Risk Officer

BANK OF AMERICA, N.A.,
as Administrative Agent

By: /s/Kevin Wagley
Name: Kevin Wagley
Title: Senior Vice President

BANK OF AMERICA, N.A.,
as an Issuer and as a Lender

By: /s/Kevin Wagley
Name: Kevin Wagley
Title: Senior Vice President

JPMORGAN CHASE BANK, N.A., as Syndication Agent, as an Issuer and as a Lender

By: /s/Nancy R. Barwig
Name: Nancy R. Barwig
Title: Vice President

BNP PARIBAS,
as a Lender

By: /s/Francis J. DeLaney
Name: Francis J. DeLaney
Title: Managing Director

By: /s/Andrew Platt
Name: Andrew Platt
Title: Director

THE BANK OF TOKYO-MITSUBISHI UFJ, LIMITED, CHICAGO BRANCH,
as a Lender

By: /s/Tsuguyuki Umene
Name: Tsuguyuki Umene
Title: Deputy General Manager

WACHOVIA BANK N.A.,

as a Lender

By: /s/Allison Newman
Name: Allison Newman
Title: Vice President

BANK OF NEW YORK,
as a Lender

By: /s/John-Paul Marotta
Name: John Paul Marotta
Title: Managing Director

KEYBANK NATIONAL ASSOCIATION,
as a Lender

By: /s/Keven D. Smith
Name: Keven D. Smith
Title: Senior Vice President

THE BANK OF NOVA SCOTIA,
as a Lender

By: /s/Thane Rattew
Name: Thane Rattew
Title: Managing Director

UMB BANK, N.A.,
as a Lender

By: /s/Robert P. Elbert
Name: Robert P. Elbert
Title: Senior Vice President

COMMERCE BANK, N.A.,
as a Lender

By: /s/R. David Emley, Jr.
Name: David Emley, Jr.
Title: Vice President

KANSAS CITY POWER & LIGHT COMPANY

COMPUTATION OF RATIO OF EARNINGS TO FIXED CHARGES

	Year to Date June 30 2006	2005	2004	2003	2002	2001
			(thousands)			
Income from continuing operations	$ 47,797	$ 143,657	$ 143,292	$ 125,845	$ 102,666	$ 116,065
Add						
Minority interests in subsidiaries	-	7,805	(5,087)	(1,263)	-	(897)
Equity investment income	-	-	-	-	-	(23,516)
Income subtotal	47,797	151,462	138,205	124,582	102,666	91,652
Add						
Taxes on income	22,553	48,213	52,763	83,572	62,857	31,935
Kansas City earnings tax	271	498	602	418	635	583
Total taxes on income	22,824	48,711	53,365	83,990	63,492	32,518
Interest on value of leased property	2,043	6,229	6,222	5,944	7,093	10,679
Interest on long-term debt	27,387	56,655	61,237	57,697	63,845	78,915
Interest on short-term debt	3,490	3,117	480	560	1,218	8,883
Mandatorily Redeemable Preferred Securities	-	-	-	9,338	12,450	12,450
Other interest expense and amortization	1,576	3,667	13,951	4,067	3,772	5,188
Total fixed charges	34,496	69,668	81,890	77,606	88,378	116,115
Earnings before taxes on income and fixed charges	$ 105,117	$ 269,841	$ 273,460	$ 286,178	$ 254,536	$ 240,285
Ratio of earnings to fixed charges	3.05	3.87	3.34	3.69	2.88	2.07

CERTIFICATIONS

I, William H. Downey, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Kansas City Power & Light Company;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report:

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 4, 2006

/s/ William H. Downey

William H. Downey
President and Chief Executive Officer

Exhibit 31.2.b

CERTIFICATIONS

I, Terry Bassham, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Kansas City Power & Light Company;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report:

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 4, 2006

/s/ Terry Bassham

Terry Bassham
Chief Financial Officer

Certification of CEO and CFO Pursuant to
18 U.S.C. Section 1350,
as Adopted Pursuant to
Section 906 of the Sarbanes-Oxley Act of 2002

In connection with the Quarterly Report on Form 10-Q of Kansas City Power & Light Company (the "Company") for the quarterly period ended June 30, 2006 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), William H. Downey, as President and Chief Executive Officer of the Company, and Terry Bassham, as Chief Financial Officer of the Company, each hereby certifies, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to the best of his knowledge:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ William H. Downey

Name: William H. Downey
Title: President and Chief Executive Officer
Date: August 4, 2006

/s/ Terry Bassham

Name: Terry Bassham
Title: Chief Financial Officer
Date: August 4, 2006

This certification is being furnished solely pursuant to 18 U.S.C. Section 1350 and is not being filed as part of the Report or as a separate disclosure document. This certification shall not be deemed “filed” for purposes of Section 18 of the Securities Exchange Act of 1934 or otherwise subject to liability under that section. This certification shall not be deemed to be incorporated by reference into any filing under the Securities Act of 1933 or the Securities Exchange Act of 1934 except to the extent this Exhibit 32.2 is expressly and specifically incorporated by reference in any such filing.

A signed original of this written statement required by Section 906, or other document authenticating, acknowledging, or otherwise adopting the signature that appears in typed form within the electronic version of this written statement required by Section 906, has been provided to Kansas City Power & Light Company and will be retained by Kansas City Power & Light Company and furnished to the Securities and Exchange Commission or its staff upon request.