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 **September 30, 2007**

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 __ No X 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 October 31, 2007, Great Plains Energy Incorporated had 86,168,953 shares of common stock outstanding.
On October 31, 2007, Kansas City Power & Light Company had one share of common stock outstanding, which was held by Great Plains Energy Incorporated.

This combined Quarterly Report on Form 10-Q is being filed by Great Plains Energy Incorporated (Great Plains Energy) and Kansas City Power & Light Company (KCP&L). KCP&L is a wholly owned subsidiary of Great Plains Energy and represents a significant portion of its assets, liabilities, revenues, expenses and operations. Thus, all information contained in this report relates to, and is filed by, Great Plains Energy. Information that is specifically identified in this report as relating solely to Great Plains Energy, such as its financial statements and all information relating to Great Plains Energy's other operations, businesses and subsidiaries, including Strategic Energy, L.L.C. (Strategic Energy), does not relate to, and is not filed by, KCP&L. KCP&L makes no representation as to that information. Neither Great Plains Energy nor Strategic Energy have any obligation in respect of KCP&L's debt securities and holders of such securities should not consider Great Plains Energy's or Strategic Energy's financial resources or results of operations in making a decision with respect to KCP&L's debt securities. Similarly, KCP&L has no obligation in respect of debt securities of Great Plains Energy and of Strategic Energy.

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 2006 Form 10-K for each of Great Plains Energy and KCP&L.

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, Great Plains Energy and KCP&L; 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; 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; the ability to successfully complete merger, acquisition or divestiture plans (including the acquisition of Aquila, Inc., and Aquila's sale of assets to Black Hills Corporation) 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 together with the risk factors included in the 2006 Form 10-K for each of Great Plains Energy and KCP&L under Part I Item 1A, 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. Great Plains Energy and KCP&L undertake no obligation to publicly update or revise any forward-looking statement, whether as a result of new information, future events or otherwise.

GLOSSARY OF TERMS

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

Abbreviation or Acronym	Definition
Aquila	Aquila, Inc.
ARO	Asset Retirement Obligation
BART	Best available retrofit technology
Black Hills	Black Hills Corporation
CAIR	Clean Air Interstate Rule
CAMR	Clean Air Mercury Rule
Clean Air Act	Clean Air Act Amendments of 1990
CO_2	Carbon Dioxide
Collaboration Agreement	Agreement among KCP&L, the Sierra Club and the Concerned Citizens of Platte County
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
EBITDA	Earnings before interest, income taxes, depreciation and amortization
ECA	Energy Cost Adjustment
EEI	Edison Electric Institute
EIRR	Environmental Improvement Revenue Refunding
EPA	Environmental Protection Agency
EPS	Earnings per common share
ERISA	Employee Retirement Income Security Act of 1974
FASB	Financial Accounting Standards Board
FELINE PRIDES[SM]	Flexible Equity Linked Preferred Increased Dividend Equity Securities, a service mark of Merrill Lynch & Co., Inc.
FERC	The Federal Energy Regulatory Commission
FGIC	Financial Guaranty Insurance Company
FIN	Financial Accounting Standards Board Interpretation
FSS	Forward Starting Swaps
GAAP	Generally Accepted Accounting Principles
GPP	Great Plains Power Incorporated
Great Plains Energy	Great Plains Energy Incorporated and its subsidiaries
Holdings	DTI Holdings, Inc.
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

Abbreviation or Acronym	Definition
KDHE	Kansas Department of Health and Environment
KLT Gas	KLT Gas Inc., a wholly owned susidiary 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 KLY Inc,
KLT Telecom	KLT Telecom Inc., a wholly owned subsidiary of KLT Inc.
KW	Kilowatt
kWh	Kilowatt hour
MAC	Material Adverse Change
Market Street	Market Street Funding LLC
MD&A	Management's Discussion and Analysis of Financial Condition and Results of Operations
MDNR	Missouri Department of Natural Resources
MISO	Midwest Independent Transmission System Operator, Inc.
MPSC	Public Service Commission of the State of Missouri
MW	Megawatt
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, LLC
PRB	Powder River Basin
PURPA	Public Utility Regulatory Policy Act
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
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
Strategic Receivables	Strategic Receivables, LLC
T - Lock	Treasury Locks
Union Pacific	Union Pacific Railroad Company
WCNOC	Wolf Creek Nuclear Operating Corporation
Wolf Creek	Wolf Creek Generating Station

GREAT PLAINS ENERGY
Consolidated Balance Sheets
(Unaudited)

	September 30 2007	December 31 2006
ASSETS	(thousands)	
Current Assets		
Cash and cash equivalents	**$ 34,959**	$ 61,823
Restricted cash	**147,041**	-
Receivables, net	**475,716**	339,399
Fuel inventories, at average cost	**35,397**	27,811
Materials and supplies, at average cost	**63,347**	59,829
Deferred refueling outage costs	**8,147**	13,921
Refundable income taxes	**-**	9,832
Deferred income taxes	**33,103**	39,566
Derivative instruments	**4,727**	6,884
Other	**10,468**	11,717
Total	**812,905**	570,782
Nonutility Property and Investments		
Affordable housing limited partnerships	**19,392**	23,078
Nuclear decommissioning trust fund	**110,668**	104,066
Other	**15,179**	15,663
Total	**145,239**	142,807
Utility Plant, at Original Cost		
Electric	**5,419,610**	5,268,485
Less-accumulated depreciation	**2,554,815**	2,456,199
Net utility plant in service	**2,864,795**	2,812,286
Construction work in progress	**388,010**	214,493
Nuclear fuel, net of amortization of $115,991 and $103,381	**64,380**	39,422
Total	**3,317,185**	3,066,201
Deferred Charges and Other Assets		
Regulatory assets	**421,718**	434,392
Goodwill	**88,139**	88,139
Derivative instruments	**4,378**	3,544
Other	**45,857**	29,795
Total	**560,092**	555,870
Total	**$ 4,835,421**	$ 4,335,660

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

GREAT PLAINS ENERGY
Consolidated Balance Sheets
(Unaudited)

	September 30 2007	December 31 2006
LIABILITIES AND CAPITALIZATION	(thousands)	
Current Liabilities		
Notes payable	**$ 86,000**	$ -
Commercial paper	**208,647**	156,400
Current maturities of long-term debt	**534**	389,634
EIRR bonds classified as current	**146,500**	144,742
Accounts payable	**369,531**	322,724
Accrued taxes	**58,868**	24,106
Accrued interest	**24,447**	14,082
Accrued compensation and benefits	**23,024**	33,266
Pension and post-retirement liability	**1,037**	1,037
Derivative instruments	**81,575**	91,482
Other	**20,514**	25,520
Total	**1,020,677**	1,202,993
Deferred Credits and Other Liabilities		
Deferred income taxes	**625,332**	622,847
Deferred investment tax credits	**27,395**	28,458
Asset retirement obligations	**94,147**	91,824
Pension and post-retirement liability	**188,054**	176,189
Regulatory liabilities	**119,854**	114,674
Derivative instruments	**14,812**	61,146
Other	**72,809**	49,103
Total	**1,142,403**	1,144,241
Capitalization		
Common shareholders' equity		
Common stock-150,000,000 shares authorized without par value		
86,243,732 and 80,405,035 shares issued, stated value	**1,061,026**	896,817
Retained earnings	**494,876**	493,399
Treasury stock-77,465 and 53,499 shares, at cost	**(2,375)**	(1,614)
Accumulated other comprehensive loss	**(23,351)**	(46,686)
Total	**1,530,176**	1,341,916
Cumulative preferred stock $100 par value		
3.80% - 100,000 shares issued	**10,000**	10,000
4.50% - 100,000 shares issued	**10,000**	10,000
4.20% - 70,000 shares issued	**7,000**	7,000
4.35% - 120,000 shares issued	**12,000**	12,000
Total	**39,000**	39,000
Long-term debt (Note 8)	**1,103,165**	607,510
Total	**2,672,341**	1,988,426
Commitments and Contingencies (Note 14)		
Total	**$ 4,835,421**	$ 4,335,660

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 September 30		Year to Date September 30	
		As Adjusted*		As Adjusted*
	2007	2006	**2007**	2006
Operating Revenues	(thousands, except per share amounts)			
Electric revenues - KCP&L	**$ 416,049**	$ 359,270	**$ 990,844**	$ 890,551
Electric revenues - Strategic Energy	**575,679**	458,538	**1,468,666**	1,127,056
Other revenues	**223**	730	**1,345**	2,220
Total	**991,951**	818,538	**2,460,855**	2,019,827
Operating Expenses				
Fuel	**75,624**	76,254	**186,240**	178,051
Purchased power - KCP&L	**41,254**	5,157	**80,360**	18,844
Purchased power - Strategic Energy	**565,467**	462,299	**1,386,816**	1,117,404
Skill set realignment costs	**-**	1,389	**-**	15,905
Operating expenses - KCP&L	**75,710**	69,316	**223,371**	196,556
Selling, general and administrative - non-regulated	**21,464**	18,819	**64,142**	47,338
Maintenance	**19,632**	19,395	**72,611**	65,902
Depreciation and amortization	**46,247**	40,422	**137,108**	118,618
General taxes	**33,554**	31,826	**88,335**	87,234
(Gain) loss on property	**-**	28	**11**	(569)
Other	**-**	12	**156**	22
Total	**878,952**	724,917	**2,239,150**	1,845,305
Operating income	**112,999**	93,621	**221,705**	174,522
Non-operating income	**2,310**	9,852	**9,183**	16,741
Non-operating expenses	**(1,101)**	(2,141)	**(4,750)**	(5,593)
Interest charges	**(28,217)**	(17,974)	**(67,830)**	(53,113)
Income before income taxes and loss from equity investments	**85,991**	83,358	**158,308**	132,557
Income taxes	**(23,392)**	(26,952)	**(46,020)**	(38,243)
Loss from equity investments, net of income taxes	**(410)**	(468)	**(1,139)**	(1,047)
Net income	**62,189**	55,938	**111,149**	93,267
Preferred stock dividend requirements	**411**	411	**1,234**	1,234
Earnings available for common shareholders	**$ 61,778**	$ 55,527	**$ 109,915**	$ 92,033
Average number of common shares outstanding	**85,649**	80,081	**84,683**	77,266
Average number of diluted common shares outstanding	**85,741**	80,342	**85,006**	77,364
Basic earnings per common share	**$ 0.72**	$ 0.69	**$ 1.30**	$ 1.19
Diluted earnings per common share	**$ 0.72**	$ 0.69	**$ 1.29**	$ 1.19
Cash dividends per common share	**$ 0.415**	$ 0.415	**$ 1.245**	$ 1.245

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

*See Note 5 for additional information regarding deferred refueling outage costs.
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GREAT PLAINS ENERGY
Consolidated Statements of Cash Flows
(Unaudited)

Year to Date September 30	**2007**	As Adjusted* 2006
Cash Flows from Operating Activities	(thousands)	
Net income	**$ 111,149**	$ 93,267
Adjustments to reconcile income to net cash from operating activities:		
Depreciation and amortization	**137,108**	118,618
Amortization of:		
Nuclear fuel	**12,610**	11,789
Other	**6,032**	6,965
Deferred income taxes, net	**21,003**	(31,371)
Investment tax credit amortization	**(1,063)**	(2,285)
Loss from equity investments, net of income taxes	**1,139**	1,047
Gain (loss) on property	**11**	(569)
Fair value impacts from energy contracts	**(20,540)**	64,507
Other operating activities (Note 3)	**(48,799)**	(22,975)
Net cash from operating activities	**218,650**	238,993
Cash Flows from Investing Activities		
Utility capital expenditures	**(359,657)**	(371,056)
Allowance for borrowed funds used during construction	**(10,575)**	(4,060)
Purchases of investments and nonutility property	**(3,725)**	(4,218)
Proceeds from sale of assets and investments	**73**	319
Change in restricted cash	**(146,500)**	-
Purchases of nuclear decommissioning trust investments	**(47,149)**	(37,333)
Proceeds from nuclear decommissioning trust investments	**44,387**	34,596
Hawthorn No. 5 partial litigation recoveries	**-**	15,829
Other investing activities	**(11,558)**	(852)
Net cash from investing activities	**(534,704)**	(366,775)
Cash Flows from Financing Activities		
Issuance of common stock	**8,127**	151,624
Issuance of long-term debt	**495,564**	-
Issuance fees	**(4,497)**	(6,144)
Repayment of long-term debt	**(225,500)**	(872)
Net change in short-term borrowings	**138,247**	42,700
Dividends paid	**(108,332)**	(98,913)
Equity forward settlement	**(12,322)**	-
Other financing activities	**(2,097)**	(4,422)
Net cash from financing activities	**289,190**	83,973
Net Change in Cash and Cash Equivalents	**(26,864)**	(43,809)
Cash and Cash Equivalents at Beginning of Year	**61,823**	103,068
Cash and Cash Equivalents at End of Period	**$ 34,959**	$ 59,259

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

* See Note 5 for additional information regarding deferred refueling outage costs.

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

Year to Date September 30	**2007**		As Adjusted* 2006	
	Shares	**Amount**	Shares	Amount
Common Stock		(thousands, except share amounts)		
Beginning balance	**80,405,035**	**$ 896,817**	74,783,824	$ 744,457
Issuance of common stock	**5,490,170**	**171,721**	5,510,769	151,624
Issuance of restricted common stock	**348,527**	**11,127**	46,826	1,320
Common stock issuance fees		**-**		(5,194)
Equity compensation expense		**1,319**		1,929
Equity forward settlement		**(12,322)**		-
Unearned Compensation				
Issuance of restricted common stock		**(11,127)**		(1,355)
Forfeiture of restricted common stock		**183**		56
Compensation expense recognized		**3,302**		982
Other		**6**		31
Ending balance	**86,243,732**	**1,061,026**	80,341,419	893,850
Retained Earnings				
Beginning balance		**493,399**		498,632
Cumulative effect of a change in accounting principle (Note 12)		**(931)**		-
Net income		**111,149**		93,267
Dividends:				
Common stock		**(107,097)**		(97,631)
Preferred stock - at required rates		**(1,234)**		(1,234)
Performance shares		**(410)**		(207)
Ending balance		**494,876**		492,827
Treasury Stock				
Beginning balance	**(53,499)**	**(1,614)**	(43,376)	(1,304)
Treasury shares acquired	**(23,966)**	**(761)**	(3,519)	(99)
Treasury shares reissued	**-**	**-**	1,215	36
Ending balance	**(77,465)**	**(2,375)**	(45,680)	(1,367)
Accumulated Other Comprehensive Income (Loss)				
Beginning balance		**(46,686)**		(7,727)
Derivative hedging activity, net of tax		**23,253**		(72,136)
Unrecognized pension expense, net of tax		**82**		-
Ending balance		**(23,351)**		(79,863)
Total Common Shareholders' Equity		**$ 1,530,176**		$ 1,305,447

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

*See Note 5 for additional information regarding deferred refueling outage costs.

GREAT PLAINS ENERGY
Consolidated Statements of Comprehensive Income
(Unaudited)

	Three Months Ended September 30		Year to Date September 30	
	2007	As Adjusted* 2006	**2007**	As Adjusted* 2006
		(thousands)		
Net income	**$ 62,189**	$ 55,938	**$ 111,149**	$ 93,267
Other comprehensive income (loss)				
Loss on derivative hedging instruments	**(72,284)**	(75,050)	**(23,741)**	(152,214)
Income taxes	**29,121**	30,631	**9,188**	62,966
Net loss on derivative hedging instruments	**(43,163)**	(44,419)	**(14,553)**	(89,248)
Reclassification to expenses, net of tax	**15,324**	7,576	**37,806**	17,112
Derivative hedging activity, net of tax	**(27,839)**	(36,843)	**23,253**	(72,136)
Change in unrecognized pension expense	**147**	-	**(9)**	-
Income taxes	**(59)**	-	**91**	-
Net change in unrecognized pension expense	**88**	-	**82**	-
Comprehensive income	**$ 34,438**	$ 19,095	**$ 134,484**	$ 21,131

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

*See Note 5 for additional information regarding deferred refueling outage costs.

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

	September 30 2007	December 31 2006
ASSETS	(thousands)	
Current Assets		
Cash and cash equivalents	**$ 653**	$ 1,788
Restricted cash	**146,500**	-
Receivables, net	**177,534**	114,294
Fuel inventories, at average cost	**35,397**	27,811
Materials and supplies, at average cost	**63,347**	59,829
Deferred refueling outage costs	**8,147**	13,921
Refundable income taxes	**-**	7,229
Deferred income taxes	**5,950**	52
Prepaid expenses	**8,342**	9,673
Derivative instruments	**663**	179
Total	**446,533**	234,776
Nonutility Property and Investments		
Nuclear decommissioning trust fund	**110,668**	104,066
Other	**6,464**	6,480
Total	**117,132**	110,546
Utility Plant, at Original Cost		
Electric	**5,419,610**	5,268,485
Less-accumulated depreciation	**2,554,815**	2,456,199
Net utility plant in service	**2,864,795**	2,812,286
Construction work in progress	**388,010**	214,493
Nuclear fuel, net of amortization of $115,991 and $103,381	**64,380**	39,422
Total	**3,317,185**	3,066,201
Deferred Charges and Other Assets		
Regulatory assets	**421,718**	434,392
Other	**13,167**	13,584
Total	**434,885**	447,976
Total	**$ 4,315,735**	$ 3,859,499

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 Balance Sheets
(Unaudited)

	September 30 2007	December 31 2006
LIABILITIES AND CAPITALIZATION	(thousands)	
Current Liabilities		
Notes payable	**$ 50,000**	$ -
Notes payable to Great Plains Energy	**600**	550
Commercial paper	**208,647**	156,400
Current maturities of long-term debt	**-**	225,500
EIRR bonds classified as current	**146,500**	144,742
Accounts payable	**177,975**	181,805
Accrued taxes	**60,441**	18,165
Accrued interest	**19,066**	12,461
Accrued compensation and benefits	**21,974**	24,641
Pension and post-retirement liability	**841**	841
Derivative instruments	**52**	2,687
Other	**8,844**	8,469
Total	**694,940**	776,261
Deferred Credits and Other Liabilities		
Deferred income taxes	**657,522**	660,046
Deferred investment tax credits	**27,395**	28,458
Asset retirement obligations	**94,147**	91,824
Pension and post-retirement liability	**173,878**	164,189
Regulatory liabilities	**119,854**	114,674
Derivative instruments	**24**	39
Other	**54,304**	33,678
Total	**1,127,124**	1,092,908
Capitalization		
Common shareholder's equity		
Common stock-1,000 shares authorized without par value		
1 share issued, stated value	**1,115,656**	1,021,656
Retained earnings	**365,697**	354,802
Accumulated other comprehensive income	**8,960**	6,685
Total	**1,490,313**	1,383,143
Long-term debt (Note 8)	**1,003,358**	607,187
Total	**2,493,671**	1,990,330
Commitments and Contingencies (Note 14)		
Total	**$ 4,315,735**	$ 3,859,499

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 Income
(Unaudited)

	Three Months Ended September 30		Year to Date September 30	
	2007	As Adjusted* 2006	**2007**	As Adjusted* 2006
			(thousands)	
Operating Revenues				
Electric revenues	**$ 416,049**	$ 359,270	**$ 990,844**	$ 890,551
Operating Expenses				
Fuel	**75,624**	76,254	**186,240**	178,051
Purchased power	**41,254**	5,157	**80,360**	18,844
Skill set realignment costs	**-**	1,330	**-**	15,560
Operating expenses	**75,710**	69,316	**223,371**	196,556
Maintenance	**19,421**	19,394	**72,327**	65,890
Depreciation and amortization	**44,183**	38,451	**130,943**	112,797
General taxes	**32,917**	30,894	**87,265**	84,058
(Gain) loss on property	**-**	26	**11**	(572)
Other	**-**	12	**156**	22
Total	**289,109**	240,834	**780,673**	671,206
Operating income	**126,940**	118,436	**210,171**	219,345
Non-operating income	**1,263**	8,586	**5,985**	13,121
Non-operating expenses	**(1,025)**	(2,049)	**(3,371)**	(4,341)
Interest charges	**(17,099)**	(15,569)	**(52,032)**	(45,473)
Income before income taxes	**110,079**	109,404	**160,753**	182,652
Income taxes	**(33,497)**	(39,863)	**(45,680)**	(63,506)
Net income	**$ 76,582**	$ 69,541	**$ 115,073**	$ 119,146

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

*See Note 5 for additional information regarding deferred refueling outage costs.

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

Year to Date September 30	**2007**	As Adjusted* 2006
Cash Flows from Operating Activities	(thousands)	
Net income	**$ 115,073**	$ 119,146
Adjustments to reconcile income to net cash from operating activities:		
Depreciation and amortization	**130,943**	112,797
Amortization of:		
Nuclear fuel	**12,610**	11,789
Other	**3,939**	4,955
Deferred income taxes, net	**16,858**	(1,530)
Investment tax credit amortization	**(1,063)**	(2,285)
Gain (loss) on property	**11**	(572)
Other operating activities (Note 3)	**(14,631)**	6,869
Net cash from operating activities	**263,740**	251,169
Cash Flows from Investing Activities		
Utility capital expenditures	**(359,657)**	(371,056)
Allowance for borrowed funds used during construction	**(10,575)**	(4,060)
Purchases of nonutility property	**(33)**	(51)
Proceeds from sale of assets	**73**	319
Change in restricted cash	**(146,500)**	-
Purchases of nuclear decommissioning trust investments	**(47,149)**	(37,333)
Proceeds from nuclear decommissioning trust investments	**44,387**	34,596
Hawthorn No. 5 partial litigation recoveries	-	15,829
Other investing activities	**(4,728)**	(852)
Net cash from investing activities	**(524,182)**	(362,608)
Cash Flows from Financing Activities		
Issuance of long-term debt	**396,080**	-
Repayment of long-term debt	**(225,500)**	-
Net change in short-term borrowings	**102,297**	48,750
Dividends paid to Great Plains Energy	**(104,000)**	(74,001)
Equity contribution from Great Plains Energy	**94,000**	134,615
Issuance fees	**(3,570)**	(486)
Net cash from financing activities	**259,307**	108,878
Net Change in Cash and Cash Equivalents	**(1,135)**	(2,561)
Cash and Cash Equivalents at Beginning of Year	**1,788**	2,961
Cash and Cash Equivalents at End of Period	**$ 653**	$ 400

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

* See Note 5 for additional information regarding deferred refueling outage costs.

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

Year to Date September 30	**2007**		As Adjusted* 2006	
	Shares	**Amount**	Shares	Amount
		(thousands, except share amounts)		
Common Stock				
Beginning balance	**1**	**$ 1,021,656**	1	$ 887,041
Equity contribution from Great Plains Energy	**-**	**94,000**	-	134,615
Ending balance	**1**	**1,115,656**	1	1,021,656
Retained Earnings				
Beginning balance		**354,802**		294,481
Cumulative effect of a change in accounting principle (Note 12)		**(178)**		-
Net income		**115,073**		119,146
Dividends:				
Common stock held by Great Plains Energy		**(104,000)**		(74,001)
Ending balance		**365,697**		339,626
Accumulated Other Comprehensive Income (Loss)				
Beginning balance		**6,685**		(29,909)
Derivative hedging activity, net of tax		**2,275**		(693)
Ending balance		**8,960**		(30,602)
Total Common Shareholder's Equity		**$ 1,490,313**		$ 1,330,680

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

*See Note 5 for additional information regarding deferred refueling outage costs.

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

	Three Months Ended September 30		Year to Date September 30	
	2007	As Adjusted* 2006	**2007**	As Adjusted* 2006
			(thousands)	
Net income	**$ 76,582**	$ 69,541	**$ 115,073**	$ 119,146
Other comprehensive income				
Gain (loss) on derivative hedging instruments	**334**	(6,105)	**4,076**	(812)
Income taxes	**(125)**	2,295	**(1,532)**	305
Net gain (loss) on derivative hedging instruments	**209**	(3,810)	**2,544**	(507)
Reclassification to expenses, net of tax	**(128)**	(61)	**(269)**	(186)
Derivative hedging activity, net of tax	**81**	(3,871)	**2,275**	(693)
Comprehensive income	**$ 76,663**	$ 65,670	**$ 117,348**	$ 118,453

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

*See Note 5 for additional information regarding deferred refueling outage costs.

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 "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 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 wholly owned 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 an indirect interest in Strategic Energy, L.L.C. (Strategic Energy), which provides competitive retail electricity supply services in several electricity markets offering retail choice, and holds investments in affordable housing limited partnerships. KLT Inc. also wholly owns KLT Gas Inc. (KLT Gas), which has no active operations.
- 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 HSS, Services, all KLT Inc. activity other than Strategic Energy, and holding company operations.

Cash and Cash Equivalents
Cash equivalents consist of highly liquid investments with original maturities of three months or less at acquisition. For Great Plains Energy, this includes Strategic Energy's cash held in trust of $2.8 million and $8.8 million at September 30, 2007, and December 31, 2006, 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
At September 30, 2007, the cash proceeds of $146.5 million from KCP&L's EIRR Bonds Series 2007A and 2007B issued during the third quarter of 2007 were restricted for the repayment of Series 1998 A, B, and D EIRR bonds on October 1, 2007.

Basic and Diluted Earnings Per Common Share Calculation
To determine basic EPS, preferred stock dividend requirements are deducted from net income before dividing 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℠.

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

	Three Months Ended September 30		Year to Date September 30	
		As Adjusted		As Adjusted
	2007	2006	2007	2006
Income	(millions, except per share amounts)			
Net income	$ 62.1	$ 55.9	$ 111.1	$ 93.2
Less: preferred stock dividend requirements	0.3	0.5	1.2	1.3
Income available to common shareholders	$ 61.8	$ 55.4	$ 109.9	$ 91.9
Common Shares Outstanding				
Average number of common shares outstanding	85.6	80.1	84.7	77.3
Add: effect of dilutive securities	0.1	0.2	0.3	0.1
Diluted average number of common shares outstanding	85.7	80.3	85.0	77.4
Basic EPS	$ 0.72	$ 0.69	$ 1.30	$ 1.19
Diluted EPS	$ 0.72	$ 0.69	$ 1.29	$ 1.19

For the three months ended and year to date September 30, 2007, the computation of diluted EPS excludes anti-dilutive shares of 182,807 and 134,788 performance shares and 421,685 and 381,451 restricted stock shares, respectively. There were no anti-dilutive shares applicable to FELINE PRIDES, stock options or a forward sale agreement. FELINE PRIDES settled in the first quarter of 2007 and the forward sale agreement settled in the second quarter of 2007. For the three months ended and year to date September 30, 2006, the computation of diluted EPS excludes anti-dilutive shares of 105,198 and 106,706 performance shares and 99,838 and 116,468 restricted stock shares, respectively. Additionally, for the three months ended and year to date September 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.

Dividends Declared
In October 2007, 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 December 20, 2007, to shareholders of record as of November 29, 2007. The Board of Directors also declared regular dividends on Great Plains Energy's preferred stock, payable March 1, 2008, to shareholders of record as of February 8, 2008.

2. ANTICIPATED ACQUISITION OF AQUILA, INC.

On February 6, 2007, Great Plains Energy entered into an agreement to acquire all outstanding shares of Aquila, Inc. (Aquila) for $1.80 in cash plus 0.0856 of a share of Great Plains Energy common stock for each share of Aquila common stock. Immediately prior to Great Plains Energy's acquisition of Aquila, Black Hills Corporation (Black Hills) will acquire Aquila's electric utility in Colorado and its gas utilities in Colorado, Kansas, Nebraska and Iowa. Each of the two transactions is conditioned on the completion of the other transaction and is expected to close in the first quarter of 2008. Following closing, Great Plains Energy will own Aquila and its Missouri-based utilities consisting of the Missouri Public Service and St. Joseph Light & Power divisions, as well as Aquila's merchant service operations, which primarily consist of the 340MW Crossroads power generating facility and residual natural gas contracts.

Great Plains Energy's acquisition of Aquila was unanimously approved by both Great Plains Energy's and Aquila's Boards of Directors and is still subject to regulatory approvals from the Public Service Commission of the State of Missouri (MPSC) and The State Corporation Commission of the State of Kansas (KCC); the closing of the asset sale to Black Hills; as well as other customary conditions. In April 2007, Great Plains Energy, KCP&L and Aquila filed joint applications with the MPSC and KCC for approval of the acquisition of Aquila by Great Plains Energy. These filings were updated in August 2007 and orders are expected in the first quarter of 2008. The MPSC Staff has filed testimony asserting that the transaction is detrimental to the public interest and should not be approved. Other parties in the MPSC case have asserted that the transaction should not be approved, or approved with conditions. In August 2007, Great Plains Energy and Aquila received early termination of the waiting period for their respective Hart-Scott-Rodino pre-merger notifications relating to the acquisition of Aquila by Great Plains Energy. In October 2007, FERC granted the Great Plains Energy, KCP&L, Aquila and Black Hills joint application for approval of the transactions. Also in October 2007, Great Plains Energy received approval from its shareholders to issue common stock in connection with the anticipated acquisition of Aquila and Aquila's shareholders approved the acquisition of Aquila by Great Plains Energy.

Direct transaction costs of the acquisition incurred by Great Plains Energy of $14.8 million at September 30, 2007, are deferred and will be included in purchase accounting treatment upon consummation of the acquisition unless regulatory accounting treatment is authorized. The MPSC and KCC applications requested authorization to amortize these costs plus non-labor transition-related costs over a five-year period beginning January 1, 2008, or the month immediately following consummation of the merger, whichever occurs later. Transition-related costs were $1.4 million and $2.7 million for the three months ended and year to date September 30, 2007, respectively. The MPSC and KCC applications proposed to regulators that estimated utility operational synergy savings, net of transition costs, resulting from the transaction be shared between retail electric customers and Great Plains Energy shareholders for a period of five years. Additionally, the MPSC application requested approval for the use of the additional amortization mechanism for Aquila's Missouri-based utilities, as implemented in KCP&L's 2006 rate case, once Aquila achieves financial metrics necessary to support an investment-grade credit rating. The MPSC application also requested authorization for the distribution of proceeds from the Black Hills asset sale by Aquila to fund substantially all of the cash portion of the merger consideration to Aquila shareholders. The FERC application requested a declaration that the distribution will not violate the Federal Power Act, which the FERC provided as part of the October 18, 2007, approval.

Two purported shareholder class action lawsuits were filed against Aquila and certain of its individual directors and officers in February 2007, in Jackson County, Missouri, Circuit Court seeking, among other things, an injunction against the consummation of the proposed transaction. The lawsuits allege, among other things, breaches of fiduciary duties and self-dealing by Aquila directors and officers. In July 2007, the plaintiff in one of the suits amended his petition to include Great Plains Energy and Black Hills as defendants, alleging that they aided and abetted alleged breaches of fiduciary duties by the named Aquila directors and officers. In July 2007, the Court consolidated the two cases and directed plaintiffs to file a Consolidated Petition, which was done in August 2007. Aquila, Great Plains Energy and Black Hills filed motions to dismiss this case, which were granted on October 29, 2007. Plaintiffs have 30 days to appeal the dismissal.

3. SUPPLEMENTAL CASH FLOW INFORMATION

Great Plains Energy Other Operating Activities

Year to Date September 30	**2007**	**As Adjusted 2006**
Cash flows affected by changes in:	(millions)	
Receivables	$ (136.3)	$ (96.2)
Fuel inventories	(8.4)	(8.2)
Materials and supplies	(3.5)	(2.4)
Accounts payable	26.3	6.9
Accrued taxes	59.2	60.6
Accrued interest	7.1	0.2
Deferred refueling outage costs	5.8	2.6
Deposits with suppliers	-	(4.4)
Pension and post-retirement benefit obligations	16.8	10.8
Allowance for equity funds used during construction	(0.6)	(3.7)
Deferred merger costs	(12.1)	-
Proceeds from forward starting swaps	(1.2)	-
Fair value impacts of forward starting swaps	9.0	-
Other	(10.9)	10.8
Total other operating activities	$ (48.8)	$ (23.0)
Cash paid during the period:		
Interest	$ 58.6	$ 50.9
Income taxes	$ 3.4	$ 39.9
Non-cash investing activities:		
Liabilities assumed for capital expenditures	$ 52.5	$ 34.7

Consolidated KCP&L Other Operating Activities

Year to Date September 30	2007	As Adjusted 2006
Cash flows affected by changes in:	(millions)	
Receivables	$ (63.3)	$ (52.1)
Fuel inventories	(8.4)	(8.2)
Materials and supplies	(3.5)	(2.4)
Accounts payable	(24.9)	(9.2)
Accrued taxes	61.1	71.9
Accrued interest	6.6	0.2
Deferred refueling outage costs	5.8	2.6
Pension and post-retirement benefit obligations	14.9	8.3
Allowance for equity funds used during construction	(0.6)	(3.7)
Proceeds from forward starting swaps	3.3	-
Other	(5.6)	(0.5)
Total other operating activities	$ (14.6)	$ 6.9
Cash paid during the period:		
Interest	$ 44.0	$ 43.6
Income taxes	$ 7.5	$ 29.1
Non-cash investing activities:		
Liabilities assumed for capital expenditures	$ 52.5	$ 34.4

Significant Non-Cash Items

In February 2007, Great Plains Energy issued 5.2 million shares of common stock in satisfaction of the FELINE PRIDES stock purchase contracts and the retirement of the $163.6 million FELINE PRIDES Senior Notes.

4. RECEIVABLES

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

	September 30 2007	December 31 2006
Consolidated KCP&L	(millions)	
Customer accounts receivable [a]	$ 82.3	$ 35.2
Allowance for doubtful accounts	(1.9)	(1.1)
Other receivables	97.1	80.2
Consolidated KCP&L receivables	177.5	114.3
Other Great Plains Energy		
Other receivables	305.8	229.2
Allowance for doubtful accounts	(7.6)	(4.1)
Great Plains Energy receivables	$ 475.7	$ 339.4

[a] Customer accounts receivable included unbilled receivables of $44.5 million and $32.0 million at September 30, 2007, and December 31, 2006, respectively.

Consolidated KCP&L's other receivables at September 30, 2007, and December 31, 2006, consisted primarily of receivables from partners in jointly owned electric utility plants and wholesale sales receivables. Great Plains Energy's other receivables at September 30, 2007, and December 31, 2006, consisted primarily of accounts receivable held by Strategic Energy, including unbilled receivables of $155.7 million and $95.0 million, respectively.

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 because 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 is reflected in the following tables.

Three Months Ended September 30, 2007	KCP&L	Receivables Company	Consolidated KCP&L
		(millions)	
Receivables (sold) purchased	$ (364.8)	$ 364.8	$ -
Gain (loss) on sale of accounts receivable [a]	(4.7)	4.3	(0.4)
Servicing fees	1.0	(1.0)	-
Fees to outside investor	-	(1.0)	(1.0)
Cash flows during the period			
Cash from customers transferred to Receivables Company	(342.6)	342.6	-
Cash paid to KCP&L for receivables purchased	338.3	(338.3)	-
Servicing fees	1.0	(1.0)	-
Interest on intercompany note	1.3	(1.3)	-

Year to Date September 30, 2007	KCP&L	Receivables Company	Consolidated KCP&L
		(millions)	
Receivables (sold) purchased	$ (857.0)	$ 857.0	$ -
Gain (loss) on sale of accounts receivable [a]	(10.5)	9.6	(0.9)
Servicing fees	2.4	(2.4)	-
Fees to outside investor	-	(3.0)	(3.0)
Cash flows during the period			
Cash from customers transferred to Receivables Company	(815.0)	815.0	-
Cash paid to KCP&L for receivables purchased	805.3	(805.3)	-
Servicing fees	2.4	(2.4)	-
Interest on intercompany note	2.5	(2.5)	-

Three Months Ended September 30, 2006	KCP&L	Receivables Company	Consolidated KCP&L
		(millions)	
Receivables (sold) purchased	$ (325.5)	$ 325.5	$ -
Gain (loss) on sale of accounts receivable [a]	(3.3)	3.3	-
Servicing fees	1.0	(1.0)	-
Fees to outside investor	-	(1.0)	(1.0)
Cash flows during the period			
Cash from customers transferred to Receivables Company	(323.0)	323.0	-
Cash paid to KCP&L for receivables purchased	323.6	(323.6)	-
Servicing fees	1.0	(1.0)	-
Interest on intercompany note	1.1	(1.1)	-

Year to Date September 30, 2006	KCP&L	Receivables Company	Consolidated KCP&L
		(millions)	
Receivables (sold) purchased	$ (774.8)	$ 774.8	$ -
Gain (loss) on sale of accounts receivable [a]	(7.8)	7.6	(0.2)
Servicing fees	2.2	(2.2)	-
Fees to outside investor	-	(2.8)	(2.8)
Cash flows during the period			
Cash from customers transferred to Receivables Company	(754.0)	754.0	-
Cash paid to KCP&L for receivables purchased	750.3	(750.3)	-
Servicing fees	2.2	(2.2)	-
Interest on intercompany note	1.9	(1.9)	-

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

In October 2007, Strategic Energy entered into an agreement to sell its current and future retail accounts receivable to its wholly owned subsidiary, Strategic Receivables, LLC (Strategic Receivables), which in turn sells undivided percentage ownership interests in the accounts receivable to Market Street Funding LLC (Market Street) and Fifth Third Bank ratably based on each purchaser's commitments. Strategic Energy sells its receivables at a price equal to the amount of the accounts receivable less a discount based on the prime rate and days sales outstanding (as defined in the agreement). Strategic Receivables may also issue letters of credit to Strategic Energy, with the amount of such letters of credit being credited against the purchase price. Market Street's and Fifth Third Bank's obligation to purchase accounts receivable is limited to $112.5 million and $62.5 million, respectively, less the proportionate aggregate amount of letters of credit issued pursuant to the agreement. Strategic Energy services the receivables and receives an annual servicing fee of 1.0% times the daily average aggregate outstanding balance of receivables. This agreement was entered into in conjunction with a new revolving credit facility described in Note 7 and terminates in October 2010.

5. NUCLEAR PLANT

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

Nuclear Plant Decommissioning Costs

KCP&L's decommissioning trust is reported at fair value on Great Plains Energy's and consolidated KCP&L's balance sheets and is invested in assets as detailed in the following table.

	September 30 2007		December 31 2006	
	Fair Value	Unrealized Gains	Fair Value	Unrealized Gains
	(millions)			
Equity securities	$ 54.5	$ 9.4	$ 50.6	$ 10.8
Debt securities	53.9	(0.4)	50.4	(0.5)
Other	2.3	-	3.1	-
Total	$ 110.7	$ 9.0	$ 104.1	$ 10.3

The weighted average maturity of debt securities held by the trust at September 30, 2007, and December 31, 2006, was 7.3 years and 6.8 years, respectively. The costs of securities sold are determined on the basis of specific identification. The following table summarizes the gains and losses from the sale of securities by the nuclear decommissioning trust fund.

	Three Months Ended September 30		Year to Date September 30	
	2007	2006	2007	2006
	(millions)			
Realized Gains	$ 1.0	$ 0.7	$ 5.4	$ 3.9
Realized Losses	(0.6)	(0.3)	(1.1)	(0.9)

Deferred Refueling Outage Costs

In December 2006, Great Plains Energy and consolidated KCP&L adopted Financial Accounting Standards Board (FASB) Staff Position (FSP) No. AUG AIR-1, "Accounting for Planned Major Maintenance Activities," and retrospectively adjusted prior periods. FSP No. AUG AIR-1 prohibits the use of the accrue-in-advance method of accounting for planned major maintenance activities. Prior to adoption, KCP&L utilized the accrue-in-advance method for incremental costs to be incurred during scheduled Wolf Creek refueling outages. KCP&L adopted the deferral method to account for operations and maintenance expenses incurred for scheduled refueling outages to be amortized evenly (monthly) over the unit's 18 month operating cycle until the next scheduled outage. Replacement power costs during the outage are expensed as incurred.

There were no overall impacts to the September 30, 2006, statement of cash flows for Great Plains Energy and consolidated KCP&L. The overall impact to Great Plains Energy's and KCP&L's consolidated statements of income for the three months ended and year to date September 30, 2006, was a $0.7 million increase in net income, or $0.01 per share, and a $2.5 million increase in net income, or $0.03 per share, respectively.

The following line items within the consolidated statements of income were impacted by the change.

	As Originally Reported Three Months Ended September 30, 2006	As Adjusted	Effect of Change	As Originally Reported Year to Date September 30, 2006	As Adjusted	Effect of Change
Great Plains Energy			(millions)			
Fuel	$ 77.2	$ 76.3	$ (0.9)	$ 180.8	$ 178.1	$ (2.7)
Operating expense - KCP&L	69.4	69.4	-	196.7	196.6	(0.1)
Maintenance	19.7	19.4	(0.3)	67.2	65.9	(1.3)
Income taxes	(26.5)	(27.0)	(0.5)	(36.7)	(38.3)	(1.6)
Consolidated KCP&L						
Fuel	$ 77.2	$ 76.3	$ (0.9)	$ 180.8	$ 178.1	$ (2.7)
Operating expense	69.4	69.4	-	196.7	196.6	(0.1)
Maintenance	19.7	19.4	(0.3)	67.2	65.9	(1.3)
Income taxes	(39.3)	(39.8)	(0.5)	(61.9)	(63.5)	(1.6)

6. REGULATORY MATTERS

KCP&L's Comprehensive Energy Plan

In March 2007, KCP&L, the Sierra Club and the Concerned Citizens of Platte County entered into a Collaboration Agreement that resolved disputes among the parties. KCP&L agreed to pursue a set of initiatives including energy efficiency, additional wind generation, lower emission permit levels at its Iatan and LaCygne generating stations and other initiatives designed to offset carbon dioxide emissions. See Note 14 for additional information. KCP&L will address these matters in its future integrated energy resource plan in collaboration with stakeholders. Full implementation of the terms of the agreement will necessitate approval from the appropriate authorities, as some of the initiatives in this agreement require either enabling legislation or regulatory approval. Pursuant to the terms of the agreement, the Sierra Club agreed to dismiss its appeal of the approval of KCP&L's regulatory plan by KCC. The appeal by the Sierra Club and Concerned Citizens of Platte County of the MPSC's approval of KCP&L's regulatory plan was also dismissed. The parties filed a joint stipulation of dismissal with prejudice of the appeal of the Iatan air permit and the appeal was subsequently dismissed.

KCP&L Regulatory Proceedings

On February 1, 2007, KCP&L filed a request with the MPSC for an annual rate increase of $45 million or 8.3%, which, if approved, would take effect January 1, 2008. In July 2007, the MPSC Staff filed its case regarding KCP&L's rate request. In its filing, the Staff asserted that KCP&L's annual revenues should be increased by $0.7 million, before adjustments resulting from the September 30, 2007, true-up of test year information. The Staff's filing assumed adjustments resulting from this true-up would increase revenue requirements by $14 million, resulting in a required increase in annual revenues of $14.7 million. This amount reflects approximately $15 million to $17 million in accelerated depreciation, which the Staff asserts will maintain certain KCP&L credit ratios at investment-grade levels as provided for in the stipulation and agreement approved by the MPSC in 2005. Evidentiary hearings were held in October 2007, true-up hearings are anticipated in November 2007 and a decision is expected in December 2007.

On March 1, 2007, KCP&L filed a request with KCC for an annual rate increase of $47 million in annual revenues, with about $13 million of that amount treated for accounting purposes as an increase to the depreciation reserve. KCP&L reached a negotiated settlement of its request with certain parties to the rate proceedings and in September 2007, filed a Joint Stipulation and Agreement (Agreement) with KCC. The Agreement stipulates a $28 million increase in annual revenues effective January 1, 2008, with $11 million of that amount treated for accounting purposes as an increase to the depreciation

reserve. The Agreement also recommends an Energy Cost Adjustment Clause (ECA) tariff. The ECA tariff will reflect the projected annual amount of fuel, purchased power, emission allowances, transmission costs and asset-based off-system sales margin. The ECA tariff provides that these projected amounts are subject to quarterly re-forecasts. Any difference between the ECA revenue collected and the actual ECA amounts for a given year (which may be positive or negative) will be recovered or refunded over twelve months beginning April 1 of the succeeding year.

The Agreement recommends various other provisions, including but not limited to: (i) establishing an energy efficiency rider as an interim mechanism to recover deferred costs incurred for affordability, energy efficiency and demand side management programs; (ii) establishing for regulatory purposes annual pension cost for the period beginning January 1, 2008, of approximately $40 million ($18 million on a Kansas jurisdictional basis), before amounts capitalized and amounts billed to the other joint owners of KCP&L's power plants, through the creation of a regulatory asset or liability, as appropriate; and (iii) amortizing over ten years the costs incurred in 2006 of approximately $9 million ($4 million on a Kansas jurisdictional basis) associated with the skill set realignment.

The Agreement is subject to KCC approval, and is voidable if not approved in its entirety. It is possible that KCC may approve the Agreement with changes, or may not approve the Agreement. A decision is expected in December 2007, with approved rates to take effect January 1, 2008.

The rate increases were filed in order to help recover costs of air quality improvement investments included in KCP&L's Comprehensive Energy Plan as well as higher fuel and other operational costs.

Regulatory Assets and Liabilities

KCP&L's regulatory assets and liabilities are detailed in the following table.

	September 30 2007	December 31 2006
Regulatory Assets	(millions)	
Taxes recoverable through future rates	$ 70.8	$ 81.7
Loss on reacquired debt	6.0	6.4
Change in depreciable life of Wolf Creek	45.4	45.4
Cost of removal	8.0	8.2
Asset retirement obligations	18.1	16.9
SFAS 158 pension and post-retirement costs	177.2	190.0
Other pension and post-retirement costs	74.7	66.9
Surface Transportation Board litigation expenses	1.8	1.7
Deferred customer programs	10.5	5.9
2006 rate case expenses	1.9	2.6
2007 rate case expenses	0.9	-
Other	6.4	8.7
Total	$ 421.7	$ 434.4
Regulatory Liabilities		
Emission allowances	$ 64.5	$ 64.5
Asset retirement obligations	40.7	35.6
Additional Wolf Creek amortization (Missouri)	14.7	14.6
Total	$ 119.9	$ 114.7

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. 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 regulatory asset for Statement of Financial Accounting Standards (SFAS) 158 pension and post-retirement costs at September 30, 2007, includes $2.5 million, net of related liabilities, not included in rate base, representing the difference between funding and expenses recognized for the pension and post-retirement plans, which will be amortized in accordance with SFAS No. 87, "Employers' Accounting for Pensions." The regulatory asset for other pension and post-retirement costs at September 30, 2007, includes $36.1 million representing pension settlements and financial and regulatory accounting method differences. The pension settlements will be amortized over a five-year period beginning with the effective date of rates approved in KCP&L's next rate case. The accounting method difference will be eliminated over the life of the pension plans. Certain insignificant items in Regulatory Assets – Other are also not included in rate base.

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 required 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 could have been retroactively imposed on market participants who submitted virtual supply offers during the recalculation period. Strategic Energy was among the MISO participants that could have been subject to a retroactive assessment from MISO for RSG charges on virtual supply offers it submitted during the recalculation period. In October 2006, FERC issued an order on rehearing of the April 2006 order stating it would not assess RSG charges on virtual supply offers going back to April 1, 2005, but ordered prospective allocation of RSG to virtual transactions and directed MISO to propose a tariff change that would assess RSG costs to virtual supply offers based on principles of cost causation within 60 days of the October 2006 order.

In March 2007, FERC issued an order denying requests for rehearing of its October 2006 order, which refused to allow MISO to retroactively assess RSG charges on virtual supply offers. Also in March 2007, FERC rejected MISO's tariff filing that would have established a new RSG charge prospectively and instructed MISO to recalculate RSG charges from April 2006 forward. Parties, including Strategic Energy, have appealed and filed requests for rehearing. Management believes the ultimate outcome of this matter will not have a significant impact on the Company's financial position or results of operations; however, the actual exposure, if any, could ultimately be greater than management's estimate depending on the outcome of appeals and the requests pending before FERC. Management is unable to predict the outcome of any appeals or further requests for rehearing.

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, LLC (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 were allocated a portion of SECA based on

transmission services provided to that zone during 2002 and 2003. For the three months ended September 30, 2007, Strategic Energy recorded no reduction of purchased power expenses and recorded $1.9 million year to date to reflect recoveries obtained through settlements primarily with Transmission Owners. Strategic Energy did not record any significant SECA activity for the three months ended September 30, 2006. Year to date September 30, 2006, Strategic Energy recorded a reduction of purchased power expense of $2.4 million for SECA, which partially offset $2.7 million of expense recorded in the first quarter. Strategic Energy billed $1.3 million year to date September 30, 2006 of its SECA costs to its retail customers. No further retail customer 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. In 2006, FERC held hearings on the justness and reasonableness of the SECA rate and on attempts by suppliers to shift SECA to wholesale counterparties and subsequently, a favorable initial decision was extended by an administrative law judge, which could potentially result in a refund of prior SECA payments, including payments made by Strategic Energy. Management is awaiting FERC action and is unable to predict the outcome of legal and regulatory challenges to the SECA mechanism.

Investigation of Strategic Energy Non-Compliance

During the first quarter of 2007, Strategic Energy identified and self-reported an event of non-compliance to one of the primary market regulators where Strategic Energy conducts scheduling and settlement operations. The regulator subsequently notified Strategic Energy in April 2007 of its intent to conduct an investigation, which concluded in October 2007. There will not be any adverse actions or events as an outcome of this investigation significantly beyond the amount of penalty recorded at September 30, 2007.

7. SHORT-TERM BORROWINGS AND SHORT-TERM BANK LINES OF CREDIT

In July 2007, pursuant to the terms of their credit agreements, Great Plains Energy and KCP&L transferred $200 million of unused lender commitments from the Great Plains Energy credit agreement to the KCP&L credit agreement. The maximum aggregate amount available under the Great Plains Energy credit agreement was reduced to $400 million from $600 million, and the maximum aggregate amount available under the KCP&L credit agreement was increased to $600 million from $400 million.

Great Plains Energy's $400 million revolving credit facility with a group of banks expires in May 2011. 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 September 30, 2007, Great Plains Energy was in compliance with this covenant. At September 30, 2007, Great Plains Energy had $36.0 million of outstanding borrowings with a weighted average interest rate of 5.95% and had issued letters of credit totaling $151.3 million under the credit facility as credit support for Strategic Energy. At December 31, 2006, Great Plains Energy had no cash borrowings and had issued letters of credit totaling $103.7 million under the credit facility as credit support for Strategic Energy.

KCP&L's $600 million revolving credit facility with a group of banks to provide support for its issuance of commercial paper and other general corporate purposes expires in May 2011. 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 September 30, 2007, KCP&L was in compliance with this covenant. At September 30, 2007, KCP&L had $208.6 million of commercial paper outstanding, at a weighted-average interest rate of 5.79%, $6.8 million of letters of credit and $50.0 million of outstanding cash borrowings with a weighted average interest rate of 5.47%

under the facility. At December 31, 2006, KCP&L had $156.4 million of commercial paper outstanding, at a weighted-average interest rate of 5.38%, $8.7 million of letters of credit and no cash borrowings under the facility.

At September 30, 2007, Strategic Energy had a $135 million revolving credit facility with a group of banks, expiring in June 2009. Under the agreement, $50.0 million in letters of credit had been issued and there were no cash borrowings at September 30, 2007. At December 31, 2006, $59.8 million in letters of credit had been issued and there were no cash borrowings under the agreement. In October 2007, Strategic Energy terminated the facility and entered into a new revolving credit facility with a group of banks, expiring in October 2010. The new facility provides for loans and letters of credit not exceeding an aggregate of the lesser of $50 million or the borrowing base, which is generally 85% of Strategic Energy's retail accounts receivables plus the amount of a Great Plains Energy guarantee. Great Plains Energy issued an initial guarantee in the amount of $12.5 million and may increase the guarantee up to a maximum of $27.5 million to increase the borrowing base or to cure a default of the minimum fixed charge coverage ratio, provided that Great Plains Energy maintains certain favorable ratings on its senior unsecured debt. Under the terms of the agreement, Strategic Energy is required to maintain, as of the end of each quarter, a minimum fixed charge coverage ratio of at least 1.05 to 1.0 and a minimum EBITDA, as defined in the agreement, for the four quarters then ended of $15 million through March 31, 2008 and thereafter increasing to $17.5 million (through September 30, 2008), $20 million (through March 31, 2009) and $22.5 million through maturity.

At the same time, Strategic Energy entered into an agreement to sell its current and future retail accounts receivable to its wholly owned subsidiary, Strategic Receivables, which in turn sells undivided percentage ownership interests in the accounts receivable to Market Street and Fifth Third Bank ratably based on each purchaser's commitments. Strategic Receivables may also issue letters of credit to Strategic Energy, with the amount of such letters of credit being credited against the purchase price. Market Street's and Fifth Third Bank's obligation to purchase accounts receivable is limited to $112.5 million and $62.5 million, respectively, less the proportionate aggregate amount of letters of credit issued pursuant to the agreement. Strategic Energy transferred its outstanding letters of credit under the terminated revolving credit facility totaling $49.8 million to the receivables facility upon termination.

8. LONG-TERM DEBT AND EIRR BONDS CLASSIFIED AS CURRENT LIABILITIES

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

	Year Due	September 30 2007	December 31 2006
Consolidated KCP&L		(millions)	
General Mortgage Bonds			
7.95% Medium-Term Notes	2007	$ -	$ 0.5
4.00%* EIRR bonds	2012-2035	158.8	158.8
Senior Notes			
6.00%	2007	-	225.0
6.50%	2011	150.0	150.0
5.85%	2017	250.0	-
6.05%	2035	250.0	250.0
Unamortized discount		(1.9)	(1.6)
EIRR bonds			
4.75% Series 1998 A & B	2015	106.5	105.2
4.75% Series 1998 D	2017	40.0	39.5
4.65% Series 2005	2035	50.0	50.0
4.05% Series 2007 A & B	2035	146.5	-
Current liabilities			
Current maturities		-	(225.5)
EIRR bonds classified as current		(146.5)	(144.7)
Total consolidated KCP&L excluding current maturities		1,003.4	607.2
Other Great Plains Energy			
6.875% Senior Notes	2017	100.0	-
Unamortized discount		(0.5)	-
7.74% Affordable Housing Notes	2007-2008	0.9	0.9
4.25% FELINE PRIDES Senior Notes		-	163.6
Current maturities		(0.6)	(164.2)
Total consolidated Great Plains Energy excluding current maturities		$ 1,103.2	$ 607.5

* Weighted-average interest rates at September 30, 2007.

Effective Interest Rates on Unsecured Notes at September 30, 2007

Interest rate swaps on KCP&L's Series A, B and D EIRR bonds resulted in an effective interest rate of 6.67%. 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 6.05% Senior Notes is 5.78%. During June 2007, KCP&L issued $250.0 million of 5.85% unsecured Senior Notes, maturing in 2017. As a result of amortizing the gain recognized in OCI on KCP&L's 2006 Forward Starting Swaps (FSS), the effective interest rate on KCP&L's 5.85% Senior Notes is 5.72%.

During September 2007, Great Plains Energy issued $100.0 million of 6.875% unsecured Senior Notes, maturing in 2017. As a result of amortizing the loss recognized in OCI on Great Plains Energy's 2007 T-Locks, the effective interest rate on Great Plains Energy's 6.875% Senior Notes is 7.33%.

EIRR Bonds Classified as Current Liabilities

KCP&L classified its 4.75% Series 1998 A, B and D EIRR bonds with maturity dates of 2015 and 2017 as current liabilities at September 30, 2007 and December 31, 2006. The cash proceeds of $146.5 million from KCP&L's unsecured EIRR Bonds Series 2007A and 2007B issued during the third quarter of 2007 were used to repay the 4.75% Series 1998 A, B and D EIRR bonds on October 1, 2007.

The EIRR Bonds Series 2007A and 2007B are covered by a municipal bond insurance policy issued by Financial Guaranty Insurance Company (FGIC). The insurance agreement between KCP&L and FGIC provides for reimbursement by KCP&L for any amounts that FGIC pays under the municipal bond insurance policy. The insurance policy is in effect for the term of the bonds. The policy also restricts the amount of secured debt KCP&L may issue. In the event that KCP&L issues debt secured by liens not permitted by the agreement, KCP&L is required to issue and deliver to FGIC first mortgage bonds or similar securities equal in principal amount to the principal amount of the EIRR Bonds Series 2007A and 2007B then outstanding.

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 September 30		Year to Date September 30	
	2007	2006	2007	2006
		(millions)		
Consolidated KCP&L	$ 0.5	$ 0.5	$ 1.3	$ 1.5
Other Great Plains Energy	0.1	0.2	0.8	0.5
Total Great Plains Energy	$ 0.6	$ 0.7	$ 2.1	$ 2.0

9. COMMON SHAREHOLDERS' EQUITY

In 2006, Great Plains Energy 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. In April 2007, Great Plains Energy elected to terminate the forward sale agreement and settle it in cash. Based on the difference between Great Plains Energy's average stock price of $32.60 over the period used to determine the settlement and the then-applicable forward price of $25.58, Great Plains Energy paid $12.3 million to Merrill Lynch Financial Markets, Inc.

Great Plains Energy made a capital contribution to KCP&L of $94.0 million in the third quarter of 2007. This contribution was used by KCP&L to repay a portion of its outstanding commercial paper.

10. 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 market value of plan assets is determined using a five-year average of assets.

Pension expense for KCP&L is recorded in accordance with rate orders from the MPSC and KCC that allow KCP&L to record the difference between pension costs under SFAS No. 87, "Employers Accounting for Pensions," and pension costs for ratemaking to be recognized as a regulatory asset or liability.

Effective January 1, 2008, the Company is amending the defined benefit pension plan for management employees (other than WCNOC employees) to allow current employees the option to remain in the existing program or to choose a new retirement program which will provide, among other things, an enhanced benefit under the employee savings plan and a lower benefit accrual rate under the defined pension benefit plan. Employees hired after September 1, 2007, will be placed in the new retirement program.

In addition to providing pension benefits, the Company provides certain post-retirement health care and life insurance benefits for substantially all retired employees of KCP&L, Services and WCNOC. The cost of post-retirement benefits charged to KCP&L is 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 effect of capitalization and sharing with joint-owners of power plants.

	Pension Benefits		Other Benefits	
Three Months Ended September 30	**2007**	**2006**	**2007**	**2006**
Components of net periodic benefit cost		(millions)		
Service cost	$ 4.6	$ 4.7	$ 0.3	$ 0.3
Interest cost	7.5	7.8	1.0	0.7
Expected return on plan assets	(7.4)	(8.1)	(0.1)	(0.1)
Prior service cost	1.1	1.0	0.7	-
Recognized net actuarial loss	8.8	7.9	0.1	0.2
Transition obligation	-	-	0.3	0.3
Settlement charge	-	2.0	-	-
Net periodic benefit cost before regulatory adjustment	14.6	15.3	2.3	1.4
Regulatory adjustment	(2.1)	(7.6)	-	-
Net periodic benefit cost	$ 12.5	$ 7.7	$ 2.3	$ 1.4

	Pension Benefits		Other Benefits	
Year to Date September 30	**2007**	**2006**	**2007**	**2006**
Components of net periodic benefit cost		(millions)		
Service cost	$ 13.8	$ 14.1	$ 0.8	$ 0.7
Interest cost	22.4	23.2	2.8	2.2
Expected return on plan assets	(22.2)	(24.5)	(0.5)	(0.4)
Prior service cost	3.3	3.2	1.4	0.1
Recognized net actuarial loss	26.5	23.9	0.4	0.6
Transition obligation	-	-	0.9	0.9
Settlement and termination charge	-	9.5	0.3	-
Net periodic benefit cost before regulatory adjustment	43.8	49.4	6.1	4.1
Regulatory adjustment	(6.3)	(22.9)	-	-
Net periodic benefit cost	$ 37.5	$ 26.5	$ 6.1	$ 4.1

11. EQUITY COMPENSATION

Great Plains Energy’s Long-Term Incentive Plan is an equity compensation plan approved by Great Plains Energy’s 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. Forfeiture rates are based on historical forfeitures and future expectations and are reevaluated annually.

The following table summarizes Great Plains Energy's and KCP&L's equity compensation expense and associated income tax benefits.

	Three Months Ended September 30		Year to Date September 30	
	2007	2006	2007	2006
Compensation expense		(millions)		
Great Plains Energy	$ 2.1	$ 1.2	$ 4.7	$ 2.9
KCP&L	1.4	0.7	3.1	1.8
Income tax benefits				
Great Plains Energy	0.8	0.4	1.8	0.8
KCP&L	0.6	0.2	1.2	0.5

Performance Shares

Performance share activity year to date September 30, 2007, is summarized in the following table. Performance adjustment represents the number of performance shares ultimately paid that 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	Grant Date Fair Value*
Beginning balance	254,771	$ 29.56
Performance adjustment	(22,070)	
Granted	123,542	32.00
Issued	(42,169)	30.27
Forfeited	(4,385)	32.35
Ending balance	309,689	30.34

* weighted-average

At September 30, 2007, the remaining weighted-average contractual term was 1.4 years. No performance shares were granted during the three months ended September 30, 2007 and 2006. The weighted-average grant-date fair value of shares granted was $32.00 and $28.20 year to date September 30, 2007 and 2006, respectively. At September 30, 2007, there was $4.1 million of total unrecognized compensation expense, net of forfeiture rates, related to performance shares granted under the Long-Term Incentive Plan, which will be recognized over the remaining weighted-average contractual term. No shares of common stock related to performance shares were issued during the three months ended September 30, 2007 and 2006. The total fair value of shares of common stock related to performance shares issued year to date September 30, 2007 and 2006 was $1.3 million and $0.3 million, respectively.

Restricted Stock

Restricted stock activity year to date September 30, 2007, is summarized in the following table.

Nonvested Restricted stock	Shares	Grant Date Fair Value*
Beginning balance	140,603	$ 29.75
Granted and issued	348,527	31.93
Vested	(11,000)	30.01
Forfeited	(5,842)	31.40
Ending balance	472,288	31.33

* weighted-average

At September 30, 2007, the remaining weighted-average contractual term was 1.6 years. The weighted-average grant-date fair value of shares granted for the three months ended and year to date September 30, 2007, was $27.76 and $31.93, respectively. No restricted shares were granted during the three months ended September 30, 2006, and the weighted-average grant-date fair value of shares granted year to date September 30, 2006, was $28.22. As of September 30, 2007, there was $8.4 million of total unrecognized compensation expense, net of forfeiture rates, related to nonvested restricted stock granted under the Long-Term Incentive Plan, which will be recognized over the remaining weighted-average contractual term. The total fair value of shares vested for the three months ended was insignificant and $0.3 million year to date September 30, 2007. No shares vested during the same periods in 2006.

12. TAXES

Components of income tax expense (benefit) are detailed in the following tables.

	Three Months Ended September 30		Year to Date September 30	
Great Plains Energy	2007	As Adjusted 2006	2007	As Adjusted 2006
Current income taxes			(millions)	
Federal	$ 15.9	$ 38.3	$ 22.0	$ 67.6
State	4.4	2.9	4.4	4.3
Total	20.3	41.2	26.4	71.9
Deferred income taxes				
Federal	5.8	(11.6)	19.1	(25.3)
State	(2.2)	(1.8)	1.7	(6.0)
Total	3.6	(13.4)	20.8	(31.3)
Investment tax credit amortization	(0.4)	(0.8)	(1.1)	(2.3)
Total	$ 23.5	$ 27.0	$ 46.1	$ 38.3

Consolidated KCP&L	Three Months Ended September 30 2007	Three Months Ended September 30 As Adjusted 2006	Year to Date September 30 2007	Year to Date September 30 As Adjusted 2006
			(millions)	
Current income taxes				
Federal	$ 13.8	$ 36.5	$ 25.2	$ 60.0
State	2.4	4.6	4.7	7.3
Total	16.2	41.1	29.9	67.3
Deferred income taxes				
Federal	15.9	(0.5)	15.1	(1.4)
State	1.8	-	1.8	(0.1)
Total	17.7	(0.5)	16.9	(1.5)
Investment tax credit amortization	(0.4)	(0.8)	(1.1)	(2.3)
Total	$ 33.5	$ 39.8	$ 45.7	$ 63.5

Income Tax Expense (Benefit) and Effective Income Tax Rates

Income tax expense and the effective income tax rates reflected in the financial statements and the reasons for their differences from the statutory federal rates are detailed in the following tables.

Great Plains Energy Three Months Ended September 30	Income Tax Expense 2007	Income Tax Expense As Adjusted 2006	Income Tax Rate 2007	Income Tax Rate As Adjusted 2006
	(millions)			
Federal statutory income tax	$ 29.9	$ 29.0	35.0%	35.0%
Differences between book and tax depreciation not normalized	0.8	0.2	0.9	0.2
Amortization of investment tax credits	(0.4)	(0.8)	(0.4)	(0.9)
Federal income tax credits	(3.1)	(2.1)	(3.7)	(2.5)
State income taxes	1.7	0.9	2.0	1.0
Changes in uncertain tax positions, net	-	0.1	0.1	0.2
Aquila transaction costs	(2.9)	-	(3.4)	-
Other	(2.5)	(0.3)	(3.2)	(0.5)
Total	$ 23.5	$ 27.0	27.3%	32.5%

Great Plains Energy Year to Date September 30	Income Tax Expense 2007	Income Tax Expense As Adjusted 2006	Income Tax Rate 2007	Income Tax Rate As Adjusted 2006
	(millions)			
Federal statutory income tax	$ 55.0	$ 46.0	35.0%	35.0%
Differences between book and tax depreciation not normalized	2.5	0.9	1.6	0.7
Amortization of investment tax credits	(1.1)	(2.3)	(0.7)	(1.7)
Federal income tax credits	(6.9)	(4.5)	(4.4)	(3.4)
State income taxes	3.9	-	2.5	(0.1)
Changes in uncertain tax positions, net	0.2	0.2	0.1	0.1
Aquila transaction costs	(2.9)	-	(1.8)	-
Other	(4.6)	(2.0)	(3.0)	(1.5)
Total	$ 46.1	$ 38.3	29.3%	29.1%

Consolidated KCP&L Three Months Ended September 30	Income Tax Expense 2007	Income Tax Expense As Adjusted 2006	Income Tax Rate 2007	Income Tax Rate As Adjusted 2006
	(millions)			
Federal statutory income tax	$ 38.6	$ 38.3	35.0%	35.0%
Differences between book and tax depreciation not normalized	0.8	0.2	0.7	0.2
Federal income tax credits	(2.6)	(0.9)	(2.3)	(0.8)
Amortization of investment tax credits	(0.4)	(0.8)	(0.3)	(0.7)
State income taxes	3.3	3.0	3.0	2.7
Changes in uncertain tax positions, net	(0.3)	0.1	(0.2)	0.1
Parent company tax benefits	(4.4)	(1.1)	(4.0)	(1.0)
Other	(1.5)	1.0	(1.5)	0.9
Total	$ 33.5	$ 39.8	30.4%	36.4%

Consolidated KCP&L Year to Date September 30	Income Tax Expense 2007	Income Tax Expense As Adjusted 2006	Income Tax Rate 2007	Income Tax Rate As Adjusted 2006
	(millions)			
Federal statutory income tax	$ 56.3	$ 63.9	35.0%	35.0%
Differences between book and tax depreciation not normalized	2.5	0.9	1.6	0.5
Federal income tax credits	(5.7)	(0.9)	(3.5)	(0.5)
Amortization of investment tax credits	(1.1)	(2.3)	(0.7)	(1.3)
State income taxes	4.6	4.7	2.9	2.6
Changes in uncertain tax positions, net	(0.1)	0.6	(0.1)	0.3
Parent company tax benefits	(7.6)	(3.3)	(4.7)	(1.8)
Other	(3.2)	(0.1)	(2.1)	-
Total	$ 45.7	$ 63.5	28.4%	34.8%

Uncertain Tax Positions

In 2006, the 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 establishes a “more-likely-than-not” recognition threshold that must be met before a tax benefit can be recognized in the financial statements with various additional disclosures required and is effective for fiscal years beginning after December 15, 2006. Upon adoption of FIN No. 48 on January 1, 2007, Great Plains Energy recognized an $18.8 million increase in the liability for unrecognized tax benefits. This increase was offset by a $0.9 million decrease to the January 1, 2007, balance of retained earnings, a $17.9 million decrease in deferred taxes, a $4.0 million decrease in accrued taxes and a $4.0 million increase in accrued interest. The total amount of unrecognized tax benefits at January 1, 2007, was $23.5 million of which $3.5 million would impact the effective tax rate, if recognized. Consolidated KCP&L recognized a $19.8 million increase in the liability for unrecognized tax benefits. This increase was offset by a $0.2 million decrease to the January 1, 2007, balance of retained earnings, a $15.7 million decrease in deferred taxes and a $3.9 million decrease in accrued taxes. The total amount of unrecognized tax benefits at January 1, 2007, was $21.6 million of which $1.6 million would impact the effective tax rate, if recognized.

In addition with the adoption of FIN No. 48, Great Plains Energy and consolidated KCP&L elected to make an accounting policy change to recognize interest accrued related to unrecognized tax benefits in interest expense and penalties in non-operating expenses. As of the date of adoption, Great Plains Energy and consolidated KCP&L had $6.4 million and $2.4 million, respectively, accrued for the

payment of interest. No amounts were accrued for penalties with respect to unrecognized tax benefits. At September 30, 2007, Great Plains Energy and consolidated KCP&L had $7.8 million and $3.0 million, respectively, accrued for the payment of interest.

Subsequent to adoption, Great Plains Energy filed amended returns based on research and development tax credit studies completed for the 2000 through 2004 tax years. This resulted in a release of unrecognized tax benefits of $2.2 million for both Great Plains Energy and consolidated KCP&L. At September 30, 2007, the total amount of uncertain tax benefits for Great Plains Energy and consolidated KCP&L was $21.6 million and $19.5 million, respectively.

Great Plains Energy files a consolidated federal income tax return as well as unitary and combined income tax returns in several state jurisdictions with Kansas and Missouri being the most significant. Great Plains Energy and its subsidiaries have completed examinations by federal and state taxing authorities for taxable years prior to 2000; however several tax issues remain unresolved for tax years 2000 through 2003. During 2006, the IRS commenced an audit of Great Plains Energy and its subsidiaries for taxable years 2004 through 2005 and is expected to complete the audit by the end of 2008.

It is reasonably possible that, as a result of a settlement agreement for the federal audit of the 2000 through 2003 tax years expected to be reached by September 2008, federal and state unrecognized tax benefits related primarily to the timing of tax deductions would be recognized by Great Plains Energy and consolidated KCP&L, as well as reversal of accrued interest for the relevant tax years. As of the date of adoption, an estimate of the range of the reasonably possible recognition of unrecognized tax benefits, net of reversal of accrued interest, was $5 million to $7 million for Great Plains Energy and $7 million to $9 million for consolidated KCP&L. At September 30, 2007, an estimate of the range of the reasonably possible recognition of unrecognized tax benefits, net of reversal of accrued interest, is $3 million to $5 million for Great Plains Energy and $6 million to $8 million for consolidated KCP&L.

13. 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 $3.6 million and $11.4 million for the three months ended and year to date September 30, 2007, respectively, and $4.6 million and $14.1 million for the same periods in 2006. These costs consisted primarily of employee compensation, benefits and fees associated with various professional services. At September 30, 2007, and December 31, 2006, consolidated KCP&L had a short-term intercompany payable to Services of $1.2 million and $2.5 million, respectively. Also at September 30, 2007, and December 31, 2006, consolidated KCP&L had a long-term intercompany payable to Services of $5.9 million and $5.7 million, respectively, related to unrecognized pension expense. At September 30, 2007, and December 31, 2006, consolidated KCP&L's balance sheets reflect a note payable from HSS to Great Plains Energy of $0.6 million.

14. COMMITMENTS AND CONTINGENCIES

Environmental Matters

The Company is subject to regulation by federal, state and local authorities with regard to air quality 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 seeks to use current environmental technology. KCP&L conducts environmental audits designed to ensure compliance with governmental regulations. At September 30, 2007, and December 31, 2006, 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.

Environmental-related legislation is continually introduced in Congress. Such legislation typically includes various compliance dates and compliance limits. It is possible that legislation could be enacted at the federal or state level to address global climate change, including efforts to reduce and control the emission of greenhouse gases, such as CO_2, which is created in the combustion of fossil fuels. In addition, there could be national and state mandates to produce a set percentage of electricity from renewable forms of energy, such as wind. The probability and impact of such legislation cannot be reasonably estimated at this time, including the cost to install new pollution control equipment to achieve compliance, but such legislation could have the potential for a significant financial impact on KCP&L. KCP&L would seek recovery of capital costs and expenses for such compliance through rate increases; however, there can be no assurance that such rate increases would be granted. KCP&L will continue to monitor proposed legislation.

The Clean Air Act requires companies to obtain permits and, if necessary, install control equipment to reduce emissions when making a major modification or a change in operation if either is expected to cause a significant net increase in regulated emissions. The Sierra Club and Concerned Citizens of Platte County have claimed that modifications were made to Iatan No. 1 in violation of Clean Air Act regulations. Although KCP&L has entered into a Collaboration Agreement with those parties that provides, among other things, for the release of such claims, the Collaboration Agreement does not bind any other entity. KCP&L is aware of subpoenas issued by a Federal grand jury to certain third parties seeking documents relating to capital projects at Iatan No. 1. KCP&L has not received a subpoena, and has not been informed of the scope of the grand jury inquiry. KCP&L believes that it is in compliance with all relevant laws and regulations; however, the ultimate outcome of these grand jury activities cannot presently be determined, nor can the costs and other liabilities that could potentially result from a negative outcome presently be reasonably estimated. There is no assurance these costs, if any, could be recovered in rates.

The following table contains current estimates of KCP&L's capital expenditures (exclusive of allowance for funds used during construction and property taxes) to comply with environmental laws and regulations described below, including accelerated environmental upgrade expenditures outlined in KCP&L's Comprehensive Energy Plan. The ultimate cost could be significantly different from the amounts estimated. The demand for environmental projects among utilities in the United States continues to present upward pressure on pricing and lead times for environmental control equipment. KCP&L has obtained contracts to date for approximately 84% of the estimated direct costs of its Iatan No. 1 environmental project, which has enabled KCP&L to refine the cost estimate of this project. Additionally, the impact of the current pricing pressure is relatively less on this project than on other

environmental projects where contracts have not been awarded yet. KCP&L has also developed more detailed project definition and cost estimates for the LaCygne Station environmental projects, reflecting increases in both project scope and prices. The developments regarding these two projects are the primary drivers of the increases in the estimated environmental expenditure ranges from what was disclosed in Great Plains Energy's and consolidated KCP&L's 2006 Form 10-K and Form 10-Q for the second quarter of 2007. KCP&L continues to refine its cost estimates detailed in the table below and explore alternatives. The allocation between states is based on location of the facilities and has no bearing as to recovery in jurisdictional rates.

The table does not reflect potential costs relating to additional wind generation, energy efficiency and other CO_2 emission offsets contemplated by the Collaboration Agreement among KCP&L, Sierra Club and Concerned Citizens of Platte County. Potential costs relating to the additional wind generation and energy efficiency investments that are subject to regulatory approval cannot be reasonably estimated at this time. As well, the potential costs relating to the additional offset of approximately 711,000 tons of CO_2 emissions under the Collaboration Agreement cannot be reasonably estimated at this time. KCP&L will evaluate the available operational and capital resource alternatives, and will select the most cost-effective mix of actions to achieve this additional offset. The potential capital costs of the Collaboration Agreement provisions relating to emission limits at Iatan and LaCygne generating stations are within the overall estimated capital cost ranges disclosed below. KCP&L expects to seek recovery of the costs associated with the Collaboration Agreement through rate increases; however, there can be no assurance that such rate increases would be granted.

Clean Air Estimated Required Environmental Expenditures [a]	**Missouri**	**Kansas**	**Total**	
		(millions)		
CAIR	$426 - 1,020	$ -	$426 - 1,020	[b]
Incremental BART	-	538 - 657	538 - 657	[c]
Incremental CAMR	11 - 15	5 - 6	16 - 21	
Estimated required environmental expenditures	$437 - 1,035	$543 - 663	$980 - 1,698	

[a] The amounts reflect KCP&L's portion of the cost of projects at jointly-owned units.

[b] Reflects an estimated $275 million to $287 million associated with the Iatan No. 1 environmental project included in the Comprehensive Energy Plan.

[c] Reflects an estimated $261 million to $318 million associated with the LaCygne No. 1 baghouse and scrubber project included in the Comprehensive Energy Plan.

The table above has been adjusted from what was disclosed in Great Plains Energy's and consolidated KCP&L's 2006 Form 10-K to remove approximately $41 million for the first phase of environmental upgrades at LaCygne No. 1, installation of selective catalytic reduction equipment, which was completed and placed into service during the second quarter of 2007. The table has not been adjusted for other environmental expenditures since 2006 of approximately $75 million related to the projects contemplated in the table above.

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 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 CAIR rule establishes a market-based cap-and-trade program. Missouri has approved a State Implementation Plan (SIP), which includes an emission allowance allocation mechanism, and in September 2007, EPA published its approval of the SIP in the Federal Register. 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 September 30, 2007, KCP&L had accumulated unused SO_2 emission allowances sufficient to support just over 122,000 tons of SO_2 emissions 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 and in October 2007, KCP&L sold 25,000 SO_2 emission allowances.

Analysis of the final CAIR rule indicates that NO_x and SO_2 control may be required for KCP&L's Montrose Station in Missouri, in addition to the environmental upgrades at Iatan No. 1 included in the Comprehensive Energy Plan. The timing and necessity of the installation of such control equipment is currently being developed, and as required by the Collaboration Agreement with Sierra Club and Concerned Citizens of Platte County, a study will be completed in 2008 to assess potential future use of Montrose Station, including without limitation, retiring, re-powering and upgrading the units. As discussed below, some 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 through installation of environmental control equipment may also meet BART requirements for individual sources. Missouri has included this understanding as part of its CAIR SIP. Depending on the timing of installation of environmental control equipment and the availability of SO_2 emission allowances, the estimated required environmental expenditures presented in the table above could shift from CAIR to incremental BART for Missouri. Kansas is not a CAIR state and therefore BART will impact LaCygne Nos. 1 and 2. KCP&L is in discussions with the Kansas Department of Health and Environment (KDHE) regarding a Regional Haze (also referred to as BART) Agreement that will become part of the Kansas Regional Haze State Implementation Plan. States must submit a BART implementation plan in 2007. In the Collaboration Agreement with Sierra Club and Concerned Citizens of Platte County, KCP&L agreed to seek, through the BART regulation process, a consent agreement with the KDHE incorporating limits for stack particulate matter emissions, as well as limits for NO_x and SO_2 emissions at its LaCygne Station that will be below the presumptive limits under BART. KCP&L further agreed to use its best efforts to install emission control technologies to reduce those emissions from the LaCygne Station prior to the required compliance date under BART, but in no event later than June 1, 2015. KCP&L further agreed to issue requests for proposal for the equipment required to comply with BART by December 31, 2008, requesting that construction commence by December 31, 2010.

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. Both Missouri and Kansas have approved the SIPs implementing the CAMR cap-and-trade program. In September 2007, EPA published its approval of the Missouri SIP in the Federal Register. The Kansas SIP is currently being reviewed by EPA.

Facilities will be required to hold allowances for each ounce of mercury emitted in any given year and allowances will be readily transferable among 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.

Carbon Dioxide

Many bills concerning CO_2 are being debated in the U.S. Congress. There are various compliance dates and nationwide caps stipulated in the bills. The U.S. Supreme Court has determined that the EPA has statutory authority to regulate CO_2 from new motor vehicles if EPA forms a judgment that such emissions contribute to climate change. If EPA forms such a judgment, it may ultimately regulate other sources of CO_2, which may include KCP&L facilities. In addition, the Secretary of the KDHE stated in October 2007, that the KDHE intends to work with various industries and stakeholders to establish goals for reducing CO_2 emissions and strategies to achieve those goals. CO_2 regulation has the potential for a significant financial impact on KCP&L in connection with achieving compliance with limits that may be established. However, the financial consequences to KCP&L cannot be determined until final legislation is passed or regulations enacted. Management will continue to monitor the progress of these bills. As previously discussed, KCP&L has entered into a Collaboration Agreement that includes various provisions regarding wind generation, energy efficiency and other CO_2 emission offsets.

Ozone

In June 2007, the Missouri Department of Natural Resources (MDNR) and KDHE submitted to EPA for approval their respective maintenance plans for the control of ozone for the Kansas City area. These plans were approved by EPA in July 2007. As part of the SIP requirements, contingency control measures were included. These measures would go into effect only if associated triggers (such as a violation of the eight-hour ozone standard) occur. It is anticipated the proposed controls for CAIR and BART will provide the required contingency control measures at KCP&L's generation facilities.

In June 2007, monitor data indicated that the Kansas City area violated the eight-hour ozone national ambient air quality standard. The monitor data must be quality-assured and provided to EPA before the violation will be confirmed and for EPA to respond to the violation. Upon quality assurance of the monitoring data, Missouri and Kansas will implement the responses established in the maintenance plans for control of ozone, upon approval by EPA. The responses in both states do not require additional controls at KCP&L's generation facilities beyond the currently proposed controls for CAIR and BART. EPA has various options over and above the implementation of the maintenance plans for control of ozone to address a confirmed violation. These options include, but are not limited to, designating the area "non-attainment" and requiring a new regulatory plan to reduce emissions or leaving the designation unchanged, but still requiring a new regulatory plan. At this time, management

is unable to predict how the EPA will respond or how that response will impact KCP&L's operations, but the EPA's response could have a significant impact on Great Plains Energy's and consolidated KCP&L's results of operations and financial position. Management will continue to monitor the response and be involved in any regulatory developments to the extent possible.

Also in June 2007, EPA issued a proposal for comment to reduce the existing eight-hour ozone national ambient air quality standard. The proposal recommends an ozone standard within a range of 0.07 to 0.075 parts per million (ppm). EPA also is taking comments on alternative standards within a range from 0.06 ppm up to the level of the current eight-hour ozone standard, which is 0.08 ppm. The Kansas City area may have difficulty attaining a revised standard in the future. EPA has taken public comments and will issue final standards by March 12, 2008. Although it is difficult to determine the ultimate impact of the proposal at this time, it could have a significant impact on Great Plains Energy's and consolidated KCP&L's results of operations and financial position. Management will continue to monitor proposed revisions to the standard.

Sulfuric Acid Mist BACT Analysis – Iatan Station

As a requirement of the Iatan Station air permit and the Collaboration Agreement, KCP&L submitted a best available control technology (BACT) analysis for sulfuric acid mist to MDNR in June 2007. MDNR will conduct its own BACT analysis and determine the final emission limit. Although KCP&L believes the emission limit submitted is a BACT limit and can be achieved by the currently proposed emission control equipment, MDNR may ultimately determine a BACT limit for sulfuric acid mist that could require additional control equipment. The above Clean Air Estimated Required Environmental Expenditures table does not reflect the potential costs for additional controls that may be required to meet such a determination. If MDNR does make such a determination, KCP&L will evaluate the available operational and capital resource alternatives, and will select the most cost-effective mix of actions to achieve compliance.

Water Use Regulations

The Clean Water Act (Act) establishes standards for cooling water intake structures. Section 316(b) of the Act applies to certain existing power producing facilities that employ cooling water intake structures that withdraw 50 million gallons or more per day from lakes and rivers and use 25% or more of that water for cooling purposes. EPA had previously issued regulations that required KCP&L to conduct demonstration studies regarding the impact of its generating facilities' intake structures on aquatic life that were expected to cost a total of $1.2 million to $2.0 million. In July 2007, EPA suspended many of those regulations and indicated it will consider further rulemaking on this matter. At this time, management is unable to predict how the EPA will respond or how that response will impact KCP&L's operations. Management will monitor any subsequent rulemaking.

KCP&L holds a permit from the MDNR 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, any of which could have a material adverse effect on KCP&L. The outcome could also affect the terms of water permit renewals at KCP&L's Iatan and Montrose Stations.

Contractual Obligations

Great Plains Energy's and consolidated KCP&L's contractual obligations for KCP&L's Comprehensive Energy Plan were $140.5 million for the remainder of 2007 and $472.4 million, $135.9 million and $14.0 million for the years 2008 through 2010, respectively. Great Plains Energy's and consolidated KCP&L's

other contractual obligations have not significantly changed at September 30, 2007, compared to December 31, 2006.

15. 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. A procedural schedule was issued by the STB in May 2007, and KCP&L and Union Pacific submitted reply evidence on August 20, 2007. Given this expedited schedule, the STB has indicated it may issue a final decision on this rate complaint in the fourth quarter of 2007. Until the case is decided, KCP&L is paying the higher tariff rates subject to refund.

Hawthorn No. 5 Insurance Litigation
KCP&L received reimbursement for the 1999 Hawthorn No. 5 boiler explosion under a property damage insurance policy with Travelers Property Casualty Company of America (Travelers). Travelers filed suit in the U.S. District Court for the Eastern District of Missouri in November 2005, against National Union, and KCP&L was added as a defendant in June 2006. The case was subsequently transferred to, and is pending in, the U.S. District Court for the Western District of Missouri. Travelers seeks recovery of $10 million that KCP&L recovered through subrogation litigation. Management is unable to predict the outcome of this case.

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" and seeking unspecified monetary damages and injunctive relief. 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 case to have a significant impact on Great Plains Energy's or consolidated 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. A handful of the cases have received damages awards, most of which are on appeal now. The Wolf Creek case is on a court-ordered stay until further order of the court to allow for some of the earlier cases to be decided first by an appellate court. Another Federal court has already 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 this case.

Class Action Complaint
In 2005, a class action complaint for breach of contract was filed against Strategic Energy in the Court of Common Pleas of Allegheny County, Pennsylvania. The plaintiffs purportedly represent the interests of certain customers in Pennsylvania who entered into Power Supply Coordination Service Agreements (Agreements) for a certain product in Pennsylvania. The complaint seeks monetary damages alleged to be in excess of $25,000, attorney fees and costs and a declaration that the customers may terminate their Agreements with Strategic Energy. In response to Strategic Energy's preliminary objections, plaintiffs filed an amended complaint in July 2006, and Strategic Energy filed its preliminary objections in July 2007. Plaintiff's counsel agreed to file an additional amended complaint in response to Strategic Energy's preliminary objections. Management is awaiting the amended complaint and is unable to predict the outcome of this case.

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. In July 2007, the parties settled this matter and there was no material impact on the Company's financial position or results of operations.

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. In July 2006, Weinstein filed an application for transfer of this case to the Missouri Supreme Court, which was granted. Oral arguments were presented to the Missouri Supreme Court in December 2006. In May 2007, the Missouri Supreme Court reversed the summary judgment and remanded the case to the trial court. In July 2007, Weinstein filed a renewed Motion for Summary Judgment and KLT Telecom responded in opposition in August 2007. A hearing on the motion is anticipated to occur in the fourth quarter of 2007. A $15 million reserve was recorded in 2001 for this matter.

16. SEGMENTS 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 retail electricity supplier. Other includes HSS, Services, all KLT Inc. activity 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 September 30, 2007	KCP&L	Strategic Energy	Other	Great Plains Energy
		(millions)		
Operating revenues	$ 416.0	$ 576.0	$ -	$ 992.0
Depreciation and amortization	(44.1)	(2.1)	-	(46.2)
Interest charges	(17.1)	(0.9)	(10.2)	(28.2)
Income taxes	(33.5)	4.7	5.3	(23.5)
Loss from equity investments	-	-	(0.4)	(0.4)
Net income (loss)	76.5	(4.1)	(10.3)	62.1

As Adjusted Three Months Ended September 30, 2006	KCP&L	Strategic Energy	Other	Great Plains Energy
		(millions)		
Operating revenues	$ 359.3	$ 459.2	$ -	$ 818.5
Depreciation and amortization	(38.5)	(1.9)	-	(40.4)
Interest charges	(15.5)	(0.6)	(1.9)	(18.0)
Income taxes	(40.0)	10.2	2.8	(27.0)
Loss from equity investments	-	-	(0.4)	(0.4)
Net income (loss)	70.7	(10.9)	(3.9)	55.9

Year to Date September 30, 2007	KCP&L	Strategic Energy	Other	Great Plains Energy
		(millions)		
Operating revenues	$ 990.8	$ 1,470.1	$ -	$ 2,460.9
Depreciation and amortization	(130.9)	(6.2)	-	(137.1)
Interest charges	(52.0)	(2.4)	(13.4)	(67.8)
Income taxes	(45.7)	(9.1)	8.7	(46.1)
Loss from equity investments	-	-	(1.1)	(1.1)
Net income (loss)	115.1	16.5	(20.5)	111.1

As Adjusted Year to Date September 30, 2006	KCP&L	Strategic Energy	Other	Great Plains Energy
		(millions)		
Operating revenues	$ 890.6	$ 1,129.2	$ -	$ 2,019.8
Depreciation and amortization	(112.8)	(5.8)	-	(118.6)
Interest charges	(45.4)	(1.5)	(6.2)	(53.1)
Income taxes	(63.7)	17.4	8.0	(38.3)
Loss from equity investments	-	-	(1.0)	(1.0)
Net income (loss)	120.3	(17.6)	(9.5)	93.2

	KCP&L	Strategic Energy	Other	Great Plains Energy
September 30, 2007		(millions)		
Assets	$ 4,313.6	$ 476.9	$ 44.9	$ 4,835.4
Capital expenditures [a]	359.7	3.0	0.7	363.4
December 31, 2006				
Assets	$ 3,858.0	$ 459.6	$ 18.1	$ 4,335.7
Capital expenditures [a]	476.0	3.9	0.2	480.1

[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 HSS and intercompany eliminations. Intercompany eliminations include insignificant amounts of intercompany financing-related activities.

Three Months Ended September 30, 2007	KCP&L	Other	Consolidated KCP&L
		(millions)	
Operating revenues	$ 416.0	$ -	$ 416.0
Depreciation and amortization	(44.1)	-	(44.1)
Interest charges	(17.1)	-	(17.1)
Income taxes	(33.5)	-	(33.5)
Net income	76.5	0.1	76.6

As Adjusted Three Months Ended September 30, 2006	KCP&L	Other	Consolidated KCP&L
		(millions)	
Operating revenues	$ 359.3	$ -	$ 359.3
Depreciation and amortization	(38.5)	-	(38.5)
Interest charges	(15.5)	(0.1)	(15.6)
Income taxes	(40.0)	0.2	(39.8)
Net income (loss)	70.7	(1.2)	69.5

Year to Date September 30, 2007	KCP&L	Other	Consolidated KCP&L
		(millions)	
Operating revenues	$ 990.8	$ -	$ 990.8
Depreciation and amortization	(130.9)	-	(130.9)
Interest charges	(52.0)	-	(52.0)
Income taxes	(45.7)	-	(45.7)
Net income (loss)	115.1	-	115.1

As Adjusted Year to Date September 30, 2006	KCP&L	Other	Consolidated KCP&L
		(millions)	
Operating revenues	$ 890.6	$ -	$ 890.6
Depreciation and amortization	(112.8)	-	(112.8)
Interest charges	(45.4)	(0.1)	(45.5)
Income taxes	(63.7)	0.2	(63.5)
Net income (loss)	120.3	(1.2)	119.1

	KCP&L	Other	Consolidated KCP&L
September 30, 2007		(millions)	
Assets	$ 4,313.6	$ 2.1	$ 4,315.7
Capital expenditures [a]	359.7	-	359.7
December 31, 2006			
Assets	$ 3,858.0	$ 1.5	$ 3,859.5
Capital expenditures [a]	476.0	-	476.0

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

17. DERIVATIVE INSTRUMENTS

The Company is 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 Company's 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 Company's liability portfolio to optimize the mix of fixed and floating rate debt within an established range. In addition, the Company 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 Company 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. Derivative instruments, excluding those instruments that qualify for the 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.

Interest Rate Risk Management

Fair Value Hedges

In 2002, KCP&L remarketed its Series 1998 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, which expired on October 1, 2007. The transaction was a fair value hedge with no ineffectiveness. Changes in the fair market value of the swap were 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.

Forward Starting Swaps

In July 2007, Great Plains Energy entered into three Forward Starting Swaps (FSS), with a total notional amount of $250.0 million, to hedge against interest rate fluctuations on future issuances of long-term debt. The long-term debt issuance is contingent on the consummation of the acquisition of Aquila. If the merger is terminated due to regulatory actions, neither Great Plains Energy or the counterparty to these transactions are obligated to settle the FSS since the fair value of the FSS is set to zero. The FSS was designed to effectively remove most of the interest rate and credit spread uncertainty with respect to the debt to be issued, thereby enabling Great Plains Energy to predict with greater assurance what its future interest costs on that debt will be. The transaction is an economic hedge (non-hedging derivative) that does not qualify for cash flow hedge accounting. The change in the fair value of this derivative instrument increased interest expense by $9.0 million for the three months ended and year to date September 30, 2007.

In 2006, KCP&L entered into two FSS to hedge against interest rate fluctuations on the $250.0 million 10-year long-term debt that KCP&L issued in the second quarter of 2007. The FSS settled simultaneously with the issuance of the long-term fixed rate debt. The FSS removed most of the interest rate and credit spread uncertainty with respect to debt to be issued, thereby enabling KCP&L to predict with greater assurance what its future interest costs on that debt would be. The FSS were accounted for as a cash flow hedge and no ineffectiveness was recorded on the FSS. A pre-tax gain of $3.3 million on the FSS was recorded to OCI and is being reclassified to interest expense over the life of the 10-year debt. An insignificant amount was reclassified from OCI to interest expense subsequent to the debt issuance. At September 30, 2007, KCP&L had $3.2 million recorded in OCI for the FSS.

Treasury Locks

In 2007, Great Plains Energy entered into three T-Locks, with a notional amount of $350.0 million, to hedge against interest rate fluctuations on the U.S. Treasury rate component on future issuances of long-term debt. The T-Locks will settle simultaneously with the issuance of the long-term fixed rate debt. The T-Locks remove the uncertainty with respect to the U.S. Treasury rate component of the debt to be issued, thereby enabling Great Plains Energy to predict with greater assurance what its future interest costs on that debt will be. The T-Locks are accounted for as cash flow hedges and the fair value is recorded as a current asset or liability with an offsetting entry to OCI, to the extent the hedges are effective, until the forecasted transaction occurs. No ineffectiveness has been recorded on the T-Locks. The pre-tax gain or loss on the T-Locks recorded to OCI will be reclassified to interest expense over the life of the future debt issuance.

In 2007, Great Plains Energy entered into a T-Lock to hedge against interest rate fluctuations on the U.S. Treasury rate component of the $100.0 million 10-year long-term debt that Great Plains Energy issued in the third quarter of 2007. The T-Lock settled simultaneously with the issuance of the long-term fixed rate debt. The T-Lock removed the uncertainty with respect to the U.S. Treasury rate component of the debt to be issued, thereby enabling Great Plains Energy to predict with greater assurance what its future interest costs on that debt would be. The T-Lock was accounted for as cash flow hedge and no ineffectiveness was recorded on the T-Lock. A pre-tax loss of $4.5 million on the T-Lock was recorded to OCI and is being reclassified to interest expense over the life of the issued 10-year debt. An insignificant amount was reclassified from OCI to interest expense subsequent to the debt issuance. At September 30, 2007, Great Plains Energy had $4.5 million recorded in OCI for this T-Lock. Great Plains Energy had originally hedged this debt in 2006 using a T-Lock. In the first quarter of 2007, Great Plains Energy allowed the T-Lock to expire while the terms of the debt offering were re-evaluated. The $0.2 million gain recorded in OCI at December 31, 2006, and the first quarter fair value loss of $0.1 million was reclassified to interest expense as cash flow ineffectiveness.

In 2005, KCP&L entered into two T-Locks to hedge against interest rate fluctuations on the U.S. Treasury rate component of the $250.0 million 30-year long-term debt that KCP&L issued in 2005. The T-Locks settled simultaneously with the issuance of the long-term fixed rate debt. The T-Locks removed the uncertainty with respect to the U.S. Treasury rate component of the debt to be issued, thereby enabling KCP&L to predict with greater assurance what its future interest costs on that debt would be. The T-Locks were accounted for as cash flow hedges and no ineffectiveness was recorded on the T-Locks. A pre-tax gain of $12.0 million on the T-Locks was recorded to OCI and is being reclassified to interest expense over the life of the issued 30-year debt. An insignificant amount was reclassified from OCI to interest expense subsequent to the debt issuance. At September 30, 2007, KCP&L had $11.2 million recorded in OCI for the 2005 T-Locks.

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 September 30, 2007, KCP&L had hedged 17% and 4% of its 2008 and 2009 projected natural gas usage for retail load and firm MWh sales, respectively, primarily by utilizing fixed forward physical contracts and financial calls. 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 fuel expense. KCP&L did not record any gains or losses due to ineffectiveness during the three months ended and year to date September 30, 2007 and 2006.

KCP&L has entered into an economic hedge (non-hedging derivative) that does not qualify for cash flow hedge accounting. The change in the fair value of this derivative instrument recorded as a component of electric revenues was a gain of $0.2 million and $0.6 million for the three months ended and year to date September 30, 2007, 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 5.25 years at September 30, 2007, and 5.5 years at December 31, 2006.

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 expense. Purchased power expense for the three months ended and year to date September 30, 2007, includes a loss of $16.1 million and a gain of $5.5 million, respectively, due to ineffectiveness of the cash flow hedges, and a $13.1 million and $27.1 million loss for the same periods of 2006.

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 as a component of purchased power expense were a loss of $3.2 million and $13.5 million for the three months ended September 30, 2007 and 2006, respectively, and a $15.0 million gain and $37.4 million loss year to date September 30, 2007 and 2006, respectively.

The fair value of non-hedging derivatives at September 30, 2007, 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. 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 September 30, 2007 and 2006, Strategic Energy amortized $0.2 million and $0.4 million, respectively, of the deferred liability to purchased power expense related to the delivery of power under the contracts. Year to date September 30, 2007 and 2006, Strategic Energy amortized $0.6 million and $5.0 million, respectively, 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' open positions for derivative instruments are summarized in the following table. The fair values of these derivatives are recorded on the consolidated balance sheets.

	September 30 2007		December 31 2006	
	Notional Contract Amount	Fair Value	Notional Contract Amount	Fair Value
Great Plains Energy		(millions)		
Swap contracts				
Cash flow hedges	$ 302.2	$ (23.5)	$ 477.5	$ (38.9)
Non-hedging derivatives	89.4	(7.6)	37.1	(6.8)
Forward contracts				
Cash flow hedges	1,022.9	(28.4)	871.5	(69.7)
Non-hedging derivatives	318.5	(9.0)	250.7	(24.8)
Anticipated debt issuance				
Forward starting swap	-	-	225.0	(0.4)
Treasury lock	350.0	(9.9)	77.6	0.2
Non-hedging derivatives	250.0	(9.0)	-	-
Interest rate swaps				
Fair value hedges	146.5	-	146.5	(1.8)
Consolidated KCP&L				
Swap contracts				
Cash flow hedges	1.9	-	-	-
Forward contracts				
Cash flow hedges	1.4	(0.1)	6.1	(0.5)
Non-hedging derivatives	3.4	0.6	-	-
Anticipated debt issuance				
Forward starting swap	-	-	225.0	(0.4)
Interest rate swaps				
Fair value hedges	146.5	-	146.5	(1.8)

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

	Great Plains Energy		Consolidated KCP&L	
	September 30 2007	December 31 2006	September 30 2007	December 31 2006
	(millions)			
Current assets	$ 12.1	$ 12.7	$ 14.4	$ 12.0
Other deferred charges	3.9	1.7	-	-
Other current liabilities	(50.4)	(56.3)	(0.1)	(1.3)
Deferred income taxes	15.1	32.1	(5.4)	(4.0)
Other deferred credits	(2.5)	(35.3)	-	-
Total	$ (21.8)	$ (45.1)	$ 8.9	$ 6.7

Great Plains Energy's accumulated OCI in the table above at September 30, 2007, includes a loss of $38.2 million that is expected to be reclassified to expenses over the next twelve months. Consolidated KCP&L's accumulated OCI includes a gain of $0.7 million 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 September 30		Year to Date September 30	
	2007	2006	2007	2006
Great Plains Energy		(millions)		
Purchased power expense	$ 26.1	$ 13.0	$ 64.4	$ 29.6
Interest expense	(0.2)	(0.1)	(0.4)	(0.3)
Income taxes	(10.6)	(5.3)	(26.1)	(12.2)
OCI	$ 15.3	$ 7.6	$ 37.9	$ 17.1
Consolidated KCP&L				
Interest expense	$ (0.3)	$ (0.1)	$ (0.5)	$ (0.3)
Income taxes	0.1	-	0.2	0.1
OCI	$ (0.2)	$ (0.1)	$ (0.3)	$ (0.2)

18. JOINTLY OWNED ELECTRIC UTILITY PLANTS

KCP&L's share of jointly owned electric utility plants at September 30, 2007, is detailed in the following table.

	Wolf Creek Unit	LaCygne Units	Iatan No. 1 Unit	Iatan No. 2 Unit
		(millions, except MW amounts)		
KCP&L's share	47 %	50 %	70 %	55 %
Utility plant in service	$ 1,379.9	$ 392.6	$ 275.6	$ -
Accumulated depreciation	741.3	260.1	198.3	-
Nuclear fuel, net	64.4	-	-	-
Construction work in progress	21.5	0.7	87.7	217.0
KCP&L's 2007 accredited capacity-MWs	548	709	460 [(a)]	-

[(a)] The Iatan No. 2 air permit limits KCP&L's accredited capacity of Iatan No. 1 to 460 MWs from 469 MWs until the air quality control equipment included in the Comprehensive Energy Plan is operational.

Each owner must fund its own portion of the plant's operating expenses and capital expenditures. KCP&L's share of direct expenses is included in the appropriate operating expense classifications in Great Plains Energy's and consolidated KCP&L's financial statements.

19. NEW ACCOUNTING STANDARDS

SFAS No. 159
In February 2007, the FASB issued SFAS No. 159, "The Fair Value Option for Financial Assets and Financial Liabilities—Including an amendment of FASB Statement No. 115." This statement provides companies with an option to report selected financial assets and liabilities at fair value, with changes in fair value recorded in earnings. The statement is effective for Great Plains Energy and consolidated KCP&L January 1, 2008, with earlier application permitted in certain circumstances. Management is currently evaluating the impact of SFAS No. 159 and has not yet determined the impact on Great Plains Energy's and consolidated KCP&L's consolidated financial statements.

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.

Executive Summary
At KCP&L, both retail and wholesale revenues were higher for the three months ended September 30, 2007, compared to the same period last year. Favorable weather, new retail rates and customer growth more than offset higher purchased power expense and higher operating expenses. Retail and wholesale revenues were higher year to date September 30, 2007, compared to the same period last year; however, outages at base load generating units during the first half of 2007 led to increased use of natural gas, increased purchased power expense and increased maintenance expense. For both the three months ended and year to date September 30, 2007, KCP&L experienced higher pension costs due to the increased level of pension costs in KCP&L's rates effective January 1, 2007, and higher depreciation and amortization expense.

On May 9, 2007, KCP&L experienced a steam pipe rupture at Iatan No. 1, which resulted in two fatalities. The repair and precautionary work on Iatan No. 1 resulted in an 18-day outage. An Occupational Safety and Health Administration (OSHA) investigation is on-going and expected to be completed before the end of the year. Management is unable to predict the outcome of this investigation.

At Strategic Energy, average retail gross margin per MWh for the three months ended September 30, 2007, increased compared to the same period last year primarily due to the changes in fair value related to non-hedging energy contracts and from hedge ineffectiveness. Average retail gross margins per MWh without the impact of unrealized fair value gains and losses on energy contracts increased slightly due to increased retail MWh deliveries to the small business segment, which has a higher margin, and lower customer acquisition costs.

Average retail gross margin per MWh year to date September 30, 2007, increased compared to the same period last year primarily due to the changes in fair value related to non-hedging energy contracts and from hedge ineffectiveness. Average retail gross margins per MWh without the impact of unrealized fair value gains and losses on energy contracts decreased primarily due to increased purchased power expense associated with a resettlement attributable to under-reported deliveries to one of the primary market regulators where Strategic Energy conducts scheduling and settlement operations, the disposition of previously-acquired power at lower than contracted prices and the absence of supplier contract settlements. Strategic Energy also experienced an increase in bad debt expense in the small business segment and recognized potential penalty expense related to the purchased power adjustment for under-reported deliveries.

Anticipated Acquisition of Aquila, Inc.

In February 2007, Great Plains Energy entered into an agreement to acquire all outstanding shares of Aquila for $1.80 in cash plus 0.0856 of a share of Great Plains Energy common stock for each share of Aquila common stock. Immediately prior to Great Plains Energy's acquisition of Aquila, Black Hills will acquire Aquila's electric utility in Colorado and its gas utilities in Colorado, Kansas, Nebraska and Iowa plus associated liabilities for a total of $940 million in cash, subject to closing adjustments. Each of the two transactions is conditioned on the completion of the other transaction and is expected to close in the first quarter of 2008. Activity related to the anticipated acquisition of Aquila is as follows:

- In April 2007, Great Plains Energy, KCP&L and Aquila filed joint applications with the MPSC and KCC for approval of the acquisition of Aquila by Great Plains Energy. These filings were updated in August 2007. The MPSC Staff has filed testimony asserting that the transaction is detrimental to the public interest and should not be approved. Other parties in the MPSC case have asserted that the transaction should not be approved, or approved with conditions. Evidentiary hearings are scheduled for December 2007 in Missouri and January 2008 in Kansas, with decisions expected in the first quarter of 2008.

- In April 2007, Aquila and Black Hills filed applications with the Colorado Public Utilities Commission (CPUC), KCC, the Nebraska Public Service Commission (NPSC) and the Iowa Utilities Board (IUB) seeking approval of the sale of assets to Black Hills. The IUB and NPSC have approved the sale of assets.

- In May 2007, Great Plains Energy, KCP&L, Aquila and Black Hills filed a joint application (which was amended in June 2007) with FERC for approval of the transactions. On October 18, 2007, FERC granted the joint application.

- In July 2007, Great Plains Energy and Aquila submitted their respective Hart-Scott-Rodino pre-merger notifications relating to the acquisition of Aquila by Great Plains Energy, and received early termination of the waiting period on August 27, 2007.

- In October 2007, Great Plains Energy received approval from its shareholders to issue common stock in connection with the anticipated acquisition of Aquila and Aquila's shareholders approved the acquisition of Aquila by Great Plains Energy.

- Integration planning is underway.

See Note 2 to the consolidated financial statements for additional information.

Strategic Energy Alternatives Review
Great Plains Energy has retained Merrill Lynch & Co. as financial advisor to assist in a review of strategic and structural alternatives for its Strategic Energy subsidiary. The alternatives may include, among others, continuation of Strategic Energy's current subsidiary status and business plans, joint ventures with strategic partners, acquisitions of similar businesses, or sales of part or all of Strategic Energy. There is no assurance regarding which of the foregoing alternatives, if any, will be selected, or the terms of any possible joint venture, acquisition or sale.

EXECUTING ON STRATEGIC INTENT

KCP&L's Comprehensive Energy Plan
KCP&L continues to execute on its Comprehensive Energy Plan. The first phase of environmental upgrades at LaCygne No. 1, installation of selective catalytic reduction equipment, was completed and placed into service during the second quarter of 2007. Environmental upgrades at Iatan No. 1 are currently underway and completion is scheduled for late 2008. An outage at Iatan No. 1 is planned to complete and place in service these environmental upgrades during the fourth quarter of 2008. Construction of Iatan No. 2 is on-going and on schedule for completion in 2010. The erection of the stack liner continues, underground utilities and foundations are proceeding on schedule, boiler foundations have been released to the boiler erection contractor, steel erection has commenced and the turbine generator pedestal is complete.

In March 2007, KCP&L, the Sierra Club and the Concerned Citizens of Platte County entered into a Collaboration Agreement that resolved disputes among the parties and KCP&L agreed to pursue a set of initiatives including energy efficiency, additional wind generation, lower emission permit levels at its Iatan and LaCygne generating stations and other initiatives designed to offset carbon dioxide emissions. Under the Collaboration Agreement, KCP&L will, among other things, pursue increasing its wind generation capacity by 100 MW by year-end 2010 and another 300 MW by year-end 2012, subject to regulatory approval. In April 2007, KCP&L issued a request for proposals to develop 100 MW of wind generation in Missouri and/or Kansas. The request is an outgrowth of commitments under the Comprehensive Energy Plan. KCP&L has received proposals, which are being evaluated. KCP&L will address the other items contemplated in the Collaboration Agreement in its integrated resource planning and comprehensive energy planning processes expected to be completed in the third and fourth quarters of 2008. See Notes 6 and 14 to the consolidated financial statements for additional information.

KCP&L Regulatory Proceedings
On February 1, 2007, KCP&L filed a request with the MPSC for an annual rate increase of $45 million or 8.3%, which, if approved, would take effect January 1, 2008. In July 2007, the MPSC Staff filed its case regarding KCP&L's rate request. In its filing, the Staff asserted that KCP&L's annual revenues should be increased by $0.7 million, before adjustments resulting from the September 30, 2007, true-up of test year information. The Staff's filing assumed adjustments resulting from this true-up would increase revenue requirements by $14 million, resulting in a required increase in annual revenues of $14.7 million. This amount reflects approximately $15 million to $17 million in accelerated depreciation, which the Staff asserts will maintain certain KCP&L credit ratios at investment-grade levels as provided for in the stipulation and agreement approved by the MPSC in 2005. Evidentiary hearings were held in October 2007, true-up hearings are anticipated in November 2007 and a decision is expected in December 2007.

On March 1, 2007, KCP&L filed a request with KCC for an annual rate increase of $47 million or 10.8%, along with a proposed energy cost adjustment clause, which, if approved, would take effect January 1, 2008. KCP&L reached a negotiated settlement of its request with certain parties to the rate proceedings and in September 2007 filed a Joint Stipulation and Agreement (Agreement) containing the settlement with KCC. The Agreement stipulates a $28 million increase in annual revenues effective January 1,

2008, with $11 million of that amount treated for accounting purposes as an increase to the depreciation reserve. The Agreement also recommends an Energy Cost Adjustment Clause (ECA) tariff. The ECA tariff will reflect the projected annual amount of fuel, purchased power, emission allowances, transmission costs and asset-based off-system sales margin. The Agreement is subject to KCC approval, and is voidable if not approved in its entirety. It is possible that KCC may approve the Agreement with changes, or may not approve the Agreement. A decision is expected in December 2007. See Note 6 to the consolidated financial statement for additional information.

The rate increases were filed in order to help recover costs of air quality improvement investments included in KCP&L's Comprehensive Energy Plan as well as higher fuel and other operational costs.

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 approximately 507,000 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 is 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 currently include a fuel cost adjustment clause; however, an energy cost adjustment clause is expected to be implemented in Kansas retail rates in 2008.

KCP&L's nuclear unit, Wolf Creek, accounts for approximately 20% of KCP&L's base load capacity. KCP&L defers operations and maintenance expenses incurred for scheduled refueling outages and amortizes these expenses evenly (monthly) over the unit's 18 month operating cycle until the next scheduled outage. Replacement power costs during refueling outages are expensed as incurred. The next refueling outage is scheduled to begin in March 2008.

The fuel cost per MWh generated and the purchased power cost per MWh have 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 generally 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.

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, Connecticut, Illinois, Maryland, Massachusetts, Michigan, New Jersey, New York, Ohio, Pennsylvania and Texas. 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 110,200 commercial, institutional and small manufacturing accounts (for approximately 26,000 customers) including numerous Fortune 500 companies, smaller companies and governmental entities. Strategic Energy offers an array of products designed to meet the various requirements of a diverse customer base including fixed price, index-based and month-to-month renewal products. Strategic Energy's volume-based customer retention rate, excluding month-to-month customers on market-based rates was 57% for the three months ended and 48% year to date September 30, 2007. The corresponding volume-based customer retention rates including month-to-month customers on market-based rates was 74% and 60%, respectively. The year to date retention rates are lower than the typical rates experienced by Strategic Energy, reflecting Strategic Energy's decision not to renew two large customer accounts during the second quarter.

Management has focused sales and marketing efforts 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 forecasted future MWh commitments (backlog) growth. Total backlog grew to 37.4 million MWh at September 30, 2007, compared to 28.4 million MWh at September 30, 2006. Based solely on expected MWh usage under current signed contracts, Strategic Energy has backlog of 5.3 million MWh for the remainder of 2007, 15.9 million MWh and 7.6 million MWh for the years 2008 and 2009, respectively, and 8.6 million MWh over the years 2010 through 2012. Strategic Energy expects to deliver additional MWhs above amounts currently in backlog through new and renewed term contracts and MWh deliveries to month-to-month customers. Strategic Energy's projected MWh deliveries for 2007 are in the range of 19 million to 21 million MWhs.

Strategic Energy currently expects the average retail gross margin per MWh (retail revenues less retail purchased power divided by retail MWhs delivered) delivered in 2007 to average $4.00 to $5.00. 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. Actual retail gross margin per MWh may differ from these estimates.

RELATED PARTY TRANSACTIONS

See Note 13 to the consolidated financial statements for information regarding related party transactions.

GREAT PLAINS ENERGY RESULTS OF OPERATIONS

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

	Three Months Ended September 30		Year to Date September 30	
	2007	As Adjusted 2006	2007	As Adjusted 2006
			(millions)	
Operating revenues	$ 992.0	$ 818.5	$ 2,460.9	$ 2,019.8
Fuel	(75.6)	(76.3)	(186.2)	(178.1)
Purchased power	(606.8)	(467.4)	(1,467.2)	(1,136.2)
Other operating expenses	(150.4)	(139.4)	(448.7)	(397.1)
Skill set realignment costs	-	(1.4)	-	(15.9)
Depreciation and amortization	(46.2)	(40.4)	(137.1)	(118.6)
Gain on property	-	-	-	0.6
Operating income	113.0	93.6	221.7	174.5
Non-operating income and expenses	1.2	7.7	4.4	11.1
Interest charges	(28.2)	(18.0)	(67.8)	(53.1)
Income taxes	(23.5)	(27.0)	(46.1)	(38.3)
Loss from equity investments	(0.4)	(0.4)	(1.1)	(1.0)
Net income	62.1	55.9	111.1	93.2
Preferred dividends	(0.3)	(0.5)	(1.2)	(1.3)
Earnings available for common shareholders	$ 61.8	$ 55.4	$ 109.9	$ 91.9

In December 2006, Great Plains Energy and consolidated KCP&L adopted Financial Accounting Standards Board (FASB) Staff Position (FSP) No. AUG AIR-1, "Accounting for Planned Major Maintenance Activities," and retrospectively adjusted prior periods. FSP No. AUG AIR-1 prohibits the use of the accrue-in-advance method of accounting for planned major maintenance activities. Prior to adoption, KCP&L utilized the accrue-in-advance method for incremental costs to be incurred during scheduled Wolf Creek refueling outages. KCP&L adopted the deferral method to account for operations and maintenance expenses incurred for scheduled refueling outages to be amortized evenly (monthly) over the unit's 18 month operating cycle until the next scheduled outage. Replacement power costs during the outage are expensed as incurred. See Note 5 to the consolidated financial statements for additional information.

Three Months Ended September 30, 2007, Compared to September 30, 2006

Great Plains Energy's earnings for the three months ended September 30, 2007, increased to $61.8 million, or $0.72 per share, from earnings of $55.4 million, or $0.69 per share, in the same period in 2006. A higher average number of common shares, primarily due to the issuance of 5.2 million shares to the holders of FELINE PRIDES in February 2007, diluted 2007 earnings per share by $0.05.

Consolidated KCP&L's net income increased to $76.6 million for the three months ended September 30, 2007, compared to $69.5 million for the same period in 2006. Increased retail and wholesale revenues were partially offset by increased purchased power expense as lower natural gas prices allowed KCP&L to purchase power more economically than running natural gas-fired generation, increased pension expense, increased amortization per 2006 rate orders and increased depreciation related to the Spearville Wind Energy Facility.

Strategic Energy had a net loss of $4.1 million for the three months ended September 30, 2007, compared to a net loss of $10.9 million for the same period in 2006. The after-tax loss from the changes in fair value related to non-hedging energy contracts and from hedge ineffectiveness decreased $4.3 million in 2007 compared to 2006.

The $6.2 million decrease in other non-regulated activities for the three months ended September 30, 2007, compared to the same period in 2006, is primarily due to a $5.6 million after-tax loss for the fair value of FSS entered into by Great Plains Energy in July 2007, related to a future debt issuance that is contingent on the consummation of the acquisition of Aquila. If the merger is terminated due to regulatory actions, neither Great Plains Energy or the counterparty to these transactions are obligated to settle the FSS since the fair value of the FSS is set to zero.

Year to Date September 30, 2007, Compared to September 30, 2006

Great Plains Energy's earnings year to date September 30, 2007, increased to $109.9 million, or $1.29 per diluted share, from $91.9 million, or $1.19 per share, in the same period in 2006. A higher average number of common shares, primarily due to the issuance of 5.2 million shares to the holders of FELINE PRIDES in February 2007 and 5.2 million shares in May 2006, diluted 2007 earnings per share by $0.13.

Consolidated KCP&L's net income decreased to $115.1 million year to date September 30, 2007, compared to $119.1 million for the same period in 2006. A scheduled maintenance outage which was extended by several days at Iatan No. 1 during the first quarter of 2007 and outages at KCP&L's base load generating units during the first and second quarter of 2007, including the unplanned outage at Iatan No. 1, led to increased fuel, purchased power and maintenance expense. Additionally, pension expense, depreciation and amortization and interest expense increased. These decreases to net income were partially offset by an increase in retail revenue, wholesale revenue and the absence of skill set realignment costs.

Strategic Energy had net income of $16.5 million year to date September 30, 2007, compared to a $17.6 million net loss in the same period in 2006. This change is primarily due to the impact of a $50.2 million after-tax increase in changes in fair value related to non-hedging energy contracts and from hedge ineffectiveness. This increase was partially offset by increased purchased power expense due to a resettlement attributable to under-reported deliveries and the disposition of previously-acquired power at lower than contracted prices caused by early terminations in the small business segment and the absence of supplier contract settlements. Strategic Energy also experienced an increase in bad debt expense in the small business segment and recognized penalty expense related to the purchased power adjustment for under-reported deliveries.

The $10.9 million decrease in other non-regulated activities year to date September 30, 2007, compared to the same period in 2006, is primarily attributable to a decline in available tax credits from affordable housing investment and overall higher expenses at the holding company including $5.9 million of transition costs related to the anticipated acquisition of Aquila and a $5.6 million after-tax loss for the fair value of FSS entered into by Great Plains Energy in July 2007.

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 inactive subsidiary of KCP&L. In the discussion that follows, references to KCP&L reflect only the operations of the utility. The following table summarizes consolidated KCP&L's comparative results of operations.

	Three Months Ended September 30		Year to Date September 30	
	2007	As Adjusted 2006	2007	As Adjusted 2006
		(millions)		
Operating revenues	$ 416.0	$ 359.3	$ 990.8	$ 890.6
Fuel	(75.6)	(76.3)	(186.2)	(178.1)
Purchased power	(41.3)	(5.1)	(80.4)	(18.8)
Other operating expenses	(128.0)	(119.6)	(383.1)	(346.6)
Skill set realignment costs	-	(1.4)	-	(15.6)
Depreciation and amortization	(44.1)	(38.5)	(130.9)	(112.8)
Gain on property	-	-	-	0.6
Operating income	127.0	118.4	210.2	219.3
Non-operating income and expenses	0.2	6.5	2.6	8.8
Interest charges	(17.1)	(15.6)	(52.0)	(45.5)
Income taxes	(33.5)	(39.8)	(45.7)	(63.5)
Net income	$ 76.6	$ 69.5	$ 115.1	$ 119.1

Consolidated KCP&L Sales Revenues and MWh Sales

	Three Months Ended September 30			Year to Date September 30		
	2007	2006	% Change	2007	2006	% Change
Retail revenues	(millions)			(millions)		
Residential	$ 160.0	$ 140.2	14	$ 348.8	$ 310.4	12
Commercial	157.8	140.2	13	386.1	347.7	11
Industrial	31.7	28.7	10	83.4	77.6	7
Other retail revenues	2.4	2.3	14	7.3	6.7	11
Total retail	351.9	311.4	13	825.6	742.4	11
Wholesale revenues	59.3	43.7	36	152.0	137.4	11
Other revenues	4.8	4.2	11	13.2	10.8	22
Consolidated KCP&L revenues	$ 416.0	$ 359.3	16	$ 990.8	$ 890.6	11

	Three Months Ended September 30		%	Year to Date September 30		%
	2007	2006	Change	2007	2006	Change
Retail MWh sales	(thousands)			(thousands)		
Residential	1,840	1,769	4		4,232	3
Commercial	2,242	2,117	6	5,905	5,654	4
Industrial	602	579	4	1,657	1,643	1
Other retail MWh sales	19	21	(3)	67	63	6
Total retail	4,703	4,486	5	11,996	11,592	3
Wholesale MWh sales	1,438	1,058	36	3,686	3,240	14
KCP&L electric MWh sales	6,141	5,544	11	15,682	14,832	6

Retail revenues increased $40.5 million for the three months ended September 30, 2007, compared to the same period in 2006 due to favorable weather, with an 8% increase in cooling degree days, new retail rates effective January 1, 2007, growth in the number of customers and higher usage per customer. Retail revenues increased $83.2 million year to date September 30, 2007, compared to the same period in 2006 due to new retail rates effective January 1, 2007, growth in the number of customers and higher usage per customer. Favorable winter and third quarter weather partially offset by a 29% decrease in cooling degree days in the second quarter of 2007 also contributed to the year to date increase in retail revenue.

Wholesale revenues increased $15.6 million for the three months ended September 30, 2007, compared to the same period in 2006 due to an 11% increase in the average market price per MWh to $41.99 and a 36% increase in wholesale MWh sales resulting from increased generation due to greater plant availability. Wholesale revenues increased $14.6 million year to date September 30, 2007, compared to the same period in 2006 due to a 14% increase in wholesale MWh sales. Wholesale MWh sales increased for both the second and third quarter of 2007 partially offset by a 20% decrease in wholesale MWh sales in the first quarter of 2007. This first quarter decrease was the result of a 3% decrease in MWhs generated due to planned and unplanned plant outages as well as an increase in retail load. These increases were slightly offset by $2.5 million in litigation recoveries received in 2006 for the loss of use of Hawthorn No. 5 from a 1999 boiler explosion.

Consolidated KCP&L Fuel and Purchased Power

	Three Months Ended September 30		%	Year to Date September 30		%
	2007	2006	Change	2007	2006	Change
Net MWhs Generated by Fuel Type	(thousands)			(thousands)		
Coal	4,232	4,067	4	10,829	10,945	(1)
Nuclear	1,215	1,216	-	3,638	3,641	-
Natural gas and oil	280	346	(19)	524	522	-
Wind	74	24	NM	211	24	NM
Total Generation	5,801	5,653	3	15,202	15,132	-

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For the three months ended September 30, 2007, KCP&L's coal base load equivalent availability factor increased slightly to 89% from 88% compared to the same period in 2006. The capacity factor, which reflects how much coal generation that is available is actually utilized by retail or sold wholesale, increased to 86% from 82% resulting in greater coal generation as there were fewer outages in the third quarter of 2007 compared to 2006.

Year to date September 30, 2007, KCP&L's coal base load equivalent availability factor decreased to 78% from 82% compared to the same period in 2006, and the capacity factor also decreased to 74% from 75% reflecting the impact of planned and unplanned plant outages during the first half of 2007.

Fuel expense decreased $0.7 million for the three months ended September 30, 2007, compared to the same period in 2006 due to less natural gas, which has higher cost compared to other fuel types, and more coal in the fuel mix partially offset by higher coal and coal transportation costs. Fuel expense increased $8.1 million year to date September 30, 2007, compared to the same period in 2006 primarily due to higher coal and coal transportation costs. Fuel expense for the three months ended and year to date September 30, 2006, was reduced by $3.7 million in Hawthorn No. 5 litigation recoveries.

Purchased power expense increased $36.2 million for the three months ended September 30, 2007, compared to the same period in 2006 primarily due to a 284% increase in MWh purchases resulting from increased peak power purchases as lower natural gas prices allowed KCP&L to purchase power more economically than running natural gas-fired generation, slightly offset by a 29% decrease in the average price per MWh due to lower natural gas prices. Purchased power expense increased $61.6 million year to date September 30, 2007, compared to the same period in 2006 primarily due to a 240% increase in MWh purchases to support increased retail load and the impact of planned and unplanned outages in the first half of 2007, slightly offset by a 12% decrease in the average price per MWh. Purchased power expense for the three months ended and year to date September 30, 2006, was reduced by $10.8 million in Hawthorn No. 5 litigation recoveries.

Consolidated KCP&L Other Operating Expenses ***(including operating expenses – KCP&L, maintenance, general taxes and other)***
Consolidated KCP&L's other operating expenses increased $8.4 million for the three months ended September 30, 2007, compared to the same period in 2006 primarily due to the following:

- increased pension expense of $4.6 million primarily due to the increased level of pension costs in KCP&L's rates effective January 1, 2007,
- increased transmission expenses of $1.6 million due to increased transmission usage charges as a result of the increased wholesale MWh sales and higher Southwest Power Pool, Inc. (SPP) fees,
- increased property tax expense of $1.1 million due to increases in assessed property valuations and mill levies and
- increased gross receipts tax expense of $1.3 million due to the increase in revenues.

Consolidated KCP&L's other operating expenses increased $36.5 million year to date September 30, 2007, compared to the same period in 2006 primarily due to the following:

- increased pension expenses of $14.3 million due to the increased level of pension costs in KCP&L's rates effective January 1, 2007,
- increased plant operations and maintenance expenses of $8.8 million primarily due to planned and unplanned outages and the addition of the Spearville Wind Energy Facility in the third quarter of 2006,
- increased labor expense of $2.1 million primarily due to filling open positions subsequent to the skill set realignment process,
- increased transmission expenses of $5.1 million primarily due to increased transmission usage charges as a result of the increased wholesale MWh sales and higher SPP fees,
- increased gross receipts tax expense of $3.2 million due to the increase in revenues and

· increased equity compensation of $1.7 million.

Partially offsetting the year to date increase in other operating expenses was decreased incentive compensation expense of $5.5 million.

Consolidated KCP&L Depreciation and Amortization
Consolidated KCP&L's depreciation and amortization costs increased $5.6 million for the three months ended and $18.1 million year to date September 30, 2007, compared to the same periods in 2006 primarily due to additional amortization pursuant to 2006 rate case orders of $3.0 million for the three months ended and $8.9 million year to date September 30, 2007. Additionally, depreciation increased $1.0 million and $4.6 million for the three months ended and year to date September 30, 2007, respectively, due to wind generation assets placed in service in the third quarter of 2006.

Consolidated KCP&L Interest Charges
Consolidated KCP&L's interest charges increased $6.5 million year to date September 30, 2007, compared to the same period in 2006 due to an increase in commercial paper borrowings.

Consolidated KCP&L Income Taxes
Consolidated KCP&L's income taxes decreased $6.3 million for the three months ended September 30, 2007, compared to the same period in 2006, due to recognition of wind credits in the amount of $1.1 million, $2.3 million of income tax true ups and a $3.3 million increase in the allocation of tax benefits from holding company losses pursuant to Great Plains Energy's intercompany tax allocation agreement.

Consolidated KCP&L's income taxes decreased $17.8 million year to date September 30, 2007, compared to the same period in 2006 due to a decrease in pre-tax income, $3.8 million of wind credits, $2.3 million of income tax true ups and a $4.3 million increase in the allocation of tax benefits from holding company losses pursuant to Great Plains Energy's intercompany tax allocation agreement.

STRATEGIC ENERGY RESULTS OF OPERATIONS

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

	Three Months Ended September 30		Year to Date September 30	
	2007	2006	2007	2006
	(millions)			
Operating revenues	$ 576.0	$ 459.2	$ 1,470.1	$ 1,129.2
Purchased power	(565.5)	(462.3)	(1,386.8)	(1,117.4)
Other operating expenses	(17.1)	(16.6)	(52.1)	(42.5)
Depreciation and amortization	(2.1)	(1.9)	(6.2)	(5.8)
Operating income (loss)	(8.7)	(21.6)	25.0	(36.5)
Non-operating income and expenses	0.8	1.1	3.0	3.0
Interest charges	(0.9)	(0.6)	(2.4)	(1.5)
Income taxes	4.7	10.2	(9.1)	17.4
Net income (loss)	$ (4.1)	$ (10.9)	$ 16.5	$ (17.6)

Strategic Energy's retail MWh deliveries increased 23% to 5.8 million for the three months ended and 22% to 15.1 million year to date September 30, 2007, compared to the same periods in 2006.

Strategic Energy had a net loss of $4.1 million for the three months ended September 30, 2007, compared to a net loss of $10.9 million for the same period in 2006. The after-tax loss from the changes in fair value related to non-hedging energy contracts and from hedge ineffectiveness decreased $4.3 million in 2007 compared to 2006. Strategic Energy also experienced higher bad debt expense mostly offset by lower employee-related expenses.

Strategic Energy had net income of $16.5 million year to date September 30, 2007, compared to a net loss of $17.6 million for the same period in 2006 due to the impact of a $50.2 million after-tax increase in changes in fair value related to non-hedging energy contracts and from hedge ineffectiveness. Partially offsetting this increase to net income was increased purchased power associated with a resettlement attributable to under-reported deliveries and the disposition of previously-acquired power at lower than contract prices caused by early terminations in the small business segment and the absence of supplier contract settlements. Strategic Energy also experienced increased bad debt expense in the small business segment and recognized penalty expense related to the purchased power adjustment for under-reported deliveries.

Average Retail Gross Margin per MWh Without Fair Value Impacts

	Three Months Ended September 30		Year to Date September 30	
	2007	**2006**	**2007**	**2006**
Average retail gross margin per MWh	$ 1.75	$ (0.79)	$ 5.42	$ 0.78
Change in fair value related to non-hedging energy contracts and from cash flow hedge ineffectiveness	3.30	5.60	(1.36)	5.21
Average retail gross margin per MWh without fair value impacts	$ 5.05	$ 4.81	$ 4.06	$ 5.99

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. 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. By not reflecting the impact of unrealized fair value gains or losses, this non-GAAP financial measure does not reflect the volatility recognized in the Company's consolidated statement of income as a result of the unrealized fair value gains or losses in the periods presented related to energy under contract for future delivery to customers. The fair value of energy under contract but not yet delivered fluctuates from the time the contract is entered into until the energy is delivered to customers. However, the ultimate value realized by Strategic Energy under the customer sales contracts is determined when the electricity supply contract settles at the originally contracted price at the time of delivery to customers. 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 at contracted prices upon delivery. Because certain of Strategic Energy's derivative supply contracts do not meet the requirements for cash flow hedge designation and certain other derivative supply contracts designated as cash flow hedges have a level of ineffectiveness, Strategic Energy recognizes unrealized gains or losses during the term of these derivative supply contracts prior to delivery while the associated customer sales contracts are not subject to fair value accounting treatment and therefore do not result in unrecognized gains or losses being recorded during the term prior to delivery. By removing these non-cash timing differences that occur during the term of the contracts prior to delivery and impact only one side of the overall buy-sell transaction, management believes this non-GAAP financial measure provides investors with a measure of average retail gross margin per MWh that more accurately reflects Strategic Energy's realized margin on delivered MWhs.

As detailed in the table above, average retail gross margin per MWh without the impact of unrealized fair value gains and losses increased to $5.05 for the three months ended September 30, 2007, compared to $4.81 for the same period in 2006 due to increased retail MWh deliveries to the small business segment, which has a higher margin, and lower customer acquisition costs.

The average retail gross margin per MWh without the impact of unrealized fair value gains and losses decreased to $4.06 year to date September 30, 2007, compared to $5.99 for the same period in 2006. This decrease is attributable to the disposition of previously-acquired power at lower than contracted prices caused by early terminations in the small business segment, increased purchased power expense associated with a resettlement attributable to under-reported deliveries and the absence of settlements of supplier contracts. Partially offsetting these decreases was an increase in net SECA recoveries.

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 $16.6 million for the three months ended and $47.9 million year to date September 30, 2007, compared to $1.6 million and $67.0 million for the same periods in 2006, respectively. Additionally, in certain markets, Strategic Energy is 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 $19.3 million for the three months ended September 30, 2007, compared to an increase of $26.6 million for the same period in 2006. Net changes in fair value decreased purchased power expense by $20.5 million year to date September 30, 2007, compared to an increase of $64.5 million for the same period in 2006. These changes are a result of volatility in the forward market prices for power combined with Strategic Energy designating more derivative instruments as cash flow hedges that no longer qualify for the NPNS election. See Note 17 to the consolidated financial statements for more information.

Strategic Energy Other Operating Expenses *(including selling, general and administrative – non-regulated and general taxes)*

Strategic Energy's other operating expenses increased $0.5 million for the three months ended September 30, 2007, compared to the same period in 2006 primarily due to a $3.2 million increase in bad debt expense attributable to the small business segment, which has a higher default rate than Strategic Energy's larger customers, mostly offset by lower employee-related expenses.

Strategic Energy's other operating expenses increased $9.6 million year to date September 30, 2007, compared to the same period in 2006 due to a $9.4 million increase in bad debt expense combined with penalty expense related to the purchased power adjustment for under-reported deliveries recorded in the first quarter of 2007 partially offset by lower employee-related expenses.

Strategic Energy Income Taxes

Strategic Energy had a tax benefit of $4.7 million for the three months ended September 30, 2007, compared to a tax benefit of $10.2 million for the same period in 2006 due to a decrease in pre-tax losses. The deferred tax benefit related to the net changes in fair value related to non-hedging energy contracts and hedge ineffectiveness decreased $3.0 million for the three months ended September 30, 2007, compared to the same period in 2006.

Strategic Energy had tax expense of $9.1 million year to date September 30, 2007, compared to a tax benefit of $17.4 million for the same period in 2006 due to pre-tax income year to date September 30, 2007, compared to a pre-tax loss for the same period in 2006. The deferred tax expense related to the net changes in fair value related to non-hedging energy contracts and from hedge ineffectiveness was $8.3 million year to date September 30, 2007, compared to a tax benefit of $26.5 million for the same period in 2006.

GREAT PLAINS ENERGY AND CONSOLIDATED KCP&L SIGNIFICANT BALANCE SHEET CHANGES (September 30, 2007 compared to December 31, 2006)

- Great Plains Energy's and consolidated KCP&L's restricted cash increased $147.0 million and $146.5 million, respectively, due to proceeds from KCP&L's $146.5 million EIRR Bonds Series 2007A and 2007B issued in the third quarter of 2007 being restricted for the repayment of $146.5 million of Series 1998 A, B and D EIRR bonds on October 1, 2007.

- Great Plains Energy's and consolidated KCP&L's receivables increased $136.3 million and $63.2 million, respectively. KCP&L's receivables increased $46.3 million due to new retail rates effective January 1, 2007, seasonal increases from higher summer tariff rates and usage and $12.1 million due to additional receivables from joint owners related to Comprehensive Energy Plan projects. Strategic Energy's receivables increased $78.7 million due to seasonal increases in MWh deliveries at higher prices slightly offset by a higher allowance for doubtful accounts primarily due to an increase in the aging of the small business customer segment.

- Great Plains Energy's and consolidated KCP&L's fuel inventories increased $7.6 million primarily due to increased coal inventory due to plant outages as well as increased coal and coal transportation costs.

- Great Plains Energy's combined refundable income taxes and accrued taxes of a net current liability of $58.9 million at September 30, 2007, increased $44.6 million from December 31, 2006 due to an increase at consolidated KCP&L. Consolidated KCP&L's refundable income taxes and accrued taxes of a net current liability of $60.4 million at September 30, 2007, increased $49.5 million from December 31, 2006. This increase was due to higher property and income tax accruals partially offset by a $6.0 million reclassification of an income tax receivable from other deferred charges.

- Great Plains Energy's derivative instruments, including current and deferred liabilities, decreased $56.2 million primarily due to a $70.7 million decrease in the fair value of Strategic Energy's energy-related derivative instruments as a result of increases in the forward market prices for power partially offset by an $18.9 million increase related to the fair value of FSS entered into in 2007 by Great Plains Energy.

- Great Plains Energy's and consolidated KCP&L's construction work in progress increased $173.5 million due to $196.8 million related to KCP&L's Comprehensive Energy Plan, including $49.4 million for environmental upgrades and $147.4 million related to the construction of Iatan No. 2 partially offset by normal construction activity as assets are completed and placed into service.

- Great Plains Energy's other deferred charges and other assets increased $16.1 million primarily due to deferred costs associated with Great Plains Energy's anticipated acquisition of Aquila.

- Great Plains Energy's notes payable increased $86.0 million due to an increase in consolidated KCP&L's notes payable and borrowings on its short-term credit facility used to settle a forward sale agreement for $12.3 million, with the remainder due to the timing of cash payments. Consolidated KCP&L's notes payable increased $50.0 million due to a decrease in operating cash flows resulting from higher operating expense due to the impact of outages at KCP&L's base load generating units during the first half of 2007. KCP&L elected to make a cash borrowing on its short-term credit facility as this was a more economical option than issuing commercial paper.

- Great Plains Energy's and consolidated KCP&L's commercial paper increased $52.2 million primarily due to a decrease in operating cash flows resulting from higher operating expense due to the impact of outages at KCP&L's base load generating units during the first half of 2007.

- Great Plains Energy's and consolidated KCP&L's current maturities of long-term debt decreased $389.1 million and $225.5 million, respectively, due to Great Plains Energy's settlement of the FELINE PRIDES Senior Notes by issuing $163.6 million of common stock and KCP&L's repayment of $225.0 million 6.00% Senior Notes at maturity.

- Great Plains Energy's and consolidated KCP&L's accrued interest increased $10.4 million and $6.6 million due to the timing of interest payments and an increase in interest accrued related to unrecognized tax benefits.

- Great Plains Energy's and consolidated KCP&L's accrued compensation and benefits decreased $10.2 million and $2.7 million, respectively, primarily due to the 2007 payments of employee incentive compensation accrued at December 31, 2006, and lower incentive compensation expense during 2007.

- Great Plains Energy's and consolidated KCP&L's other – deferred credits and other liabilities increased $23.7 million and $20.6 million, respectively, primarily due to a $19.5 million impact of the adoption of FIN 48, which was mostly a reclassification from deferred income taxes.

- Consolidated KCP&L's common stock increased $94.0 million due to an equity contribution from Great Plains Energy.

- Great Plains Energy's accumulated other comprehensive loss decreased $23.3 million primarily due to changes in the fair value of Strategic Energy's energy-related derivative instruments.

- Great Plains Energy's long-term debt increased $495.7 million due to Great Plains Energy's issuance of $100.0 million of 6.875% Senior Notes and an increase at consolidated KCP&L. Consolidated KCP&L's long-term debt increased $396.2 million reflecting the issuance of $250.0 million of 5.85% Senior Notes and the issuance of $146.5 million of EIRR Bonds Series 2007A and 2007B. The proceeds from the issuance of $146.5 million EIRR Bonds Series 2007A and 2007B were used for the repayment of $146.5 million of Series 1998 A, B and D EIRR bonds on October 1, 2007.

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 September 30, 2007, consisted of $35.0 million of cash and cash equivalents on hand, including $0.7 million at consolidated KCP&L, and $632.3 million of unused bank lines of credit. The unused lines at September 30, 2007, consisted of $334.6 million from KCP&L's revolving credit facility, $85.0 million from Strategic Energy's revolving credit facility and $212.7 million from Great Plains Energy's revolving credit facility. See the Debt Agreements section below for more information on these agreements.

KCP&L currently expects to fund its Comprehensive Energy Plan expenditures 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 security issuances and new short and long-term debt financing.

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 may 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 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 and capital expenditures with internally generated funds. Strategic Energy may 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.

In February 2007, Great Plains Energy entered into an agreement to acquire Aquila. See Note 2 to the consolidated financial statements for additional information.

Cash Flows from Operating Activities

Great Plains Energy and consolidated KCP&L generated positive cash flows from operating activities for the periods presented. Great Plains Energy's cash flows from operating activities year to date September 30, 2007, decreased primarily due to lower net income at Strategic Energy after considering non-cash after-tax fair value impacts from energy contracts, an increase in receivables at Strategic Energy due to seasonal increases in MWh deliveries at higher prices and $12.1 million of costs associated with the anticipated acquisition of Aquila. Other changes in working capital detailed in Note 3 to the consolidated financial statements also impacted operating cash flows. Consolidated KCP&L's cash flows from operating activities year to date September 30, 2007, increased primarily due to the changes in working capital detailed in Note 3 to the consolidated financial statements. The timing of the

Wolf Creek outage affects the deferred refueling outage costs, deferred income taxes and amortization of nuclear fuel. 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. Great Plains Energy's and consolidated KCP&L's cash flows from investing activities decreased $167.9 million and $161.6 million, respectively, year to date September 30, 2007, compared to the same period in 2006 primarily due to the $146.5 million of proceeds from KCP&L's EIRR Bonds Series 2007A and 2007B issued in the third quarter of 2007 being restricted for the repayment of $146.5 million of Series 1998 A, B and D EIRR bonds on October 1, 2007. Additionally in 2006, KCP&L received $15.8 million of litigation recoveries related to Hawthorn No. 5.

Cash Flows from Financing Activities

Great Plains Energy's cash flows from financing activities year to date September 30, 2007, reflect consolidated KCP&L's repayment and issuance of Senior Notes; an issuance, at a discount, of $100.0 million of 6.875% Senior Notes that mature in 2017, an increase in short-term borrowings and the $12.3 million settlement of an equity forward contract at Great Plains Energy. Consolidated KCP&L's financing activities year to date September 30, 2007, reflect KCP&L's repayment of its $225.0 million 6.00% Senior Notes at maturity; issuance, at a discount, of $250.0 million 5.85% Senior Notes that mature in 2017, issuance of $146.5 million of EIRR Bonds Series 2007A and 2007B and an increase in short-term borrowings. Consolidated KCP&L's short-term borrowings have increased primarily due to a decrease in operating cash flows year to date September 30, 2007, resulting from higher operating expense due to the impact of outages at KCP&L's base load generating units in the first half of 2007.

Financing Authorization

Under stipulations with the MPSC and KCC, Great Plains Energy and KCP&L must maintain common equity at not less than 30% and 35%, respectively, of total capitalization. KCP&L's long-term financing activities are subject to the authorization of the MPSC. In 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 has $135.0 million of authorization remaining.

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. In October 2007, KCP&L filed an application with FERC to increase the authorization to $800.0 million for a two-year period following the effective date of a FERC order granting such authorization.

Significant Financing Activities

Great Plains Energy

In the third quarter of 2007, Great Plains Energy issued $100.0 million of 6.875% unsecured Senior Notes. Great Plains Energy used the proceeds to make a $94.0 million equity contribution to KCP&L.

In 2006, Great Plains Energy 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. In April 2007, Great Plains Energy elected to terminate the forward sale agreement and settle it in cash. Based on the difference between Great Plains Energy's average stock price of $32.60 over the period used to determine the settlement and the then-applicable forward price of $25.58, Great Plains Energy paid $12.3 million to Merrill Lynch Financial Markets, Inc.

KCP&L

In the third quarter of 2007, KCP&L's $146.5 million of unsecured EIRR Bonds Series 2007A and 2007B were issued. The bonds mature on September 1, 2035, and will bear interest as determined through 35-day auction periods. The initial interest rate was 4.05%. The EIRR Bonds Series 2007A and 2007B are covered by a municipal bond insurance policy issued by FGIC. The insurance agreement between KCP&L and FGIC provides for reimbursement by KCP&L for any amounts that FGIC pays under the municipal bond insurance policy. The insurance policy is in effect for the term of the bonds. The policy also restricts the amount of secured debt KCP&L may issue. In the event that KCP&L issues debt secured by liens not permitted by the agreement, KCP&L is required to issue and deliver to FGIC first mortgage bonds or similar securities equal in principal amount to the principal amount of the EIRR Bonds Series 2007A and 2007B then outstanding. The proceeds from the issuance of $146.5 million EIRR Bonds Series 2007A and 2007B were used for the repayment of $146.5 million of Series 1998 A, B and D EIRR bonds on October 1, 2007.

In the second quarter of 2007, KCP&L issued $250.0 million of 5.85% unsecured Senior Notes. The proceeds from this issuance were used to repay a short-term intercompany loan from Great Plains Energy. KCP&L used the proceeds from the intercompany loan to repay its $225.0 million unsecured 6.00% Senior Notes at maturity.

In January 2007, KCP&L received authorization from FERC, as part of its aggregate $600.0 million short-term debt authorization, to issue an aggregate of $150 million of short-term debt in connection with participation in the Great Plains Energy money pool for a period of three years. The money pool was an internal financing arrangement in which up to $150 million of funds deposited into the money pool by Great Plains Energy and Strategic Energy could be lent on a short-term basis to KCP&L. The money pool was terminated in July 2007.

Debt Agreements

See Note 7 to the consolidated financial statements for discussion of Great Plains Energy's, KCP&L's and Strategic Energy's revolving credit facilities. Strategic Energy's facility contains a Material Adverse Change (MAC) clause that requires Strategic Energy to represent prior to receiving funding, that no MAC has occurred.

In October 2007, Strategic Energy terminated its $135 million revolving credit facility with a group of banks, expiring in June 2009, and entered into a new revolving credit facility with a group of banks, expiring in October 2010. The new facility provides for loans and letters of credit not exceeding an aggregate of the lesser of $50 million or the borrowing base, which is generally 85% of Strategic Energy's retail accounts receivables plus the amount of a Great Plains Energy guarantee. Great Plains Energy issued an initial guarantee in the amount of $12.5 million and may increase the guarantee up to a maximum of $27.5 million to increase the borrowing base or to cure a default of the minimum fixed charge coverage ratio, provided that Great Plains Energy maintains certain favorable ratings on its

senior unsecured debt. Under the terms of the agreement, Strategic Energy is required to maintain, as of the end of each quarter, a minimum fixed charge coverage ratio of at least 1.05 to 1.0 and a minimum EBITDA, as defined in the agreement, for the four quarters then ended of $15 million through March 31, 2008, and thereafter increasing to $17.5 million (through September 30, 2008), $20 million (through March 31, 2009) and $22.5 million through maturity.

At the same time, Strategic Energy entered into an agreement to sell its current and future retail accounts receivable to its wholly owned subsidiary, Strategic Receivables, LLC (Strategic Receivables), which in turn sells undivided percentage ownership interests in the accounts receivable to Market Street Funding LLC (Market Street) and Fifth Third Bank ratably based on each purchaser's commitments. Strategic Energy sells its receivables at a price equal to the amount of the accounts receivable less a discount based on the prime rate and days sales outstanding (as defined in the agreement). Strategic Receivables may also issue letters of credit to Strategic Energy, with the amount of such letters of credit being credited against the purchase price. Market Street's and Fifth Third Bank's obligation to purchase accounts receivable is limited to $112.5 million and $62.5 million, respectively, less the proportionate aggregate amount of letters of credit issued pursuant to the agreement. Strategic Energy services the receivables and receives an annual servicing fee of 1.0% times the daily average aggregate outstanding balance of receivables. Strategic Energy transferred its outstanding letters of credit under the terminated revolving credit facility totaling $49.8 million to the receivables facility upon termination.

Credit Ratings

None of the companies' outstanding debt, except for the notes associated with affordable housing investments, requires the acceleration of interest and/or principal payments in the event of a ratings downgrade, unless the downgrade occurs in the context of Great Plains Energy or KCP&L entering into a merger, consolidation or sale. In the event of a downgrade, the companies and/or their subsidiaries may be subject to increased interest costs on their credit facilities. The anticipated acquisition of Aquila will not be a merger, consolidation or sale that would trigger acceleration of interest and/or principal payments.

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. All plans meet the funding requirements of the Employee Retirement Income Security Act of 1974 (ERISA) with additional contributions made when deemed financially advantageous.

Year to date September 30, 2007, the Company contributed $25.9 million to the plans and an additional $6.8 million is expected to be contributed during the remainder of 2007, all paid by KCP&L. Management believes KCP&L has adequate access to capital resources through cash flows from operations or through existing lines of credit to support the funding requirements.

Under the terms of the pension plans, the Company reserves the right to amend or terminate the plans. See Note 10 to the consolidated financial statements for additional information regarding plan amendments.

Strategic Energy Supplier Concentration and Credit

Strategic Energy enters into forward physical contracts with multiple suppliers. At September 30, 2007, Strategic Energy's five largest suppliers under forward supply contracts represented 70% of the total future dollar committed purchases. The 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 September 30, 2007.

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	$ 1.8	$ -	$ 1.8	2	$ 1.8
Non-Investment Grade	7.2	6.2	1.0	1	1.0
Internal rating					
Non-Investment Grade	-	-	-	-	-
Total	$ 9.0	$ 6.2	$ 2.8	3	$ 2.8

Maturity Of Credit Risk Exposure Before Credit Collateral			
Rating	Less Than 2 Years	2 - 5 Years	Total Exposure
External rating		(millions)	
Investment Grade	$ 0.9	$ 0.9	$ 1.8
Non-Investment Grade	4.3	2.9	7.2
Internal rating			
Non-Investment Grade	-	-	-
Total	$ 5.2	$ 3.8	$ 9.0

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.

At September 30, 2007, Strategic Energy had exposure before collateral to non-investment grade counterparties totaling $7.2 million, of which $4.3 million is scheduled to mature in less than two years. In addition, Strategic Energy held collateral totaling $6.2 million limiting its exposure to these non-investment grade counterparties to $1.0 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 for KCP&L's Comprehensive Energy Plan were $140.5 million for the remainder of 2007 and $472.4 million, $135.9 million and $14.0 million for the years 2008 through 2010, respectively. Great Plains Energy's and consolidated KCP&L's other contractual obligations have not significantly changed outside of the ordinary course of business at September 30, 2007, compared to December 31, 2006.

Great Plains Energy and consolidated KCP&L adopted the provisions of FASB Interpretation No. 48, "Accounting for Uncertainty in Income Taxes," an interpretation of SFAS No. 109, "Accounting for Income Taxes" on January 1, 2007. At September 30, 2007, the total liability for unrecognized tax benefits for Great Plains Energy and consolidated KCP&L was $21.6 million and $19.5 million, respectively. Great Plains Energy and consolidated KCP&L are unable to determine reasonably reliable estimates of the period of cash settlement with the respective taxing authorities.

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 $79.0 million to $337.7 million at September 30, 2007, compared to $258.7 million at December 31, 2006. This increase is comprised of $31.4 million in direct guarantees and $47.6 million in 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 than Strategic Energy's credit facility. Consolidated KCP&L's guarantees were unchanged at September 30, 2007, compared to December 31, 2006.

New Accounting Standards

See Note 19 of the consolidated financial statements for information regarding new accounting standards.

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 2006 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 2006 Form 10-K of each of Great Plains Energy and KCP&L, incorporated herein by reference.

Strategic Energy maintains a commodity-price risk management strategy that uses derivative instruments including forward physical energy purchases, to minimize significant, unanticipated net income fluctuations caused by commodity-price volatility. In certain markets where Strategic Energy operates, entering into forward fixed price contracts is cost prohibitive. Financial derivative instruments, including swaps, 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. At September 30, 2007, a hypothetical 10% increase in the market price of purchased power could result in a $3.6 million increase in purchased power expense for the remainder of 2007.

ITEM 4. CONTROLS AND PROCEDURES

Disclosure Controls and Procedures

Great Plains Energy carried out evaluations of its 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 September 30, 2007. These evaluations were conducted under the supervision, and with the participation, of the company's management, including the chief executive officer, chief financial officer and the disclosure committee.

Based upon these evaluations, the chief executive officer and chief financial officer of Great Plains Energy have concluded as of the end of the period covered by this report that the disclosure controls and procedures of Great Plains Energy are functioning effectively to provide reasonable assurance that: (i) the information required to be disclosed by the company in the reports that it files or submits 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 company in the reports that it files or submits under the Securities Exchange Act of 1934, as amended, is accumulated and communicated to 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 internal control over financial reporting that occurred during the quarterly period ended September 30, 2007, that has materially affected, or is reasonably likely to materially affect, the company's internal control over financial reporting.

ITEM 4T. CONTROLS AND PROCEDURES

Disclosure Controls and Procedures

KCP&L carried out evaluations of its 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 September 30, 2007. These evaluations were conducted under the supervision, and with the participation, of the company's management, including the chief executive officer, chief financial officer and the disclosure committee.

Based upon these evaluations, the chief executive officer and chief financial officer of KCP&L have concluded as of the end of the period covered by this report that the disclosure controls and procedures of KCP&L are functioning effectively to provide reasonable assurance that: (i) the information required to be disclosed by the company in the reports that it files or submits 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 company in the reports that it files or submits under the Securities Exchange Act of 1934, as amended, is accumulated and communicated to 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 KCP&L's internal control over financial reporting that occurred during the quarterly period ended September 30, 2007, that has materially affected, or is reasonably likely to materially affect, the company's internal control over financial reporting.

PART II – OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

KCP&L Missouri 2007 Rate Case

On February 1, 2007, KCP&L filed a retail rate case with the MPSC, requesting an annual rate increase effective January 1, 2008, of approximately $45 million over current levels. In July 2007, the MPSC Staff filed its case regarding KCP&L's rate request. In its filing, the Staff asserted that KCP&L's annual revenues should be increased by $0.7 million, before adjustments resulting from the September 30, 2007, true-up of test year information. The Staff's filing assumed adjustments resulting from this true-up would increase revenue requirements by $14 million, resulting in a required increase in annual revenues of $14.7 million. This amount reflects approximately $15 million to $17 million in accelerated depreciation, which the Staff asserts will maintain certain KCP&L credit ratios at investment-grade levels as provided for in the stipulation and agreement approved by the MPSC in 2005. Evidentiary hearings were held in October 2007, and true-up hearings are anticipated in November 2007. A decision is expected in December 2007.

KCP&L Kansas 2007 Rate Case

On March 1, 2007, KCP&L filed a rate increase request with KCC, requesting an additional approximate $47 million in annual revenues, with approximately $13 million of that amount treated for accounting purposes as an increase to KCP&L's depreciation reserve. KCP&L reached a negotiated settlement of its request with certain parties to the rate proceedings, and on September 12, 2007, filed a Joint Stipulation and Agreement (Agreement) containing the settlement with KCC.

The parties to the Agreement are KCP&L, the Staff of the KCC, and the Citizens' Utility Ratepayers Board (CURB). The Agreement stipulates a $28 million increase in annual revenues effective January 1, 2008, with $11 million of that amount treated for accounting purposes as an increase to KCP&L's depreciation reserve. The Agreement also recommends an ECA tariff. The ECA tariff will reflect the projected annual amount of fuel, purchased power, emission allowances and transmission costs and asset-based off-system sales margin. The ECA tariff provides that these projected amounts are subject

to quarterly re-forecasts. Any difference between the ECA revenue collected and the actual ECA amounts for a given year (which may be positive or negative) will be recovered over twelve months beginning April 1 of the succeeding year.

The Agreement recommends various other provisions, including but not limited to: (i) establishing an energy efficiency rider as an interim mechanism to recover deferred costs incurred for affordability, energy efficiency and demand side management programs; (ii) establishing for regulatory purposes annual pension cost for the period beginning January 1, 2008, of approximately $40 million ($18 million on a Kansas jurisdictional basis), before amounts capitalized and amounts billed to the other joint owners of KCP&L's power plants, through the creation of a regulatory asset or liability, as appropriate; (iii) amortizing over ten years the costs incurred in 2006 of approximately $9 million ($4 million on a Kansas jurisdictional basis) associated with skill set realignment; and (iv) setting at 8.3% the equity rate used to calculate the equity component of the allowance for funds used during construction rate calculation for Iatan 2 as of January 1, 2008. The treatment of pension costs in the Agreement is consistent with KCP&L's last Kansas rate order.

The Agreement is subject to KCC approval, and is voidable if not approved in its entirety. It is possible that the KCC may approve the Agreement with changes, or may not approve the Agreement. A decision is expected in December 2007.

Aquila Transaction Proceedings

On April 4, 2007, Great Plains Energy, KCP&L and Aquila submitted joint applications to the MPSC and KCC seeking approval of the proposed acquisition by Great Plains Energy of Aquila. In the MPSC filing, the companies requested that Aquila be authorized to use an additional amortization mechanism to maintain credit ratios once Aquila achieves financial metrics necessary to support an investment-grade credit rating. Aquila and KCP&L also requested authorization to amortize transaction and incremental transition-related costs over five years, and to collectively retain for a five year period 50 percent of estimated synergy savings resulting from the transaction. Aquila further requested approval to transfer to Great Plains Energy approximately $677 million of the proceeds from the sale of its non-Missouri utility operations to Black Hills to fund substantially all of the cash portion of the merger consideration payable to its shareholders by Great Plains Energy. In the KCC filing, KCP&L requested similar regulatory treatment of costs and synergies. In updates filed with the MPSC and KCC on August 8, 2007, Great Plains Energy and KCP&L currently propose to retain for a five year period 50 percent of the estimated utility operational synergies, net of estimated transition costs. The MPSC Staff has filed testimony asserting that the transaction is detrimental to the public interest and should not be approved. Other parties in the MPSC case have asserted that the transaction should not be approved, or approved with conditions. Evidentiary hearings are scheduled for December in Missouri and January 2008 in Kansas, with decisions expected in the first quarter of 2008.

On May 25, 2007, Great Plains Energy, KCP&L, Aquila and Black Hills filed a joint application (which was amended in June 2007) with FERC seeking approval of the proposed acquisition by Great Plains Energy of Aquila and certain Aquila Colorado electric assets by Black Hills, and for a declaratory order that the transfer of proceeds from Aquila to Great Plains Energy will not constitute a payment of funds properly included in a capital account in a manner contrary to the Federal Power Act. On October 18, 2007, the FERC granted the joint application. Great Plains Energy and Aquila submitted their respective Hart-Scott-Rodino pre-merger notifications in July 2007 relating to the acquisition of Aquila by Great Plains Energy, and received early termination of the waiting period on August 27, 2007.

Two purported shareholder class action lawsuits were filed against Aquila and certain of its individual directors and officers on February 8, 2007, in Jackson County, Missouri, Circuit Court seeking, among other things, an injunction against the consummation of the proposed transaction. The lawsuits allege, among other things, breaches of fiduciary duties and self-dealing by Aquila directors and officers. In July 2007, the plaintiff in one of the suits amended his petition to include Great Plains Energy and Black Hills as defendants, alleging that they aided and abetted alleged breaches of fiduciary duties by the named Aquila directors and officers. On July 26, 2007, the Court consolidated the two cases and directed plaintiffs to file a Consolidated Petition, which was done on August 31, 2007. Aquila, Great Plains Energy and Black Hills filed motions to dismiss this case, which were granted on October 29, 2007. Plaintiffs have 30 days to appeal the dismissal.

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 filed a motion for transfer of this case to the Missouri Supreme Court, which was granted. On May 29, 2007, the Supreme Court reversed the summary judgment and remanded the case to the trial court. On July 26, 2007, Weinstein filed a renewed Motion for Summary Judgment and KLT Telecom responded in opposition on August 28, 2007. A hearing on the motion is anticipated to occur in the fourth quarter of 2007. A $15 million reserve was recorded in 2001 for this matter.

Other Proceedings

The companies are parties to various other lawsuits and regulatory proceedings in the ordinary course of their respective businesses. For information regarding other lawsuits and proceedings, see Notes 6, 14 and 15 to the consolidated financial statements. Such descriptions are incorporated herein by reference.

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 2006 Form 10-K of each of Great Plains Energy and KCP&L. The companies' businesses are 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 certain of the risk factors described in the 2006 Form 10-K of each of Great Plains Energy and KCP&L. 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 Company has Regulatory Risks

The Company is subject to extensive federal and state regulation. Failure to obtain adequate rates or regulatory approvals, in a timely manner, adoption of new regulations by federal or state agencies, or changes to current regulations and interpretations of such regulations may materially affect the Company's business and its results of operations and financial position.

In October 2007, the MPSC adopted rules requiring vegetation management programs and periodic inspections of transmission and distribution facilities. The vegetation management rules require periodic inspections and completion of tree trimming cycles every four years in urban areas and every six years in rural areas. The transmission and distribution facilities inspection rules require periodic inspections of, and any necessary repairs to, these facilities. Electric utilities may request to defer the costs incurred in implementing these rules, above the levels reflected in rates, for possible recovery in future rate cases. KCP&L currently expects that the costs of implementing these rules will not be material to its results of operation or financial condition.

The outcome of KCP&L's pending and future retail rate proceedings could have a material impact on its business and 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 and financial position.

In February 2007, KCP&L filed a request with the MPSC to increase the annual rates charged to its retail customers in Missouri by approximately $45 million. KCP&L and certain parties filed a negotiated stipulation and agreement with the KCC in September 2007 to increase the annual rates it is permitted to charge its Kansas retail customers by approximately $28 million. The requested rate increases are subject to the approvals of the MPSC and KCC, respectively, which are expected to rule on the requests in December 2007, with any rate changes taking effect on January 1, 2008. 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. Additionally, the December 2006 order of the MPSC authorizing an increase in annual rates of approximately $51 million has been appealed in the Missouri courts. It is possible that the MPSC order could be vacated and the proceedings remanded to the MPSC. Management cannot predict or provide any assurances regarding the outcome of these proceedings.

As a part of the Missouri and Kansas stipulations approved by the MPSC and KCC in 2005, KCP&L began implementation of its Comprehensive Energy Plan. Under the Comprehensive Energy Plan, KCP&L agreed to undertake certain projects, including building and owning a portion of Iatan No. 2, installing a new wind-powered generating facility, installing environmental upgrades to certain existing plants, infrastructure improvements and demand management, distributed generation, and customer efficiency and affordability programs. In March 2007, KCP&L entered into a Collaboration Agreement with the Sierra Club and Concerned Citizens of Platte County that provides for increases in KCP&L's wind generation capacity and energy efficiency initiatives, reductions in certain emission permit levels at its Iatan and LaCygne generating stations, and projects to offset certain carbon dioxide emissions. Most, but not all, of these commitments are conditioned on regulatory approval. A reduction or rejection by the MPSC or KCC of rate increase requests reflecting the costs of projects under the comprehensive energy plan or Collaboration Agreement may result in increased financing requirements or a significant adverse effect on KCP&L's results of operations and financial position, or both.

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 designed to spread the impact of rate increases over an extended period of time for the benefit of customers. Any or all of these could have a significant adverse effect on KCP&L's results of operations and financial position.

The Company is Subject to Environmental Laws and the Incurrence of Environmental Liabilities

The Company is subject to regulation by federal, state and local authorities with regard to air quality 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, which 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 Great Plains Energy's and consolidated KCP&L's results of operations and financial position.

The Clean Air Act requires companies to obtain permits and, if necessary, install control equipment to reduce emissions when making a major modification or a change in operation if either is expected to cause a significant net increase in regulated emissions. The Sierra Club and Concerned Citizens of Platte County have claimed that modifications were made to Iatan No. 1 in violation of Clean Air Act regulations. Although KCP&L has entered into a Collaboration Agreement with those parties that provides, among other things, for the release of such claims, the Collaboration Agreement does not bind any other entity. KCP&L is aware of subpoenas issued by a Federal grand jury to certain third parties seeking documents relating to capital projects at Iatan No. 1. KCP&L has not received a subpoena, and has not been informed of the scope of the grand jury inquiry. KCP&L believes that it is in compliance with all relevant laws and regulations; however, the ultimate outcome of these grand jury activities cannot presently be determined, nor can the costs and other liabilities that could potentially result from a negative outcome presently be reasonably estimated. There is no assurance these costs, if any, could be recovered in rates and failure to recover such costs could have a material adverse effect on Great Plains Energy's and consolidated KCP&L's results of operations and financial position.

New environmental laws and regulations affecting KCP&L's operations may be adopted, including but not limited to, regulation of carbon dioxide and other greenhouse gases or requirements that a portion of electric generation come from renewable resources, and new interpretations of existing laws and regulations could be adopted or become applicable to KCP&L or its facilities, any of which may substantially increase its environmental expenditures in the future. New facilities, or modifications of existing facilities, may require new environmental permits or amendments to existing permits. Delays in the environmental permitting process, denials of permit applications, and conditions imposed in permits

may materially affect the cost and timing of the generation and environmental retrofit projects included in the comprehensive energy plan, among other projects, and thus materially affect KCP&L's results of operations and financial position. Under current law, KCP&L is also generally responsible for any on-site liabilities associated with the environmental condition of its facilities, including those that it has previously owned or operated, regardless of whether the liabilities arose before, during or after the time it owned or operated the facilities. KCP&L may not be able to recover all of its costs for environmental expenditures through rates in the future. The incurrence of material environmental costs or liabilities, without related rate recovery, could have a material adverse effect on KCP&L's results of operations and financial position. See Note 14 to the consolidated financial statements for additional information regarding environmental matters.

Fossil Fuel and Transportation Prices Impact KCP&L's Costs

KCP&L's electric tariffs in Missouri and Kansas do not currently contain fuel or purchased power cost adjustment clauses. This exposes KCP&L to risk from changes in the market prices of coal, natural gas and purchased power. Changes in KCP&L's fuel mix due to electricity demand, plant availability, transportation issues, fuel prices and other factors can also adversely affect KCP&L's fuel and purchased power costs.

KCP&L does not hedge its entire exposure from fossil fuel and transportation price volatility. Consequently, its results of operations and financial position may be materially impacted by changes in these prices until increased costs are recovered in rates. KCP&L and other parties filed a stipulation and agreement with the KCC in September 2007 to implement a mechanism to fully recover its fuel and purchased power costs allocated to its Kansas operations. If approved, it is slated to become effective in Kansas in January 2008. KCP&L does not have, and has not requested, an energy cost adjustment mechanism for its Missouri operations.

Wholesale Electricity Prices Affect Costs and Revenue, Creating Earnings Volatility

KCP&L's ability to maintain or increase its level of wholesale sales depends on the wholesale market price, transmission availability and the availability of KCP&L's generation for wholesale sales, among other factors. A substantial portion of KCP&L's wholesale sales are made in the spot market, and thus KCP&L has immediate exposure to wholesale price changes. Declines in wholesale market price or availability of generation or transmission constraints in the wholesale markets could reduce KCP&L's wholesale sales and adversely affect KCP&L's results of operations and financial position. If the aggregate margin on KCP&L's wholesale sales exceeds a certain level, KCP&L is required to treat the Missouri jurisdictional portion of this excess as a regulatory liability.

KCP&L is also exposed to price risk because at times it purchases power to meet its customers' needs. The cost of these purchases may be affected by the timing of customer demand and/or unavailability of KCP&L's lower-priced generating units. Wholesale power prices can be volatile and generally increase in times of high regional demand and high natural gas prices. KCP&L and other parties filed a stipulation and agreement with the KCC in September 2007 to implement a mechanism to fully recover its fuel and purchased power costs allocated to its Kansas operations. If approved, it is slated to become effective in Kansas in January 2008. KCP&L does not have, and has not requested, an energy cost adjustment mechanism for its Missouri operations.

Strategic Energy operates in competitive retail electricity markets, competing against the host utilities and other retail suppliers. Wholesale electricity costs, which account for a significant portion of its operating expenses, can materially affect Strategic Energy's ability to attract and retain retail electricity customers. There is also a regulatory lag that slows the adjustment of host public utility rates in response to changes in wholesale prices. This lag can negatively affect Strategic Energy's ability to compete in a rising wholesale price environment. Strategic Energy manages wholesale electricity risk by establishing risk limits and entering into contracts to offset some of its positions to balance energy

supply and demand; however, Strategic Energy is not always able to exactly match hedges to its aggregate exposure. This imbalance position leaves Strategic Energy subject to the effects of electricity price volatility. Consequently, its results of operations and financial position may be materially impacted by changes in the wholesale price of electricity.

Great Plains Energy is subject to business and regulatory uncertainties as a result of the anticipated acquisition of Aquila, Inc., which could adversely affect its business.

On February 6, 2007, Great Plains Energy entered into definitive agreements under which it would acquire all the outstanding shares of Aquila. Immediately prior to this acquisition, Black Hills will acquire from Aquila its electric utility in Colorado and its gas utilities in Colorado, Kansas, Nebraska and Iowa. These transactions are complex, and are subject to numerous regulatory approvals and other conditions. The timing of, and the conditions imposed by, regulatory approvals may delay, or give rise to the ability to terminate the transactions. In addition, the shareholder lawsuits filed against Aquila, Black Hills Corporation and Great Plains Energy seek to enjoin the transactions and recover alleged damages. In the event of termination, Great Plains Energy would be required to write-off its deferred transaction costs, which could be material. The conditions imposed by regulatory approvals could increase the costs, or decrease the benefits, anticipated by Great Plains Energy from the transaction.

While it is anticipated that Great Plains Energy, KCP&L and Aquila will be rated investment grade after the transactions close, Great Plains Energy and KCP&L credit ratings have been negatively affected after the announcement of the proposed acquisition, and may be further negatively affected. Credit rating downgrades could result in higher financing costs and potentially limit the companies' access to the capital and credit markets, impact the regulatory rate treatment provided KCP&L, or both.

Great Plains Energy entered into the transaction agreements with the expectation that the acquisition would result in various benefits to it and KCP&L including, among other things, synergies, cost savings and operating efficiencies. Although Great Plains Energy expects to achieve the anticipated benefits of the acquisition, achieving them cannot be assured. Great Plains Energy, KCP&L and Aquila proposed to regulators that the benefits resulting from the transaction be shared between retail electric customers and Great Plains Energy shareholders, and requested certain other regulatory assurances. There is no assurance regarding the amount of benefit-sharing, or other regulatory treatment, in rate cases occurring after the closing of the transactions.

Most of the Aquila employees remaining after the sale to Black Hills are expected to become employees of KCP&L. KCP&L employees will operate and manage both KCP&L properties and Aquila's properties, and KCP&L will charge Aquila for the cost of these services. Procurement of goods and services for both KCP&L and Aquila is expected to be done by KCP&L, with the cost of goods and services used by Aquila being billed to Aquila. These expected arrangements may pose risks to KCP&L, including possible claims by Aquila or third parties arising from actions of KCP&L employees in operating Aquila's properties and providing other services to Aquila. KCP&L's claims for reimbursement for goods and services provided to Aquila will be unsecured and rank equally with other unsecured obligations of Aquila. KCP&L's ability to be reimbursed for the costs incurred for the benefit of Aquila depends on the financial ability of Aquila to make such payments.

Additionally, Aquila's utility operations are subject to regulation by numerous government entities, including the MPSC and FERC. As such, a successful acquisition of Aquila will subject Great Plains Energy to additional regulatory risk.

The outcome of legal proceedings cannot be predicted. An adverse finding could have a material adverse effect on Great Plains Energy's and KCP&L's financial condition.

Great Plains Energy and KCP&L are party to various material litigation and regulatory matters arising out of their business operations. The ultimate outcome of these matters cannot presently be determined, nor can the liability that could potentially result from a negative outcome in each case

presently be reasonably estimated. The liability Great Plains Energy and KCP&L may ultimately incur with respect to any of these cases in the event of a negative outcome may be in excess of amounts currently reserved and insured against with respect to such matters and, as a result, these matters may have a material adverse effect on the consolidated financial position of Great Plains Energy, KCP&L or both.

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

The following table provides information regarding purchases by Great Plains Energy of its equity securities during the third quarter of 2007.

Issuer Purchases of Equity Securities				
Month	Total Number of Shares (or Units) Purchased	Average Price Paid per Share (or Unit)	Total Number of Shares (or Units) Purchased as Part of Publicly Announced Plans or Programs	Maximum Number (or Approximate Dollar Value) of Shares (or Units) that May Yet Be Purchased Under the Plans or Programs
July 1-31	167 [(1)]	$ 29.47	-	N/A
August 1-31	-	-	-	N/A
September 1-30	-	-	-	N/A
Total	167	$ 29.47	-	N/A

[(1)]Represents shares of common stock surrendered to Great Plains Energy by certain officers to pay taxes related to the issuance of restricted stock and performance shares.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

None.

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

None.

ITEM 5. OTHER INFORMATION

Pursuant to the guidance provided by the SEC Division of Corporation Finance in the Current Report on Form 8-K Frequently Asked Questions dated November 23, 2004, the following information is provided pursuant to the requirements of Item 5.02(e) of Form 8-K.

On October 30, 2007, the Board of Directors of Great Plains Energy took the following executive compensation actions affecting one or more of its principal executive officer, principal financial officer, and other named executive officers.

Section 409A Remediation

2003 Stock Options

In 2003, Great Plains Energy entered into stock option grant agreements with certain of its officers, including William H. Downey, President and Chief Operating Officer, that included the right to receive dividend equivalent payments in connection with the officer's exercise of such stock options. Under the terms established in 2003, these dividend equivalents accrue quarterly in a notional account, and are proportionately paid when the option holder exercises his stock options. No interest is accrued on the notional account. Mr. Downey's stock option grant is for 5,249 shares, no portion of which has been exercised. These stock option grants were made prior to the enactment of Internal Revenue Code Section 409A (Section 409A). Section 409A would impose adverse tax consequences on the option holders due to the present structuring of the dividend equivalent payments, unless these options are either brought into compliance with Section 409A or amended so as to fall within an available exemption from Section 409A. To avoid these consequences, which were not foreseeable when the stock options were granted, and cause these stock option grants to be exempt from Section 409A, Great Plains Energy will offer each affected option holder the opportunity to amend these stock option grants to provide that the accrued dividend equivalents will be paid if there is a change in control of Great Plains Energy, or upon the earlier of (i) the first anniversary of the option holder's separation from service with Great Plains Energy, or (ii) July 1, 2014. Assuming (i) Mr. Downey does not exercise any of his 2003 stock options, (ii) no change in control occurs and he remains employed by Great Plains Energy through July 1, 2014, and (iii) Great Plains Energy continues to pay a quarterly common stock dividend of $0.415 per share, he would be entitled to receive a cash payment of approximately $95,847 on July 1, 2014.

Supplemental Executive Retirement Plan

Great Plains Energy's Supplemental Executive Retirement Plan (SERP) provides certain supplemental retirement benefits to Michael J. Chesser, Chairman of the Board and Chief Executive Officer, Mr. Downey, Terry Bassham, Executive Vice President – Finance and Strategic Development and Chief Financial Officer, John R. Marshall, Senior Vice President – Deliver of KCP&L, and other officers. The SERP is unfunded and provides out of general assets an amount substantially equal to the difference between the amount that would have been payable under Great Plain Energy's qualified pension plan in the absence of legislation limiting pension benefits and earnings that may be considered in calculating pension benefits, and the amount actually payable under such pension plan. In order to bring the SERP into compliance with Section 409A, and to accommodate certain design changes to Great Plains Energy's defined benefit pension plan covering KCP&L and Services employees (Pension Plan), the Great Plains Energy Board of Directors froze the existing SERP (Frozen SERP) with respect to all benefits accrued and vested through December 31, 2004, and adopted an amended and restated SERP (409A SERP) with respect to all benefits accruing or vesting after December 31, 2004. The principal changes include:

- The 409A SERP limits payment of benefits to the events permitted under Section 409A;
- The 409A SERP delays by six months any payments due upon the separation from service of "specified employees", as defined in Section 409A (which includes the four officers named above);
- Participants in the 409A SERP have an opportunity until December 31, 2008, to change their election as to when and in what form benefits under the 409A SERP will be paid (however, no election change made during 2007 can result in amounts being paid in 2007 or defer amounts that otherwise would have been paid in 2007 and no election change made during 2008 can result in amounts being paid in 2008 or defer amounts that otherwise would have been paid in 2008); and

- The Pension Plan benefit accrual rates have been reduced for employees hired on and after September 1, 2007, among other changes. Those who were employees prior to that date had the option to either continue under the terms of the Pension Plan prior to that date, or to elect to be covered under the new terms of the Pension Plan. The 409A SERP benefit accrual rate is reduced from 2% to 1.58%, effective January 1, 2008, for those participants with reduced Pension Plan benefit accrual rates. Of the officers named in the first paragraph of this section, Messrs. Bassham and Marshall have elected to be covered under the new terms of the Pension Plan.

Nonqualified Deferred Compensation Plan

Great Plains Energy's Nonqualified Deferred Compensation Plan (DCP) is available to the Board of Directors, Messrs. Chesser, Downey, Bassham, Marshall, Shahid Malik, President and Chief Executive Officer of Strategic Energy and other officers. The DCP provides the opportunity for participants to defer the receipt of compensation and to earn interest on the deferred amounts. In order to bring the DCP into compliance with Section 409A, and to accommodate certain design changes to Great Plains Energy's 401(k) plan covering KCP&L and Services employees (401(k) Plan), the Great Plains Energy Board of Directors (1) froze the existing DCP (Frozen DCP) with respect to all contributions accrued and vested through December 31, 2004 (and all earnings on such contributions) and (2) adopted an amended and restated DCP (409A DCP) with respect to all contributions accruing or vesting after December 31, 2004 (and all earnings on such contributions). The principal changes include:

- The 409A DCP limits payment of contributions and earnings to the events permitted under Section 409A;
- The 409A DCP delays by six months any payments due upon the separation from service of "specified employees", as defined in Section 409A (which includes the five officers named above);
- The 409A DCP limits the form of payments to a lump-sum payment, or annual installments over 5, 10 or 15 years;
- Participants in the 409A DCP have an opportunity until December 31, 2008, to change their election as to when and in what form their contributions and earnings under the 409A DCP will be paid (however, no election change made during 2007 can result in amounts being paid in 2007 or defer amounts that otherwise would have been paid in 2007 and no election change made during 2008 can result in amounts being paid in 2008 or defer amounts that otherwise would have been paid in 2008);
- Participants do not have to contribute to the 401(k) Plan to be eligible to contribute under the 409A DCP; however, participants who do not contribute the maximum amount to the 401(k) Plan (excluding "catch up" contributions) are not eligible to receive the matching contributions described below;
- The 409A DCP permits Great Plains Energy to make additional discretionary contributions to participants if the Board of Directors determines such contributions are appropriate; and

- In connection with the Pension Plan changes discussed above, the 401(k) Plan benefits have been enhanced for employees hired on and after September 1, 2007, among other changes. Those who were employees prior to that date had the option to either continue under the terms of the 401(k) Plan and Pension Plan prior to that date, or to elect to be covered under the new terms of the 401(k) Plan and Pension Plan. For those participants who are covered under the new terms of the 401(k) Plan, (i) Great Plains Energy's matching contribution under the 409A DCP will be 100% on each dollar contributed up to 6% of compensation (including base salary, bonus and incentive pay), offset by the matching contribution for 401(k) Plan contributions, and (ii) such matching contributions and earnings thereon will be fully and immediately vested. For other participants, matching contributions and earnings thereon will continue to remain subject to a 6-year graded vesting schedule. Of the officers named in the first paragraph of this section, Messrs. Bassham and Marshall have elected to be covered under the new terms of the 401(k) Plan.

The foregoing descriptions of the stock option amendment, Frozen SERP, 409A SERP, Frozen DCP and 409A DCP do not purport to be complete and are qualified in their entirety by the text of such plans themselves, which are filed as exhibits to this report.

ITEM 6. EXHIBITS

Great Plains Energy Documents

Exhibit Number		Description of Document
4.1	*	Second Supplemental Indenture dated as of September 25, 2007, between Great Plains Energy Incorporated and The Bank of New York Trust Company, N.A., as trustee (Exhibit 4.1 to Form 8-K dated September 25, 2007).
10.1.1		$50,000,000 Revolving Credit Facility Credit Agreement by and among Strategic Energy, L.L.C., the lenders party thereto and PNC Bank, National Association, as Administrative Agent, dated as of October 3, 2007.
10.1.2		Receivables Purchase Agreement dated as of October 3, 2007, by and among Strategic Receivables, LLC, as Seller, Strategic Energy, L.L.C., as initial Servicer, the Conduit Purchasers party thereto, the Purchaser Agents party thereto, the Financial Institutions from time to time party thereto as LC Participants, and PNC Bank, National Association, as Administrator and as LC Bank.
10.1.3		Purchase and Sale Agreement dated as of October 3, 2007, by and among the various entities from time to time party thereto as Originators, Strategic Energy, L.L.C., as Servicer, and Strategic Receivables, LLC, as Buyer.
10.1.4		Letter Agreement dated as of August 31, 2007, to Asset Purchase Agreement and Partnership Interests Purchase Agreement by and among Aquila, Inc., Black Hills Corporation, Great Plains Energy Incorporated and Gregory Acquisition Corp.
10.1.5		Letter Agreement dated as of September 28, 2007, to Asset Purchase Agreement and Partnership Interests Purchase Agreement by and among Aquila, Inc., Black Hills Corporation, Great Plains Energy Incorporated and Gregory Acquisition Corp.
10.1.6		Letter Agreement dated as of October 3, 2007, to Agreement and Plan of Merger, Asset Purchase Agreement and Partnership Interests Purchase Agreement by and among Aquila, Inc., Black Hills Corporation, Great Plains Energy Incorporated and Gregory Acquisition Corp.

10.1.7		Joint Stipulation and Agreement dated as of September 12, 2007, among Kansas City Power & Light Company, the Staff of the Kansas Corporation Commission and the Citizens' Utility Ratepayer Board (filed as Exhibit 10.2.1 hereto).
10.1.8		Insurance Agreement dated as of September 19, 2007, by and between Financial Guaranty Insurance Company and Kansas City Power & Light Company (filed as Exhibit 10.2.2 hereto).
10.1.9	+	Form of Amendment to 2003 Stock Option Grants
10.1.10	+	Great Plains Energy Incorporated Supplemental Executive Retirement Plan (As Amended and Restated for I.R.C. §409A)
10.1.11	+	Great Plains Energy Incorporated Nonqualified Deferred Compensation Plan (As Amended and Restated for I.R.C. §409A)
10.1.12	*	Notice of Election to Transfer Unused Commitment between the Great Plains Energy Incorporated and Kansas City Power & Light Company Credit Agreements dated as of May 11, 2006, with Bank of America, N.A., as Administrative Agent, JPMorgan Chase Bank, N.A., as Syndication Agent, BNP Paribas, The Bank of Tokyo-Mitsubishi UFJ, Limited, Chicago Branch and Wachovia Bank N.A., as Co-Documentation Agents, The Bank of New York, KeyBank National Association, The Bank of Nova Scotia, UMB Bank, N.A., and Commerce Bank, N.A. (Exhibit 10.1.2 to Quarterly Report on Form 10-Q for the period ended June 30, 2007).
12.1		Computation of 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 SEC filings and are incorporated herein by reference and made a part hereof. The SEC filing and the exhibit number of the documents so filed, and incorporated herein by reference, are stated in parenthesis in the description of such exhibit.

+Indicates management contract or compensatory plan or arrangement.

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
10.2.1		Joint Stipulation and Agreement dated as of September 12, 2007, among Kansas City Power & Light Company, the Staff of the Kansas Corporation Commission and the Citizens' Utility Ratepayer Board.
10.2.2		Insurance Agreement dated as of September 19, 2007, by and between Financial Guaranty Insurance Company and Kansas City Power & Light Company (Exhibit 10.2.2 hereto).
10.2.3	*	Notice of Election to Transfer Unused Commitment between the Great Plains Energy Incorporated and Kansas City Power & Light Company Credit Agreements dated as of May 11, 2006, with Bank of America, N.A., as Administrative Agent, JPMorgan Chase Bank, N.A., as Syndication Agent, BNP Paribas, The Bank of Tokyo-Mitsubishi UFJ, Limited, Chicago Branch and Wachovia Bank N.A., as Co-Documentation Agents, The Bank of New York, KeyBank National Association, The Bank of Nova Scotia, UMB Bank, N.A., and Commerce Bank, N.A. (Exhibit 10.1.2 to Quarterly Report on Form 10-Q for the period ended June 30, 2007).
12.2		Computation of 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.

* Filed with the SEC as exhibits to prior SEC filings and are incorporated herein by reference and made a part hereof. The SEC filings and the exhibit number of the documents so filed, and incorporated herein by reference, are stated in parenthesis 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 KCP&L upon written request.

KCP&L agrees to furnish to the SEC upon request any instrument with respect to long-term debt as to which the total amount of securities authorized does not exceed 10% of total assets of KCP&L and its subsidiaries on a consolidated basis.

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: November 5, 2007

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

Dated: November 5, 2007

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

KANSAS CITY POWER & LIGHT COMPANY

Dated: November 5, 2007

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

Dated: November 5, 2007

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

$50,000,000 REVOLVING CREDIT FACILITY

CREDIT AGREEMENT

by and among

STRATEGIC ENERGY, L.L.C.

and

THE LENDERS PARTY HERETO

and

PNC BANK, NATIONAL ASSOCIATION, As Administrative Agent

Dated as of October 3, 2007

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CREDIT AGREEMENT

THIS CREDIT AGREEMENT (as hereafter amended, the "Agreement") is dated as of October 3, 2007, and is made by and among STRATEGIC ENERGY, L.L.C., a Delaware limited liability company (the "Borrower"), each of the GUARANTORS (as hereinafter defined and other than Great Plains Energy Incorporated), the LENDERS (as hereinafter defined), and PNC BANK, NATIONAL ASSOCIATION, in its capacity as administrative agent for the Lenders under this Agreement (hereinafter referred to in such capacity as the "Administrative Agent").

The Borrower has requested the Lenders to provide a revolving credit facility to the Borrower in an aggregate principal amount not to exceed $50,000,000. In consideration of their mutual covenants and agreements hereinafter set forth and intending to be legally bound hereby, the parties hereto covenant and agree as follows:

1. CERTAIN DEFINITIONS

1.1 Certain Definitions.

In addition to words and terms defined elsewhere in this Agreement, the following words and terms shall have the following meanings, respectively, unless the context hereof clearly requires otherwise:

Account shall mean any account, contract right, general intangible, chattel paper, instrument or document representing any right to payment for goods sold or services rendered, whether or not earned by performance and whether or not evidenced by a contract, instrument or document, which is now owned or hereafter acquired by any Borrower or any of its Subsidiaries.

Account Debtor shall mean any Person who is or who may become obligated to the Borrower or any of its Subsidiaries under, with respect to, or on account of, an Account.

Acquisition shall mean any acquisition whether by purchase or by merger, (i) all of the ownership interests of another Person or (ii) substantially all of assets of another Person, constituting a business or division of another Person.

Administrative Agent shall mean PNC Bank, National Association, and its successors and assigns.

Administrative Agent's Fee shall have the meaning specified in Section 10.9 [Administrative Agent's Fee].

Administrative Agent's Letter shall have the meaning specified in Section 10.9 [Administrative Agent's Fee].

Affiliate as to any Person any other Person (i) which directly or indirectly controls, is controlled by, or is under common control with such Person, (ii) which beneficially owns or holds 10% or more of any class of the voting or other equity interests of such Person, or (iii) 10% or more of any class of voting interests or other equity interests of which is beneficially owned or held, directly or indirectly, by such Person.

Anti-Terrorism Laws shall mean any Laws relating to terrorism or money laundering, including Executive Order No. 13224, the USA Patriot Act, the Laws comprising or implementing the Bank Secrecy Act, and the Laws administered by the United States Treasury Department's Office of Foreign Asset Control (as any of the foregoing Laws may from time to time be amended, renewed, extended, or replaced).

Applicable Commitment Fee Rate shall mean the percentage rate per annum based on the Unused Availability then in effect according to the pricing grid on Schedule 1.1(A) below the heading "Commitment Fee."

Applicable Letter of Credit Fee Rate shall mean the percentage rate per annum based on the Unused Availability then in effect according to the pricing grid on Schedule 1.1(A) below the heading "Letter of Credit Fee."

Applicable Margin shall mean, as applicable:

(A) the percentage spread to be added to the Base Rate applicable to Loans under the Base Rate Option based on the Unused Availability then in effect according to the pricing grid on Schedule 1.1(A) below the heading "Base Rate Spread", or

(B) the percentage spread to be added to the LIBOR Rate applicable to Loans under the LIBOR Rate Option based on the Unused Availability then in effect according to the pricing grid on Schedule 1.1(A) below the heading "LIBOR Rate Spread".

Approved Fund shall mean any fund that is engaged in making, purchasing, holding or investing in bank loans and similar extensions of credit in the ordinary course of business and 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.

Assignment and Assumption means an assignment and assumption entered into by a Lender and an assignee permitted under Section 11.8 [Successors and Assigns], in substantially the form of Exhibit 1.1(A).

Authorized Officer shall mean, with respect to the Borrower or any of its Subsidiaries, the Chief Executive Officer, President, Chief Financial Officer, Vice President - Corporate Development and Finance, Treasurer or Assistant Treasurer of such Borrower or Subsidiary or such other individuals, designated by written notice to the Administrative Agent from the Borrower, authorized to execute notices, reports and other documents on behalf of the Borrower or its Subsidiaries required hereunder. The Borrower may amend such list of individuals from time to time by giving written notice of such amendment to the Administrative Agent.

Base Rate shall mean the greater of (i) the interest rate per annum announced from time to time by the Administrative Agent at its Principal Office as its then prime rate, which rate may not be the lowest rate then being charged commercial borrowers by the Administrative Agent, or (ii) the Federal Funds Open Rate, plus one half of one percent (0.5%) per annum.

Base Rate Option shall mean the option of the Borrower to have Loans bear interest at the rate and under the terms set forth in either Section 4.1.1(i) [Base Rate Option].

Borrower shall mean Strategic Energy, L.L.C., a limited liability company organized and existing under the laws of the State of Delaware.

Borrowing Base shall mean at any time the sum of (i) 85% of Eligible Receivables ("Receivables Portion"), plus (ii) either the amount of the GPE Letter of Credit or the GPE Limited Guaranty Amount other than the GPE Guaranty Increases occurring pursuant to Section 9.1.11 [Breach of Fixed Charge Coverage Ratio]; provided that any increase in the amount of the GPE Limited Guaranty Amount is made pursuant to an amendment to the GPE Guaranty in form and substance satisfactory to the Administrative Agent in its sole discretion and at a time when GPE's long term senior unsecured debt is rated at least Baa3 by Moody's Investors Service or at least BBB- by Standard & Poor's Ratings Group, less (iii) the Securitization Usage. Notwithstanding anything to the contrary herein, the Administrative Agent may, in its sole discretion, at any time hereafter, decrease the advance percentage for Eligible Receivables, or increase the level of any reserves or ineligibles, or define or maintain such other reserves

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or ineligibles, as the Administrative Agent may deem necessary or appropriate in the exercise of it reasonable discretion and based on (1) its analysis of the financial condition of the Borrower or (2) any change in the status of the Eligible Receivables pursuant to an audit by the Administrative Agent. Any such change shall become effective immediately upon written notice from the Administrative Agent to the Borrower for the purpose of calculating the Borrowing Base hereunder. For purposes of determining the Borrowing Base, (a) the Receivables Portion shall be determined from the most recent Borrowing Base Certificate and (b) the GPE Limited Guaranty Amount, GPE Letter of Credit amount and Securitization Usage shall be determined daily.

Borrowing Date shall mean, with respect to any Loan, the date for the making thereof or the renewal or conversion thereof at or to the same or a different Interest Rate Option, which shall be a Business Day.

Borrowing Tranche shall mean specified portions of Loans outstanding as follows: (i) any Loans to which a LIBOR Rate Option applies which become subject to the same Interest Rate Option under the same Loan Request by the Borrower and which have the same Interest Period shall constitute one Borrowing Tranche, and (ii) all Loans to which a Base Rate Option applies shall constitute one Borrowing Tranche.

Business Day shall mean any day other than a Saturday or Sunday or a legal holiday on which commercial banks are authorized or required to be closed for business in Pittsburgh, Pennsylvania and if the applicable Business Day relates to any Loan to which the LIBOR Rate Option applies, such day must also be a day on which dealings are carried on in the London interbank market.

Capital Stock shall mean (i) in the case of a corporation, corporate stock, (ii) in the case of an association or business entity, any and all shares, interests, participations, rights or other equivalents (however designated) of corporate stock, (iii) in the case of a partnership, partnership interests (whether general or limited) and (iv) any other interest or participation that confers on a Person the right to receive a share of the profits and losses of, or distributions of assets of, the issuing Person.

Cash Equivalents shall mean (i) marketable direct obligations issued or unconditionally guaranteed by the United States government and backed by the full faith and credit of the United States government; (ii) domestic and Eurodollar certificates of deposit and time deposits, bankers' acceptances and floating rate certificates of deposit issued by any commercial bank organized under the laws of the United States, any state thereof, the District of Columbia, any foreign bank, or its branches or agencies, any such issuing bank having capital and retained earnings of at least $500,000,000 (fully protected against currency fluctuations for any such deposits with a term of more than ninety (90) days); (iii) shares of money market, mutual or similar funds having assets in excess of $100,000,000 and the investments of which are limited to investment grade securities (i.e., securities rated at least Baa3 by Moody's Investors Service, Inc. or at least BBB- by Standard & Poor's Ratings Group); and (iv) commercial paper of United States and foreign banks and bank holding companies and their subsidiaries and United States and foreign finance, commercial industrial or utility companies which, at the time of acquisition, are rated A-1 (or better) by Standard & Poor's Ratings Group, or P-1 (or better) by Moody's Investors Service, Inc.; provided that the maturities of such Cash Equivalents shall not exceed 365 days.

Change in Law shall mean the occurrence, after the date of this Agreement, of any of the following: (a) the adoption or taking effect of any Law, (b) any change in any Law or in the administration, interpretation or application thereof by any Official Body or (c) the making or issuance of any request, guideline or directive (whether or not having the force of Law) by any Official Body.

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

(i) GPE ceases to own and control directly or indirectly, 51% or more of the Equity Interests of the Borrower; or

(ii) the Borrower consolidates with or merges into another corporation or conveys, transfers or leases all or substantially all of its property to any Person, or any corporation consolidates with or merges into the Borrower, in either event pursuant to a transaction in which the outstanding Capital Stock of the Borrower is reclassified or changed into or exchanged for cash, securities or other property; provided, however, that so long as no Potential Default or Event of Default has occurred and is continuing, a Change of Control shall not be deemed to have occurred if (A) after the consummation of any such events, GPE continues to own and control, directly or indirectly, 99% or more of the Equity Interests of the resulting entity, and (B) the resulting entity delivers to the Administrative Agent such documents, instruments, and agreements as are necessary to evidence its agreement to be bound by this Agreement and the Loan Documents.

Closing Date shall mean the Business Day on which the first Loan shall be made, which shall be October 3, 2007.

Code shall mean the Internal Revenue Code of 1986, as the same may be amended or supplemented from time to time, and any successor statute of similar import, and the rules and regulations thereunder, as from time to time in effect.

Collateral shall mean all property and interests in property now owned or hereafter acquired by the Borrower or any of its Subsidiaries in or upon which a security interest, lien or mortgage is granted to the Administrative Agent, for the benefit of the Lenders, including under the (i) Security Agreement (ii) Pledge Agreement, or (iii) Patent, Trademark and Copyright Security Agreement; provided, however, that "Collateral" shall not include the Excluded Collateral.

Commitment shall mean, as to any Lender at any time, the amount initially set forth opposite its name on Schedule 1.1(B) in the column labeled "Amount of Commitment for Loans," as such Commitment is thereafter assigned or modified and Commitments shall mean the aggregate Commitments of all of the Lenders.

Commitment Fee shall have the meaning specified in Section 2.3 [Commitment Fees].

Compliance Certificate shall have the meaning specified in Section 8.3.4 [Certificate of the Borrower].

Complying Lender shall mean any Lender which is not a Non-Complying Lender.

Commodities Contracts means any and all domestic and foreign commodity futures contracts, physical commodities contracts, exchanges for physical commodities, options on domestic and foreign commodity contracts, spot commodities contracts, commodities swaps and swap options, or other commodities related derivatives on one or more rates, currencies, commodities, equity securities or other equity instruments, debt securities or other debt instruments, economic indices or measures of economic risk or value or other benchmarks against which payments or deliveries are to be made. Commodities Contacts shall be deemed Hedging Obligations for purposes of this Agreement.

Contract shall mean, with respect to any Receivable, any and all contracts, instruments, agreements, leases, invoices, notes or other writings pursuant to which such Receivable arises or that evidence such Receivable or under which an Obligor becomes or is obligated to make payment in respect of such Receivable.

Distributions means (i) any dividend or other distribution, direct or indirect, on account of any Equity Interests of the Borrower now or hereafter outstanding, except a dividend payable solely in the Borrower's Capital Stock or in options, warrants or other rights to purchase such Capital Stock, and (ii) any redemption, retirement, purchase or other acquisition for value, direct or indirect, of any Equity Interests of the Borrower or any of its Subsidiaries now or hereafter outstanding.

Dollar, Dollars, U.S. Dollars and the symbol $ shall mean lawful money of the United States of America.

Drawing Date shall have the meaning specified in Section 2.9.3 [Disbursements, Reimbursement].

EBITDA shall mean, for any period, on a consolidated basis for the Borrower and its Subsidiaries, the sum of the amounts for such period, without duplication, of (i) Net Income, plus (ii) Interest Expense, plus (iii) charges against income for foreign, federal, state and local taxes to the extent deducted in computing Net Income, plus (iv) depreciation expense to the extent deducted in computing Net Income, plus (v) amortization expense, including, without limitation, amortization of goodwill and other intangible assets and Transaction Costs to the extent deducted in computing Net Income, plus (vi) other non-cash charges to the extent deducted in computing Net Income, including non-cash charges for mark to market adjustments under FAS 133, less (vii) non-cash gains to the extent reflected in Net Income, including non-cash gains for mark to market adjustments under FAS 133.

Eligible Receivables as used herein shall mean the Eligible Receivables as such term is defined in the Receivables Purchase Agreement as of the Closing Date.

Energy Purchase Contracts shall mean those physical and financial wholesale agreements between Borrower and a counterparty for the purpose of buying and selling electric energy in the ordinary course of its business.

Environmental Laws shall mean all applicable federal, state, local, tribal, territorial and foreign Laws (including common law), constitutions, statutes, treaties, regulations, rules, ordinances and codes and any consent decrees, settlement agreements, judgments, orders, directives, policies or programs issued by or entered into with an Official Body pertaining or relating to: (i) pollution or pollution control; (ii) protection of human health from exposure to regulated substances; or the environment; (iii) protection of the environment and/or natural resources; employee safety in the workplace; (iv) the presence, use, management, generation, manufacture, processing, extraction, treatment, recycling, refining, reclamation, labeling, packaging, sale, transport, storage, collection, distribution, disposal or release or threat of release of regulated substances; (v) the presence of contamination; (vi) the protection of endangered or threatened species; and (vii) the protection of environmentally sensitive areas.

Equity Interests means Capital Stock and all warrants, options or other rights to acquire Capital Stock (but excluding any debt security that is convertible into, or exchangeable for, Capital Stock).

ERISA shall mean the Employee Retirement Income Security Act of 1974, as the same may be amended or supplemented from time to time, and any successor statute of similar import, and the rules and regulations thereunder, as from time to time in effect.

ERISA Affiliate shall mean, at any time, any trade or business (whether or not incorporated) under common control with the Borrower and are treated as a single employer under Section 414 of the Code.

ERISA Event means (a) a reportable event (under Section 4043 of ERISA and regulations thereunder) with respect to a Pension Plan; (b) a withdrawal by Borrower or any ERISA Affiliate from a Pension Plan subject to Section 4063 of ERISA during a plan year in which it was a substantial employer (as defined in Section 4001(a)(2) of ERISA) or a cessation of operations that is treated as such a withdrawal under Section 4062(e) of ERISA; (c) a complete or partial withdrawal by Borrower or any ERISA Affiliate from a Multiemployer Plan or notification that a Multiemployer Plan is in reorganization; (d) the filing of a notice of intent to terminate, the treatment of a Plan amendment as a termination under Sections 4041 or 4041A of ERISA, or the commencement of proceedings by the PBGC to terminate a Pension Plan or Multiemployer Plan; (e) an event or condition which constitutes grounds

under Section 4042 of ERISA for the termination of, or the appointment of a trustee to administer, any Pension Plan or Multiemployer Plan; or (f) the imposition of any liability under Title IV of ERISA, other than for PBGC premiums due but not delinquent under Section 4007 of ERISA, upon Borrower or any ERISA Affiliate; provided that it shall not constitute an "ERISA Event" hereunder unless it is reasonably likely to result in liability of $1,000,000 or more to the Borrower or its Subsidiaries.

ERISA Group shall mean, at any time, the Borrower and all members of a controlled group of corporations and all trades or businesses (whether or not incorporated) under common control and all other entities which, together with the Borrower, are treated as a single employer under Section 414 of the Internal Revenue Code.

Event of Default shall mean any of the events described in Section 9.1 [Events of Default] and referred to therein as an "Event of Default."

Excluded Collateral shall mean (1) Transferred Receivables; (2) all cash and letter-of-credit rights held by the Borrower as “Performance Assurance”, “Posted Credit Support” or “Adequate Assurance of Performance” as those terms are defined in the Energy Purchase Contracts, so long as such amounts are held by LaSalle Bank pursuant to that certain Custody Agreement dated as of March 26, 2003 between the Borrower and LaSalle Bank (as may be amended, restated, modified, or replaced with any Lender or any other financial institution that is reasonably satisfactory to the Administrative Agent; (3) any Collateral in which the Borrower has granted a security interest, or in the future will be granting a security interest, pursuant to a close out and setoff netting agreement (such as the EEI Master Netting, Setoff, Security and Collateral Agreement, EEI Master Power Purchase and Sale Agreement, ISDA Master Agreement or the ISDA Energy Agreement Bridge) entered into with a third party with whom it has entered into an Energy Purchase Contract, but only to the extent that such Collateral consists of present or future payment obligations of such third party to the Borrower arising under the Energy Purchase Contract entered into between the Borrower and said third party; and (4) only to the extent (i) a security interest in such property in favor of the Administrative Agent, for the benefit of the Lenders, violates the express written terms and conditions of a commodities brokerage account(s) established by the Borrower with a commodities broker for the purpose of transacting in Commodities Contracts, (ii) such property is subject to a lien, security interest and right of set-off and recoupment in the commodities broker’s favor to secure the Borrower’s indebtedness and obligations to such broker, and (iii) such property does not exceed by more than ten percent (10%) the minimum amount of property then required under the terms of such commodities brokerage account(s) to be pledged to such commodities broker or otherwise to be maintained in such commodities account, the contents of such commodities account, including any such Commodities Contracts, monies, proceeds, securities, or other property which are held by a commodities broker, or its agents or affiliates, for the Borrower.

Excluded Taxes shall mean, with respect to the Administrative Agent, any Lender, the Issuing Lender or any other recipient of any payment to be made by or on account of any obligation of the Borrower hereunder, (a) taxes imposed on or measured by its overall net income (however denominated), and franchise taxes imposed on it (in lieu of net income taxes), by the jurisdiction (or any political subdivision thereof) under the Laws of which such recipient is organized or in which its principal office is located or, in the case of any Lender, in which its applicable lending office is located, (b) any branch profits taxes imposed by the United States of America or any similar tax imposed by any other jurisdiction in which the Borrower is located and (c) in the case of a Foreign Lender, any withholding tax that is imposed on amounts payable to such Foreign Lender at the time such Foreign Lender becomes a party hereto (or designates a new lending office) or is attributable to such Foreign Lender’s failure or inability (other than as a result of a Change in Law) to comply with Section 5.9.5[Taxes –Status of Lenders], except to the extent that such Foreign Lender (or its assignor, if any) was entitled, at the time of designation of a new lending office (or assignment), to receive additional amounts from the Borrower with respect to such withholding tax pursuant to Section 5.9.1 [Taxes – Payment Free of Taxes].

Executive Order No. 13224 shall mean the Executive Order No. 13224 on Terrorist Financing, effective September 24, 2001, as the same has been, or shall hereafter be, renewed, extended, amended or replaced.

Expiration Date shall mean, with respect to the Commitments, October 3, 2010.

Facility Availability shall mean, as of any given day, the difference between (i) the lesser of the Borrowing Base or the Commitment minus (ii) the Facility Usage.

Facility Fees shall mean the fees referred to in Sections 2.4 [Facility Fees].

Facility Usage shall mean at any time the sum of the outstanding Loans and the Letter of Credit Obligations.

Federal Funds Effective Rate for any day shall mean the rate per annum (based on a year of 360 days and actual days elapsed and rounded upward to the nearest 1/100 of 1%) announced by the Federal Reserve Bank of New York (or any successor) on such day as being the weighted average of the rates on overnight federal funds transactions arranged by federal funds brokers on the previous trading day, as computed and announced by such Federal Reserve Bank (or any successor) in substantially the same manner as such Federal Reserve Bank computes and announces the weighted average it refers to as the "Federal Funds Effective Rate" as of the date of this Agreement; provided, if such Federal Reserve Bank (or its successor) does not announce such rate on any day, the "Federal Funds Effective Rate" for such day shall be the Federal Funds Effective Rate for the last day on which such rate was announced.

Federal Funds Open Rate. The rate per annum determined by the Administrative Agent in accordance with its usual procedures (which determination shall be conclusive absent manifest error) to be the "open" rate for federal funds transactions as of the opening of business for federal funds transactions among members of the Federal Reserve System arranged by federal funds brokers on such day, as quoted by Garvin Guybutler, any successor entity thereto, or any other broker selected by the Administrative Agent, as set forth on the applicable Telerate display page; provided, however; that if such day is not a Business Day, the Federal Funds Open Rate for such day shall be the "open" rate on the immediately preceding Business Day, or if no such rate shall be quoted by a Federal funds broker at such time, such other rate as determined by the Administrative Agent in accordance with its usual procedures.

Fixed Charge Coverage Ratio is defined in Section 8.2.18 [Minimum Fixed Charge Coverage Ratio] hereof.

Foreign Lender shall mean any Lender that is organized under the Laws of a jurisdiction other than that in which the Borrower is resident for tax purposes. For purposes of this definition, the United States of America, each State thereof and the District of Columbia shall be deemed to constitute a single jurisdiction.

FPA means the Federal Power Act, as amended, and all rules and regulations promulgated thereunder.

GAAP shall mean generally accepted accounting principles as are in effect from time to time, subject to the provisions of Section 1.3 [Accounting Principles], and applied on a consistent basis both as to classification of items and amounts.

Governmental Authority means any nation or government, any federal, state, local or other political subdivision thereof and any entity exercising executive, legislative, judicial, regulatory or administrative functions of or pertaining to government.

GPE shall mean Great Plains Energy, Incorporated, a Missouri corporation.

GPE Cash Infusion means the purchase by GPE or its Subsidiaries for cash of additional Equity Interests of Borrower or cash capital contributions made by GPE or its Subsidiaries in respect of their direct or indirect Equity Interests in Borrower.

GPE Cross Default shall have the meaning set forth in the GPE Guaranty.

GPE Guarantee Increase means (i) any increase in the amount of the GPE Limited Guaranty Amount made pursuant to an amendment to the GPE Guaranty in form and substance satisfactory to the Administrative Agent in its sole discretion and at a time when GPE's long term senior unsecured debt is rated at least Baa3 by Moody's Investors Service or at least BBB- by Standard & Poor's Ratings Group or (ii) any increase in the GPE Letter of Credit, if one is in effect, pursuant to an amendment in form and substance satisfactory to the Administrative Agent in its sole discretion.

GPE Guaranty shall mean the Limited Continuing Agreement of Guaranty and Suretyship in substantially the form of Exhibit 1.1(G)(3) (as amended, restated, supplemented or otherwise modified from time to time) executed and delivered by GPE.

GPE Letter of Credit means a letter of credit issued in favor of the Administrative Agent (i) within ten (10) calendar days of GPE's long term senior unsecured debt no longer being rated at least Baa3 by Moody's Investor Service or BBB- by Standard & Poor's Rating Group or (ii) prior to the termination of the GPE Guaranty. Such letter of credit shall be issued by a lender satisfactory to the Administrative Agent in its sole discretion, in an amount equal to the GPE Limited Guaranty Amount and shall not expire (or fail to be renewed) prior to the Expiration Date.

GPE Limited Guaranty Amount shall mean the principal amount of the Obligations guaranteed pursuant to the GPE Guaranty, which amount is $12,500,000 as of the Closing Date and may be increased (but not decreased below $12,500,000) by GPE by a GPE Guarantee Increase.

Guarantor shall mean (i) GPE and (ii) each of the parties to this Agreement which is designated as a "Guarantor" on the signature page hereof and each other Person which joins this Agreement as a Guarantor after the date hereof.

Guarantor Joinder shall mean a joinder by a Person as a Guarantor under the Loan Documents in the form of Exhibit 1.1(G)(1).

Guaranty of any Person shall mean any obligation of such Person guaranteeing or in effect guaranteeing any liability or obligation of any other Person in any manner, whether directly or indirectly, including any agreement to indemnify or hold harmless any other Person, any performance bond or other suretyship arrangement and any other form of assurance against loss, except endorsement of negotiable or other instruments for deposit or collection in the ordinary course of business.

Guaranty Agreement shall mean the Continuing Agreement of Guaranty and Suretyship in substantially the form of Exhibit 1.1(G)(2) (as amended, restated, supplemented or otherwise modified from time to time) executed and delivered by each of the Guarantors (other than GPE).

Hedging Obligations of a Person means any and all obligations of such Person, whether absolute or contingent and howsoever and whensoever created, arising, evidenced or acquired (including all renewals, extensions and modifications thereof and substitutions therefor), under (i) any and all agreements, devices or arrangements designed to protect at least one of the parties thereto from the fluctuations of interest rates, commodity prices, exchange rates or forward rates applicable to such party’s assets, liabilities or exchange transactions, including, but not limited to, dollar-denominated or cross-currency interest rate exchange agreements, forward currency exchange agreements, interest rate cap or collar protection agreements, forward rate currency or interest rate options, puts and warrants, and (ii) any and all cancellations, buy backs, reversals, terminations or assignments of any of the foregoing; provided, however, that “Hedging Obligations” shall not include physical and financial agreements to purchase energy entered into by the Borrower in the ordinary course of its business.

Indebtedness shall mean, as to any Person at any time, any and all indebtedness, obligations or liabilities (whether matured or unmatured, liquidated or unliquidated, direct or indirect, absolute or contingent, or joint or several) of such Person for or in respect of: (i) borrowed money, (ii) amounts raised under or liabilities in respect of any note purchase or acceptance credit facility, (iii) reimbursement obligations (contingent or otherwise) under any letter of credit, currency swap agreement, interest rate swap, cap, collar or floor agreement or other interest rate management device, (iv) any other transaction (including forward sale or purchase agreements, capitalized leases and conditional sales agreements) having the commercial effect of a borrowing of money entered into by such Person to finance its operations or capital requirements (but not including trade payables and accrued expenses incurred in the ordinary course of business which are not represented by a promissory note or other evidence of indebtedness and which are not more than thirty (30) days past due), (v) any Guaranty of Indebtedness for borrowed money, or (vi) Hedging Obligations. Anything to the contrary contained in this Agreement notwithstanding, Borrower’s Energy Purchase Contracts, Distributions by the Borrower to the holders of its Equity Interests, and the obligation to make tax distributions under the terms of the Borrower’s limited liability company operating agreement shall not be deemed to be Indebtedness.

Indemnified Taxes shall mean Taxes other than Excluded Taxes.

Indemnitee shall have the meaning specified in Section 11.3.2 [Indemnification by the Borrower].

Information shall mean all information received from the Loan Parties or any of their Subsidiaries relating to the Loan Parties or any of such Subsidiaries or any of their respective businesses, other than any such information that is available to the Administrative Agent, any Lender or the Issuing Lender on a non-confidential basis prior to disclosure by the Loan Parties or any of their Subsidiaries, provided that, in the case of information received from the Loan Parties or any of their Subsidiaries after the date of this Agreement, such information is clearly identified at the time of delivery as confidential.

Insolvency Proceeding shall mean, with respect to any Person, (a) a case, action or proceeding with respect to such Person (i) before any court or any other Official Body under any bankruptcy, insolvency, reorganization or other similar Law now or hereafter in effect, or (ii) for the appointment of a receiver, liquidator, assignee, custodian, trustee, sequestrator, conservator (or similar official) of any Loan Party or otherwise relating to the liquidation, dissolution, winding-up or relief of such Person, or (b) any general assignment for the benefit of creditors, composition, marshaling of assets for creditors, or other, similar arrangement in respect of such Person's creditors generally or any substantial portion of its creditors; undertaken under any Law.

Intercompany Subordination Agreement shall mean a Subordination Agreement among the Borrower and each of its Subsidiaries (other than Strategic Receivables) in the form attached hereto as Exhibit 1.1(I) (as amended, restated, supplemented or otherwise modified from time to time).

Intercreditor Agreement shall mean that certain Intercreditor Agreement, dated as of the date hereof, among Borrower, the Administrative Agent and PNC Bank, as administrator under the Receivables Purchase Agreement, as amended, restated, supplemented or otherwise modified from time to time.

Interest Expense shall mean, for any period, the total interest expense of the Borrower and its consolidated Subsidiaries, whether paid or accrued (including the interest component of any capitalized leases, commitment and letter of credit fees) as reflected on the income statement of the Borrower and its consolidated Subsidiaries, all as determined in conformity with GAAP.

Interest Period shall mean the period of time selected by the Borrower in connection with (and to apply to) any election permitted hereunder by the Borrower to have Loans bear interest under the LIBOR Rate Option. Subject to the last sentence of this definition, such period shall be one, two, three or six Months. Such Interest Period shall commence on the effective date of such Interest Rate Option,

which shall be (i) the Borrowing Date if the Borrower is requesting new Loans, or (ii) the date of renewal of or conversion to the LIBOR Rate Option if the Borrower is renewing or converting to the LIBOR Rate Option applicable to outstanding Loans. Notwithstanding the second sentence hereof: (A) any Interest Period which would otherwise end on a date which is not a Business Day shall be extended to the next succeeding Business Day unless such Business Day falls in the next calendar month, in which case such Interest Period shall end on the next preceding Business Day, and (B) the Borrower shall not select, convert to or renew an Interest Period for any portion of the Loans that would end after the Expiration Date.

Interest Rate Hedge shall mean an interest rate exchange, collar, cap, swap, adjustable strike cap, adjustable strike corridor or similar agreements entered into by the Borrower or its Subsidiaries in order to provide protection to, or minimize the impact upon, the Borrower, the Guarantor and/or their Subsidiaries of increasing floating rates of interest applicable to Indebtedness.

Interest Rate Option shall mean any LIBOR Rate Option or Base Rate Option.

IRS shall mean the Internal Revenue Service.

Issuing Lender means PNC Bank, in its individual capacity as issuer of Letters of Credit hereunder and any other Lender that Borrower, Administrative Agent and such other Lender may agree may from time to time issue Letters of Credit hereunder.

Joint Venture shall mean a corporation, partnership, limited liability company or other entities in which any Person other than the Loan Parties and their Subsidiaries holds, directly or indirectly, an equity interest.

Law shall mean any law (including common law), constitution, statute, treaty, regulation, rule, ordinance, opinion, release, ruling, order, injunction, writ, decree, bond, judgment, authorization or approval, lien or award by or settlement agreement with any Official Body.

Lender Provided Interest Rate Hedge shall mean an Interest Rate Hedge which is provided by any Lender or its Affiliate and with respect to which the Administrative Agent confirms: (i) is documented in a standard International Swap Dealer Association Agreement, (ii) provides for the method of calculating the reimbursable amount of the provider's credit exposure in a reasonable and customary manner, and (iii) is entered into for hedging (rather than speculative) purposes.

Lenders shall mean the financial institutions named on Schedule 1.1(B) and their respective successors and assigns as permitted hereunder, each of which is referred to herein as a Lender. For the purpose of any Loan Document which provides for the granting of a security interest or other Lien to the Lenders or to the Administrative Agent for the benefit of the Lenders as security for the Obligations, "Lenders" shall include any Affiliate of a Lender to which such Obligation is owed.

Letter of Credit shall have the meaning specified in Section 2.9.1 [Issuance of Letters of Credit].

Letter of Credit Borrowing shall have the meaning specified in Section 2.9.3 [Disbursements, Reimbursement].

Letter of Credit Fee shall have the meaning specified in Section 2.9.2 [Letter of Credit Fees].

Letter of Credit Obligation means, as of any date of determination, the aggregate amount available to be drawn under all outstanding Letters of Credit on such date (if any Letter of Credit shall increase in amount automatically in the future, such aggregate amount available to be drawn shall currently give effect to any such future increase) plus the aggregate Reimbursement Obligations and Letter of Credit Borrowings on such date.

LIBOR Rate shall mean, with respect to the Loans comprising any Borrowing Tranche to which the LIBOR Rate Option applies for any Interest Period, the interest rate per annum determined by the Administrative Agent by dividing (the resulting quotient rounded upwards, if necessary, to the nearest 1/100th of 1% per annum) (i) the rate which appears on the Bloomberg Page BBAM1 (or on such other substitute Bloomberg page that displays rates at which US dollar deposits are offered by leading banks in the London interbank deposit market), or the rate which is quoted by another source selected by the Administrative Agent which has been approved by the British Bankers' Association as an authorized information vendor for the purpose of displaying rates at which US dollar deposits are offered by leading banks in the London interbank deposit market (an "Alternate Source"), at approximately 11:00 a.m., London time, two (2) Business Days prior to the commencement of such Interest Period as the London interbank offered rate for U.S. Dollars for an amount comparable to such Borrowing Tranche and having a borrowing date and a maturity comparable to such Interest Period (or if there shall at any time, for any reason, no longer exist a Bloomberg Page BBAM1 (or any substitute page) or any Alternate Source, a comparable replacement rate determined by the Administrative Agent at such time (which determination shall be conclusive absent manifest error)), by (ii) a number equal to 1.00 minus the LIBOR Reserve Percentage. LIBOR may also be expressed by the following formula:

Average of London interbank offered rates quoted

by Bloomberg or appropriate successor as shown on

$$\text{LIBOR} = \frac{\text{Bloomberg Page BBAM1}}{\text{1.00 - LIBOR Reserve Percentage}}$$

The LIBOR Rate shall be adjusted with respect to any Loan to which the LIBOR Rate Option applies that is outstanding on the effective date of any change in the LIBOR Rate Reserve Percentage as of such effective date. The Administrative Agent shall give prompt notice to the Borrower of the LIBOR Rate as determined or adjusted in accordance herewith, which determination shall be conclusive absent manifest error.

LIBOR Rate Option shall mean shall mean the option of the Borrower to have Loans bear interest at the rate and under the terms set forth in Section 4.1.1(ii) [LIBOR Rate Option].

LIBOR Rate Reserve Percentage shall mean as of any day the maximum percentage in effect on such day, as prescribed by the Board of Governors of the Federal Reserve System (or any successor) for determining the reserve requirements (including supplemental, marginal and emergency reserve requirements) with respect to eurocurrency funding (currently referred to as "Eurocurrency Liabilities").

Lien shall mean any mortgage, deed of trust, pledge, lien, security interest, charge or other encumbrance or security arrangement of any nature whatsoever, whether voluntarily or involuntarily given, including any conditional sale or title retention arrangement, and any assignment, deposit arrangement or lease intended as, or having the effect of, security and any filed financing statement or other notice of any of the foregoing (whether or not a lien or other encumbrance is created or exists at the time of the filing).

Loan Documents shall mean this Agreement, the Administrative Agent's Letter, the Guaranty Agreement, the GPE Guaranty Agreement, the Subordination Agreement, the Intercompany Subordination Agreement, the Intercreditor Agreement, the Notes, the Patent, Trademark and Copyright Security Agreement, the Pledge Agreement, the Security Agreement, and any other instruments, certificates or documents delivered in connection herewith or therewith.

Loan Parties shall mean the Borrower and the Guarantors.

Loan Request shall have the meaning specified in Section 2.5 [Loan Requests].

Loans shall mean collectively and Loan shall mean separately all Loans or any Loan made by the Lenders or one of the Lenders to the Borrower pursuant to Section 2.1 [Commitments] or 2.9.3 [Disbursements, Reimbursement].

Material Adverse Change shall mean any set of circumstances or events which (a) has or could reasonably be expected to have any material adverse effect whatsoever upon the validity or enforceability of this Agreement or any other Loan Document, (b) is or could reasonably be expected to be material and adverse to the business, properties, assets, financial condition, results of operations or prospects of the Borrower and each of its Subsidiaries taken as a whole, (c) impairs materially or could reasonably be expected to impair materially the ability of the Borrower and each of its Subsidiaries taken as a whole to duly and punctually pay or perform its Indebtedness, or (d) impairs materially or could reasonably be expected to impair materially the ability of the Administrative Agent or any of the Lenders, to the extent permitted, to enforce their legal remedies pursuant to this Agreement or any other Loan Document.

Month, with respect to an Interest Period under the LIBOR Rate Option, shall mean the interval between the days in consecutive calendar months numerically corresponding to the first day of such Interest Period. If any LIBOR Rate Interest Period begins on a day of a calendar month for which there is no numerically corresponding day in the month in which such Interest Period is to end, the final month of such Interest Period shall be deemed to end on the last Business Day of such final month.

Multiemployer Plan shall mean any employee benefit plan which is a "multiemployer plan" within the meaning of Section 4001(a)(3) of ERISA and to which the Borrower or any member of the ERISA Group is then making or accruing an obligation to make contributions or, within the preceding five Plan years, has made or had an obligation to make such contributions.

Net Income shall mean, for any period, the net earnings (or loss) after taxes of the Borrower and its Subsidiaries on a consolidated basis for such period taken as a single accounting period determined in conformity with GAAP.

Non-Complying Lender shall mean any Lender which has failed to fund any Loan which it is required to fund, or pay any other amount which it is required to pay to the Administrative Agent or any other Lender, within one day of the due date therefor.

Non-Consenting Lender shall have the meaning specified in Section 11.1 [Modifications, Amendments or Waivers].

Notes shall mean, collectively, the promissory notes in the form of Exhibit 1.1(N) (as amended, restated, supplemented or otherwise modified from time to time) evidencing the Loans.

Notices shall have the meaning specified in Section 11.5 [Notices; Effectiveness; Electronic Communication].

Obligation shall mean any obligation or liability of any of the Loan Parties, howsoever created, arising or evidenced, whether direct or indirect, absolute or contingent, now or hereafter existing, or due or to become due, under or in connection with (i) this Agreement, the Notes, the Letters of Credit, the Administrative Agent's Letter or any other Loan Document whether to the Administrative Agent, any of the Lenders or their Affiliates or other persons provided for under such Loan Documents, (ii) any Lender Provided Interest Rate Hedge and (iii) any Other Lender Provided Financial Service Product.

Obligor shall mean, with respect to any Receivable, the Person obligated to make payments pursuant to the Contract relating to such Receivable.

Official Body shall mean the government of the United States of America 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 any supra-national bodies such as the European Union or the European Central Bank).

Other Lender Provided Financial Service Product shall mean agreements or other arrangements under which any Lender or Affiliate of a Lender provides any of the following products or services to any of the Loan Parties: (a) credit cards, (b) credit card processing services, (c) debit cards, (d) purchase cards, (e) ACH Transactions, (f) cash management, including controlled disbursement, accounts or services, or (g) foreign currency exchange.

Other Taxes shall mean all present or future stamp or documentary taxes or any other excise or property taxes, charges or similar levies arising from any payment made hereunder or under any other Loan Document or from the execution, delivery or enforcement of, or otherwise with respect to, this Agreement or any other Loan Document.

Participant has the meaning specified in Section 11.8.4 [Participations].

Participation Advance shall have the meaning specified in Section 2.9.3 [Disbursements, Reimbursement].

Patent, Trademark and Copyright Security Agreement shall mean the Patent, Trademark and Copyright Security Agreement in substantially the form of Exhibit 1.1(P)(1) (as amended, restated, supplemented or otherwise modified from time to time) executed and delivered by the Borrower and each of its Subsidiaries (other than Strategic Receivables) to the Administrative Agent for the benefit of the Lenders.

Payment Date shall mean the first day of each October, January, April and July after the date hereof and on the Expiration Date or upon acceleration of the Notes.

Payment In Full shall mean payment in full in cash of the Loans and other Obligations hereunder, termination of the Commitments and expiration or termination of all Letters of Credit.

PBGC shall mean the Pension Benefit Guaranty Corporation established pursuant to Subtitle A of Title IV of ERISA or any successor.

Pension Plan means any "employee pension benefit plan" (as such term is defined in Section 3(2) of ERISA), other than a Multiemployer Plan, that is subject to Title IV of ERISA and is sponsored or maintained by Borrower or any ERISA Affiliate or to which Borrower or any ERISA Affiliate contributes or has an obligation to contribute, or in the case of a multiple employer or other plan described in Section 4064(a) of ERISA, has made contributions at any times during the immediately preceding five plan years.

Permitted Existing Investments means the Investments of the Borrower and its Subsidiaries identified as such on Schedule 1.1(P)(1) to this Agreement.

Permitted Liens shall mean:

(i) Liens for taxes, assessments, or similar charges, incurred in the ordinary course of business and which are not yet due and payable;

(ii) Pledges or deposits made in the ordinary course of business to secure payment of workmen's compensation, or to participate in any fund in connection with workmen's compensation, unemployment insurance, old-age pensions or other social security programs;

(iii) Liens of mechanics, materialmen, warehousemen, carriers, or other like Liens, securing obligations incurred in the ordinary course of business that are not yet due and payable and Liens of landlords securing obligations to pay lease payments that are not yet due and payable or in default;

(iv) Good-faith pledges or deposits made in the ordinary course of business to secure performance of bids, tenders, contracts (other than for the repayment of borrowed money) or leases, not in excess of the aggregate amount due thereunder, or to secure statutory obligations, or surety, appeal, indemnity, performance or other similar bonds required in the ordinary course of business;

(v) Encumbrances consisting of zoning restrictions, easements or other restrictions on the use of real property, none of which materially impairs the use of such property or the value thereof, and none of which is violated in any material respect by existing or proposed structures or land use;

(vi) Liens, security interests and mortgages in favor of the Administrative Agent for the benefit of the Lenders and their Affiliates securing the Obligations including Lender Provided Financial Services Obligations;

(vii) Liens on property leased by any Loan Party or Subsidiary of a Loan Party under capital and operating leases permitted in Section 8.2.15 [Capital Expenditures and Leases] securing obligations of such Loan Party or Subsidiary to the lessor under such leases;

(viii) Any Lien existing on the date of this Agreement and described on Schedule 1.1(P)(2), provided that the principal amount secured thereby is not hereafter increased, and no additional assets become subject to such Lien;

(ix) Purchase Money Security Interests; provided that the aggregate amount of loans and deferred payments secured by such Purchase Money Security Interests shall not exceed $5,000,000 (excluding for the purpose of this computation any loans or deferred payments secured by Liens described on Schedule 1.1(P)(2));

(x) The following, (A) if the validity or amount thereof is being contested in good faith by appropriate and lawful proceedings diligently conducted so long as levy and execution thereon have been stayed and continue to be stayed or (B) if a final judgment is entered and such judgment is discharged within thirty (30) days of entry, and in either case they do not affect the Collateral or, in the aggregate, materially impair the ability of any Loan Party to perform its Obligations hereunder or under the other Loan Documents:

(1) Claims or Liens for taxes, assessments or charges due and payable and subject to interest or penalty; provided that the applicable Loan Party maintains such reserves or other appropriate provisions as shall be required by GAAP and pays all such taxes, assessments or charges forthwith upon the commencement of proceedings to foreclose any such Lien;

(2) Claims, Liens or encumbrances upon, and defects of title to, real or personal property other than the Collateral, including any attachment of personal or real property or other legal process prior to adjudication of a dispute on the merits;

(3) Claims or Liens of mechanics, materialmen, warehousemen, carriers, or other statutory nonconsensual Liens;

(4) Liens resulting from final judgments or orders that would not constitute an Event of Default under Section 9.1.7 [Final Judgments or Orders]; provided that all Liens securing judgments or in connection with appeals do not secure at any time an aggregate amount exceeding $5,000,000.00;

(xi) Liens in connection with the Transferred Receivables;

(xii) Liens and rights of set-off and recoupment in a commodities broker’s favor to secure the Borrower’s indebtedness and obligations to such broker with respect to a commodities brokerage account established by the Borrower with such commodities broker for the purpose of transacting in Commodities Contracts, provided that such Liens and rights of set-off and recoupment relate only to the contents of such commodities brokerage account(s), including any such Commodities Contracts, monies, proceeds, securities, or other property which are held by a commodities broker, or its

agents or affiliates, for the Borrower, and provided, further, that all such Commodities Contracts entered into through such commodities account are permitted Hedging Obligations under Section 8.2.16 [Hedging Obligations] hereof; and

(xiii) Liens with respect to any cash collateral deposited by the Borrower with a independent system operator.

(xiv) Liens with respect to (a) the Consolidated Utility Billing Service and Assignment Agreement (as referenced in the May, 2006 Waiver and Consent) or (b) any other receivables purchase programs provided by local distribution utilities acceptable to the Administrative Agent in its reasonable discretion.

Permitted Refinancing Indebtedness means any replacement, renewal, refinancing or extension of any Indebtedness permitted by this Agreement that (i) does not exceed the aggregate principal amount (plus accrued interest and any applicable premium and associated fees and expenses) of the Indebtedness being replaced, renewed, refinanced or extended, (ii) does not have a Weighted Average Life to Maturity at the time of such replacement, renewal, refinancing or extension that is less than the Weighted Average Life to Maturity of the Indebtedness being replaced, renewed, refinanced or extended, (iii) does not rank at the time of such replacement, renewal, refinancing or extension senior to the Indebtedness being replaced, renewed, refinanced or extended, and (iv) does not contain terms (including, without limitation, terms relating to security, amortization, interest rate, premiums, fees, covenants, event of default and remedies) materially less favorable to the Borrower or to the Lenders than those applicable to the Indebtedness being replaced, renewed, refinanced or extended.

Person shall mean any individual, corporation, partnership, limited liability company, association, joint-stock company, trust, unincorporated organization, joint venture, government or political subdivision or agency thereof, or any other entity.

Plan shall mean at any time an employee pension benefit plan (including a Multiple Employer Plan, but not a Multiemployer Plan) which is covered by Title IV of ERISA or is subject to the minimum funding standards under Section 412 of the Code and either (i) is maintained by any member of the ERISA Group for employees of any member of the ERISA Group or (ii) has at any time within the preceding five years been maintained by any entity which was at such time a member of the ERISA Group for employees of any entity which was at such time a member of the ERISA Group.

Pledge Agreement shall mean the Pledge Agreement in substantially the form of Exhibit 1.1(P)(2) (as amended, restated, supplemented or otherwise modified from time to time) executed and delivered by Borrower to the Administrative Agent for the benefit of the Lenders.

PNC Bank shall mean PNC Bank, National Association, its successors and assigns.

Potential Default shall mean any event or condition which with notice or passage of time, or both, would constitute an Event of Default.

Principal Office shall mean the main banking office of the Administrative Agent in Pittsburgh, Pennsylvania.

Prior Security Interest shall mean a valid and enforceable perfected first-priority security interest under the Uniform Commercial Code in the Collateral which is subject only to statutory Liens for taxes not yet due and payable or Purchase Money Security Interests.

Purchase Money Security Interest shall mean Liens upon tangible personal property securing loans to any Loan Party or Subsidiary of a Loan Party or deferred payments by such Loan Party or Subsidiary for the purchase of such tangible personal property.

Purchase and Sale Agreement shall mean that certain Purchase and Sale Agreement (as may be amended, restated, modified or supplemented with the consent of the Administrative Agent,

which consent shall not be unreasonably withheld) entered into by Strategic Receivables, the Borrower, as Servicer (as defined therein), and the Originators (as defined therein), dated October 3, 2007.

Ratable Share shall mean the proportion that a Lender's Commitment bears to the Commitments of all of the Lenders. If the Commitments have terminated or expired, the Ratable Shares shall be determined based upon the Commitments most recently in effect, giving effect to any assignments.

Receivables as used herein shall mean the Receivables as such term is defined in the Receivables Purchase Agreement as of the Closing Date.

Receivables Purchase Agreement shall mean that certain Receivables Purchase Agreement (as may be amended, restated, modified or supplemented with the consent of the Administrative Agent, which consent shall not be unreasonably withheld) entered into by Strategic Receivables, the Borrower, as Servicer (as defined therein), the Conduit Purchasers (as defined therein), the LC Participants (as defined therein) and PNC Bank, as Administrator and LC Bank (each as defined therein), dated October 3, 2007.

Receivables Purchase Facility shall mean the Receivables Purchase Agreement, the Purchase and Sale Agreement and the other Transaction Documents (as defined in the Receivables Purchase Agreement).

Reimbursement Obligation shall have the meaning specified in Section 2.9.3 [Disbursements, Reimbursement].

Related Parties shall mean, 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.

Related Security shall mean, with respect to any Transferred Receivable:

(A) All of Borrower's, Strategic Receivables' and any other Subsidiary of the Borrower's interests in any goods (including returned goods), and documentation of title evidencing the shipment or storage of any goods (including returned goods), relating to any sale giving rise to such Transferred Receivable;

(B) All instruments and chattel paper that may evidence such Transferred Receivable;

(C) All other security interests or liens and property subject thereto from time to time purporting to secure payment of such Transferred Receivable, whether pursuant to the Contract related to such Transferred Receivable or otherwise, together with all UCC financing statements or similar filings relating thereto;

(D) All of Borrower's, Strategic Receivables' and any other Subsidiary of the Borrower's rights, interests and claims under the Contracts and all guaranties, warranties, indemnities, insurance (and proceeds and premium refunds with respect thereto) and other agreements (including the related Contract) or arrangements of whatever character from time to time supporting or securing payment of such Transferred Receivable or otherwise relating to such Transferred Receivable, whether pursuant to the Contract related to such Transferred Receivable or otherwise; and

(E) All of Strategic Receivables' rights, interests and claims under the Purchase and Sale Agreement and the other Transaction Documents (as defined in the Receivables Purchase Agreement).

Relief Proceeding shall mean any proceeding seeking a decree or order for relief in respect of any Loan Party or Subsidiary of the Borrower in a voluntary or involuntary case under any

applicable bankruptcy, insolvency, reorganization or other similar law now or hereafter in effect, or for the appointment of a receiver, liquidator, assignee, custodian, trustee, sequestrator, conservator (or similar official) of any Loan Party or Subsidiary of the Borrower for any substantial part of its property, or for the winding-up or liquidation of its affairs, or an assignment for the benefit of its creditors.

Required Lenders shall mean:

(A) If there exists fewer than three (3) Lenders, all Lenders, and

(B) If there exist three (3) or more Lenders:

(i) if there are no Loans, Reimbursement Obligations or Letter of Credit Borrowings outstanding, Complying Lenders whose Commitments aggregate at least 75% of the Commitments of all of the Complying Lenders, or

(ii) if there are Loans, Reimbursement Obligations, or Letter of Credit Borrowings outstanding, any group of Complying Lenders if the sum of the Loans, Reimbursement Obligations and Letter of Credit Borrowings of such Lenders then outstanding aggregates at least 75% of the total principal amount of all of the Loans, Reimbursement Obligations and Letter of Credit Borrowings of all of the Complying Lenders then outstanding.

Restricted Payment means (i) any redemption, purchase, retirement, defeasance, prepayment or other acquisition for value, direct or indirect, of any Indebtedness other than the Obligations prior to the stated maturity of such Indebtedness, (ii) any payment of a claim for the rescission of the purchase or sale of, or for material damages arising from the purchase or sale of, any Indebtedness (other than the Obligations), or of a claim for reimbursement, indemnification or contribution arising out of or related to any such claim for damages or rescission and (iii) any payment of any management fee or similar consulting fee to any Affiliate of the Borrower in excess of $2,500,000 in the aggregate in any fiscal year.

Security Agreement shall mean the Security Agreement in substantially the form of Exhibit 1.1(S)(1) executed and delivered by the Borrower and each of its Subsidiaries (other than Strategic Receivables) to the Administrative Agent for the benefit of the Lenders.

Securitization Usage shall mean, as of any give day, the sum of (i) the aggregate Capital plus (ii) the LC Participation Amount of the Purchasers under the Receivables Purchase Agreement, as each undefined term is defined in the Receivables Purchase Agreement as of the Closing Date.

Solvent shall mean, with respect to any Person on a particular date, that on such date (i) the fair value of the property of such Person is greater than the total amount of liabilities, including, without limitation, contingent liabilities, of such Person, (ii) the present fair saleable value of the assets of such Person is not less than the amount that will be required to pay the probable liability of such Person on its debts as they become absolute and matured, (iii) such Person is able to realize upon its assets and pay its debts and other liabilities, contingent obligations and other commitments as they mature in the normal course of business, (iv) such Person does not intend to, and does not believe that it will, incur debts or liabilities beyond such Person's ability to pay as such debts and liabilities mature, and (v) such Person is not engaged in business or a transaction, and is not about to engage in business or a transaction, for which such Person's property would constitute unreasonably small capital after 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.

Strategic Receivables shall mean Strategic Receivables, LLC a Delaware limited liability company.

Standard & Poor's shall mean Standard & Poor's Ratings Services, a division of The McGraw-Hill Companies, Inc.

Statements shall have the meaning specified in Section 6.1.6(i) [Historical Statements].

Subordinated Debtholder means GPE

Subordinated Debt means any intercompany Indebtedness owed by the Borrower and its Subsidiaries to the Subordinated Debtholder (whether or not evidenced by a promissory note) and subject to the terms of the Subordination Agreement.

Subordination Agreement means that certain Subordination Agreement dated as of the Closing Date (as amended, restated, supplemented or otherwise modified from time to time) between the Subordinated Debtholder and the Borrower and its Subsidiaries in favor of the Administrative Agent on behalf of the Lenders with respect to the Subordinated Debt, in substantially the form of Exhibit 1.1(S)(2) attached hereto.

Subsidiary of any Person at any time shall mean any corporation, trust, partnership, any limited liability company or other business entity (i) of which 50% or more of the outstanding voting securities or other interests normally entitled to vote for the election of one or more directors or trustees (regardless of any contingency which does or may suspend or dilute the voting rights) is at such time owned directly or indirectly by such Person or one or more of such Person's Subsidiaries, or (ii) which is controlled or capable of being controlled by such Person or one or more of such Person's Subsidiaries.

Subsidiary Equity Interests shall have the meaning specified in Section 6.1.2 [Subsidiaries and Owners; Investment Companies].

Taxes shall mean all present or future taxes, levies, imposts, duties, deductions, withholdings, assessments, fees or other charges imposed by any Official Body, including any interest, additions to tax or penalties applicable thereto.

Transaction Costs shall mean the fees, costs and expenses payable by the Borrower in connection with the execution, delivery and performance of the Loan Documents.

Transferred Receivables shall mean:

(A) Each Receivable of the Borrower or any Subsidiary of the Borrower that has been sold, purportedly sold, transferred, assigned, contributed, or conveyed to (or subject to a security interest in favor of) Strategic Receivables, pursuant to the Purchase and Sale Agreement;

(B) All rights to, but not the obligations under, all Related Security with respect to such Receivables;

(C) All monies due or to become due to Strategic Receivables with respect to any of the foregoing set forth in clauses (A) and (B) above;

(D) All books and records related to any of the foregoing; and all rights, remedies, powers, privileges, title and interest of Borrower in each lock-box and related lock-box address and account to which Collections (as defined in the Receivables Purchase Agreement) are sent, all amounts on deposit therein, all certificates and instruments, if any, from time to time evidencing such accounts and amounts on deposit therein, and all related agreements between Borrower, any Subsidiary of the Borrower, Strategic Receivables and each related account bank and each related lock-box bank; and

(E) All collections and other products and proceeds (as defined in the applicable UCC) of any of the foregoing that are or were received by Borrower, any Subsidiary of the Borrower or

Strategic Receivables on or after October 3, 2007, including without limitation, all funds which either are received by the Borrower, any Subsidiary of the Borrower or Strategic Receivables from or on behalf of the Obligors in payment of any amounts owed (including, without limitation, invoice price, finance charges, interest and all other charges) in respect of such Receivables, or are applied to such amounts owed by the Obligors (including, without limitation, insurance payments that Borrower, any other Loan Party or Strategic Receivables applies in the ordinary course of its business to amounts owed in respect of any such Receivable and net proceeds of sale or other disposition of repossessed goods or other collateral or property of the Obligors or any other parties directly or indirectly liable for payment of such Transferred Receivables).

Unused Availability shall mean the difference between (i) the Borrowing Base for the previous calendar month minus (ii) the average outstanding Facility Usage for the previous calendar month.

USA Patriot Act shall mean the Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act of 2001, Public Law 107-56, as the same has been, or shall hereafter be, renewed, extended, amended or replaced.

1.2 Construction. Unless the context of this Agreement otherwise clearly requires, the following rules of construction shall apply to this Agreement and each of the other Loan Documents: (i) references to the plural include the singular, the plural, the part and the whole and the words “include,” “includes” and “including” shall be deemed to be followed by the phrase “without limitation”; (ii) the words "hereof," "herein," "hereunder," "hereto" and similar terms in this Agreement or any other Loan Document refer to

this Agreement or such other Loan Document as a whole; (iii) article, section, subsection, clause, schedule and exhibit references are to this Agreement or other Loan Document, as the case may be, unless otherwise specified; (iv) reference to any Person includes such Person's successors and assigns; (v) reference to any agreement, including this Agreement and any other Loan Document together with the schedules and exhibits hereto or thereto, document or instrument means such agreement, document or instrument as amended, modified, replaced, substituted for, superseded or restated; (vi) relative to the determination of any period of time, "from" means "from and including," "to" means "to but excluding," and "through" means "through and including"; (vii) the words “asset” and “property” shall be construed to have the same meaning and effect and to refer to any and all tangible and intangible assets and properties, including cash, securities, accounts and contract rights, (viii) section headings herein and in each other Loan Document are included for convenience and shall not affect the interpretation of this Agreement or such Loan Document, and (ix) unless otherwise specified, all references herein to times of day shall be references to local Pittsburgh, Pennsylvania time.

1.3 Accounting Principles. Except as otherwise provided in this Agreement, all computations and determinations as to accounting or financial matters and all financial statements to be delivered pursuant to this Agreement shall be made and prepared in accordance with GAAP (including principles of consolidation where appropriate), and all accounting or financial terms shall have the meanings ascribed to such terms by GAAP; provided, however, that all accounting terms used in Section 8.2 [Negative Covenants] (and all defined terms used in the definition of any accounting term used in Section 8.2 [Negative Covenants] shall have the meaning given to such terms (and defined terms) under GAAP as in effect on the date hereof applied on a basis consistent with those used in preparing Statements referred to in Section 6.1.6(i) [Historical Statements]. In the event of any change after the date hereof in GAAP, and if such change would affect the computation of any of the financial covenants set forth in Section 8.2 [Negative Covenants], then the parties hereto agree to endeavor, in good faith, to agree upon an amendment to this Agreement that would adjust such financial covenants in a manner that would preserve the original intent thereof, but would allow compliance therewith to be determined in

accordance with the Borrower's financial statements at that time, provided that, until so amended such financial covenants shall continue to be computed in accordance with GAAP prior to such change therein.

2. REVOLVING CREDIT FACILITY

2.1 Commitments. Subject to the terms and conditions hereof and relying upon the representations and warranties herein set forth, each Lender severally agrees to make Loans to the Borrower at any time or from time to time on or after the date hereof to the Expiration Date; provided that after giving effect to such Loan (i) the aggregate amount of Loans from such Lender shall not exceed such Lender's Commitment minus such Lender's Ratable Share of the Letter of Credit Obligations and (ii) the Facility Usage shall not exceed the Borrowing Base. Within such limits of time and amount and subject to the other provisions of this Agreement, the Borrower may borrow, repay and reborrow pursuant to this Section 2.1; provided, however, that at no time shall the Facility Usage exceed the lesser of the Borrowing Base or the Commitments.

2.2 Nature of Lenders' Obligations with Respect to Loans. Each Lender shall be obligated to participate in each request for Loans pursuant to Section 2.5 [Loan Requests] in accordance with its Ratable Share. The aggregate of each Lender's Loans outstanding hereunder to the Borrower at any time shall never exceed its Commitment minus its Ratable Share of the Letter of Credit Obligations. The obligations of each Lender hereunder are several. The failure of any Lender to perform its obligations hereunder shall not affect the Obligations of the Borrower to any other party nor shall any other party be liable for the failure of such Lender to perform its obligations hereunder. The Lenders shall have no obligation to make Loans hereunder on or after the Expiration Date.

2.3 Commitment Fees. Accruing from the date hereof until the Expiration Date, the Borrower agrees to pay to the Administrative Agent for the account of each Lender according to its Ratable Share, a nonrefundable commitment fee (the "Commitment Fee") equal to the Applicable Commitment Fee Rate (computed on the basis of a year of 365 or 366 days, as the case may be, and actual days elapsed) times the average daily difference between the amount of (i) the Commitments and the (ii) the Facility Usage. All Commitment Fees shall be payable in arrears on each Payment Date.

2.4 Facility Fees. The Borrower agrees to pay to the Administrative Agent on the Closing Date for the account of each Lender according to its Ratable Share, a nonrefundable facility fee (the "Facility Fee") equal to the one quarter of one percent (0.25%) of the Commitments.

2.5 Loan Requests. Except as otherwise provided herein, the Borrower may from time to time prior to the Expiration Date request the Lenders to make Loans, or renew or convert the Interest Rate Option applicable to existing Loans pursuant to Section 4.2 [Interest Periods], by delivering to the Administrative Agent, not later than (i) 12:00 noon, three (3) Business Days prior to the proposed Borrowing Date with respect to the making of Loans to which the LIBOR Rate Option applies or the conversion to or the renewal of the LIBOR Rate Option for any Loans; and (ii) [12:00 noon], on the same Business Day with respect to the making of a Loan to which the Base Rate Option applies or the last day of the preceding Interest Period with respect to the conversion to the Base Rate Option for any Loan, of a duly completed request therefor substantially in the form of Exhibit 2.5 or a request by telephone immediately confirmed in writing by letter, facsimile or telex in such form (each, a "Loan Request"), it being understood that the Administrative Agent may rely on the authority of any individual making such a telephonic request without the necessity of receipt of such written confirmation. Each Loan Request shall be irrevocable and shall specify the aggregate amount of the proposed Loans comprising each

Borrowing Tranche, and, if applicable, the Interest Period, which amounts shall be in integral multiples of $100,000 and not less than $1,000,000 for each Borrowing Tranche under the LIBOR Rate Option and not less than the lesser of $500,000 or the maximum amount available for Borrowing Tranches under the Base Rate Option.

2.6 Making Loans; Presumptions by the Administrative Agent; Repayment of Loans.

2.6.1 Making Loans. The Administrative Agent shall, promptly after receipt by it of a Loan Request pursuant to Section 2.5 [Loan Requests], notify the Lenders of its receipt of such Loan Request specifying the information provided by the Borrower and the apportionment among the Lenders of the requested Loans as determined by the Administrative Agent in accordance with Section 2.2 [Nature of Lenders' Obligations with Respect to Loans]. Each Lender shall remit the principal amount of each Loan to the Administrative Agent such that the Administrative Agent is able to, and the Administrative Agent shall, to the extent the Lenders have made funds available to it for such purpose and subject to Section 7.2 [Each Loan or Letter of Credit], fund such Loans to the Borrower in U.S. Dollars and immediately available funds at the Principal Office prior to 2:00 p.m., on the applicable Borrowing Date; provided that if any Lender fails to remit such funds to the Administrative Agent in a timely manner, the Administrative Agent may elect in its sole discretion to fund with its own funds the Loans of such Lender on such Borrowing Date, and such Lender shall be subject to the repayment obligation in Section 2.6.2 [Presumptions by the Administrative Agent].

2.6.2 Presumptions by the Administrative Agent. Unless the Administrative Agent shall have received notice from a Lender prior to the proposed date of any Loan that such Lender will not make available to the Administrative Agent such Lender’s share of such Loan, the Administrative Agent may assume that such Lender has made such share available on such date in accordance with Section 2.6.1 [Making Loans] and may, in reliance upon such assumption, make available to the Borrower a corresponding amount. In such event, if a Lender has not in fact made its share of the applicable Loan available to the Administrative Agent, then the applicable Lender and the Borrower severally agree to pay to the Administrative Agent forthwith on demand such corresponding amount with interest thereon, for each day from and including the date such amount is made available to the Borrower to but excluding the date of payment to the Administrative Agent, at (i) in the case of a payment to be made by such Lender, the greater of the Federal Funds Effective Rate and a rate determined by the Administrative Agent in accordance with banking industry rules on interbank compensation and (ii) in the case of a payment to be made by the Borrower, the interest rate applicable to Loans under the Base Rate Option. If such Lender pays its share of the applicable Loan to the Administrative Agent, then the amount so paid shall constitute such Lender’s Loan. Any payment by the Borrower shall be without prejudice to any claim the Borrower may have against a Lender that shall have failed to make such payment to the Administrative Agent.

2.6.3 Repayment of Loans. The Borrower shall repay the Loans together with all outstanding interest thereon on the Expiration Date.

2.7 Notes. The Obligation of the Borrower to repay the aggregate unpaid principal amount of the Loans made to it by each Lender, together with interest thereon, shall be evidenced by a Note, dated the Closing Date payable to the order of such Lender in a face amount equal to the Commitment of such Lender.

2.8 Use of Proceeds. The Borrower shall use the proceeds of the Loans to (i) repay existing Indebtedness, (ii) provide funds for the additional working capital needs and other general corporate purposes of the Borrower, (iii) provide funds for cash collateral to independent system operators, and (iv) provide funds for the payment of fees and expenses incurred in connection with the negotiation and documentation of this Agreement and the Loan Documents. The Borrower will not, nor will it permit any Subsidiary to, use any of the proceeds of the Loans to purchase or carry any Margin

Stock. Letters of Credit issued hereunder will be used (i) to provide performance assurance of Borrower's obligations under the Energy Purchase Contracts, and (ii) for other general corporate purposes of the Borrower.

2.9 Letter of Credit Subfacility.

2.9.1 Issuance of Letters of Credit. The Borrower may at any time prior to the Expiration Date request the issuance of a standby or trade letter of credit under this Agreement (each a "Letter of Credit") on behalf of itself or another Loan Party, or the amendment or extension of an existing Letter of Credit, by delivering or having such other Loan Party deliver to the Issuing Lender (with a copy to the Administrative Agent) a completed application and agreement for letters of credit, or request for such amendment or extension, as applicable, in such form as the Issuing Lender may specify from time to time by no later than 2:00 p.m. at least one (1) Business Day, or such shorter period as may be agreed to by the Issuing Lender, in advance of the proposed date of issuance. For the avoidance of doubt, the defined term "Letter of Credit" shall not include any Letters of Credit issued to Strategic Receivables pursuant to the Receivables Purchase Facility. Promptly after receipt of any letter of credit application, the Issuing Lender shall confirm with the Administrative Agent (by telephone or in writing) that the Administrative Agent has received a copy of such Letter of Credit application and if not, such Issuing Lender will provide Administrative Agent with a copy thereof. Unless the Issuing Lender has received notice from any lender, Administrative Agent or any Loan party, at least one day prior to the requested date of issuance, amendment or extension of the applicable Letter of Credit, that one or more applicable conditions in Section 7 [Conditions of Lending and Issuance of Letters of Credit] is not satisfied, then, subject to the terms and conditions hereof and in reliance on the agreements of the other Lenders set forth in this Section 2.9, the Issuing Lender or any of the Issuing Lender's Affiliates will issue a Letter of Credit or agree to such amendment or extension, provided that each Letter of Credit shall (A) have a maximum maturity of twelve (12) months from the date of issuance, and (B) in no event expire later than the Expiration Date and provided further that in no event shall (i) the Letter of Credit Obligations exceed, at any one time, the lesser of the Borrowing Base or the Commitments or (ii) the Facility Usage exceed, at any one time, the Facility Availability. Each request by the Borrower for the issuance, amendment or extension of a Letter of Credit shall be deemed to be a representation by the Borrower that it shall be in compliance with the preceding sentence and with Section 7[Conditions of Lending and Issuance of Letters of Credit] after giving effect to the requested issuance, amendment or extension of such Letter of Credit.

2.9.2 Letter of Credit Fees. The Borrower shall pay (i) to the Administrative Agent for the ratable account of the Lenders a fee (the "Letter of Credit Fee") equal to the Applicable Letter of Credit Fee Rate, and (ii) to the Issuing Lender for its own account a fronting fee equal to one eighth of one percent (1/8%) per annum (in each case computed on the basis of a year of 360 days and actual days elapsed), which fees shall be computed on the daily average Letter of Credit Obligations and shall be payable quarterly in arrears on each Payment Date following issuance of each Letter of Credit. The Borrower shall also pay to the Issuing Lender for the Issuing Lender's sole account the Issuing Lender's then in effect customary fees and administrative expenses payable with respect to the Letters of Credit as the Issuing Lender may generally charge or incur from time to time in connection with the issuance, maintenance, amendment (if any), assignment or transfer (if any), negotiation, and administration of Letters of Credit.

2.9.3 Disbursements, Reimbursement. Immediately upon the Issuance of each Letter of Credit, each Lender shall be deemed to, and hereby irrevocably and unconditionally agrees to, purchase from the Issuing Lender a participation in such Letter of Credit and each drawing thereunder in an amount equal to such Lender's Ratable Share of the maximum amount available to be drawn under such Letter of Credit and the amount of such drawing, respectively.

2.9.3.1 In the event of any request for a drawing under a Letter of Credit by the beneficiary or transferee thereof, the Issuing Lender will promptly notify the Borrower and the Administrative Agent thereof. Provided that it shall have received such notice, the Borrower shall reimburse (such obligation to reimburse the Issuing Lender shall sometimes be referred to as a "Reimbursement Obligation") the Issuing Lender prior to 12:00 noon, Pittsburgh time on each date that an amount is paid by the Issuing Lender under any Letter of Credit (each such date, a "Drawing Date") by

paying to the Administrative Agent for the account of the Issuing Lender an amount equal to the amount so paid by the Issuing Lender. In the event the Borrower fails to reimburse the Issuing Lender (through the Administrative Agent) for the full amount of any drawing under any Letter of Credit by 12:00 noon, Pittsburgh time, on the Drawing Date, the Administrative Agent will promptly notify each Lender thereof, and the Borrower shall be deemed to have requested that Loans be made by the Lenders under the Base Rate Option to be disbursed on the Drawing Date under such Letter of Credit, subject to Facility Availability and subject to the conditions set forth in Section 7.2 [Each Additional Loan] other than any notice requirements. Any notice given by the Administrative Agent or Issuing Lender pursuant to this Section 2.9.3.1 may be oral if immediately confirmed in writing; provided that the lack of such an immediate confirmation shall not affect the conclusiveness or binding effect of such notice.

2.9.3.2 Each Lender shall upon any notice pursuant to Section 2.9.3.1 make available to the Administrative Agent for the account of the Issuing Lender an amount in immediately available funds equal to its Ratable Share of the amount of the drawing, whereupon the participating Lenders shall (subject to Section 2.9.3[Disbursement; Reimbursement]) each be deemed to have made a Loan under the Base Rate Option to the Borrower in that amount. If any Lender so notified fails to make available to the Administrative Agent for the account of the Issuing Lender the amount of such Lender's Ratable Share of such amount by no later than 2:00 p.m., Pittsburgh time on the Drawing Date, then interest shall accrue on such Lender's obligation to make such payment, from the Drawing Date to the date on which such Lender makes such payment (i) at a rate per annum equal to the Federal Funds Effective Rate during the first three (3) days following the Drawing Date and (ii) at a rate per annum equal to the rate applicable to Loans under the Base Rate Option on and after the fourth day following the Drawing Date. The Administrative Agent and the Issuing Lender will promptly give notice (as described in Section 2.9.3.1 above) of the occurrence of the Drawing Date, but failure of the Administrative Agent or the Issuing Lender to give any such notice on the Drawing Date or in sufficient time to enable any Lender to effect such payment on such date shall not relieve such Lender from its obligation under this Section 2.9.3.2.

2.9.3.3 With respect to any unreimbursed drawing that is not converted into Loans under the Base Rate Option to the Borrower in whole or in part as contemplated by Section 2.9.3.1, because of the Borrower's failure to satisfy the conditions set forth in Section 7.2 [Each Additional Loan] other than any notice requirements, or for any other reason, the Borrower shall be deemed to have incurred from the Issuing Lender a borrowing (each a "Letter of Credit Borrowing") in the amount of such drawing. Such Letter of Credit Borrowing shall be due and payable on demand (together with interest) and shall bear interest at the rate per annum applicable to the Loans under the Base Rate Option. Each Lender's payment to the Administrative Agent for the account of the Issuing Lender pursuant to Section 2.9.3 [Disbursements, Reimbursement] shall be deemed to be a payment in respect of its participation in such Letter of Credit Borrowing (each a "Participation Advance") from such Lender in satisfaction of its participation obligation under this Section 2.9.3.

2.9.4 Repayment of Participation Advances.

2.9.4.1 Upon (and only upon) receipt by the Administrative Agent for the account of the Issuing Lender of immediately available funds from the Borrower (i) in reimbursement of any payment made by the Issuing Lender under the Letter of Credit with respect to which any Lender has made a Participation Advance to the Administrative Agent, or (ii) in payment of interest on such a payment made by the Issuing Lender under such a Letter of Credit, the Administrative Agent on behalf of the

Issuing Lender will pay to each Lender, in the same funds as those received by the Administrative Agent, the amount of such Lender's Ratable Share of such funds, except the Administrative Agent shall retain for the account of the Issuing Lender the amount of the Ratable Share of such funds of any Lender that did not make a Participation Advance in respect of such payment by the Issuing Lender.

2.9.4.2 If the Administrative Agent is required at any time to return to any Loan Party, or to a trustee, receiver, liquidator, custodian, or any official in any Insolvency Proceeding, any portion of any payment made by any Loan Party to the Administrative Agent for the account of the Issuing Lender pursuant to this Section in reimbursement of a payment made under the Letter of Credit or interest or fee thereon, each Lender shall, on demand of the Administrative Agent, forthwith return to the Administrative Agent for the account of the Issuing Lender the amount of its Ratable Share of any amounts so returned by the Administrative Agent plus interest thereon from the date such demand is made to the date such amounts are returned by such Lender to the Administrative Agent, at a rate per annum equal to the Federal Funds Effective Rate in effect from time to time.

2.9.5 Documentation. Each Loan Party agrees to be bound by the terms of the Issuing Lender's application and agreement for letters of credit and the Issuing Lender's written regulations and customary practices relating to letters of credit, though such interpretation may be different from such Loan Party's own. In the event of a conflict between such application or agreement and this Agreement, this Agreement shall govern. It is understood and agreed that, except in the case of gross negligence or willful misconduct, the Issuing Lender shall not be liable for any error, negligence and/or mistakes, whether of omission or commission, in following any Loan Party's instructions or those contained in the Letters of Credit or any modifications, amendments or supplements thereto.

2.9.6 Determinations to Honor Drawing Requests. In determining whether to honor any request for drawing under any Letter of Credit by the beneficiary thereof, the Issuing Lender shall be responsible only to determine that the documents and certificates required to be delivered under such Letter of Credit have been delivered and that they comply on their face with the requirements of such Letter of Credit.

2.9.7 Nature of Participation and Reimbursement Obligations. Each Lender's obligation in accordance with this Agreement to make the Loans or Participation Advances, as contemplated by Section 2.9.3 [Disbursements, Reimbursement], as a result of a drawing under a Letter of Credit, and the Obligations of the Borrower to reimburse the Issuing Lender upon a draw under a Letter of Credit, shall be absolute, unconditional and irrevocable, and shall be performed strictly in accordance with the terms of this Section 2.9 under all circumstances, including the following circumstances:

(i) any set-off, counterclaim, recoupment, defense or other right which such Lender may have against the Issuing Lender or any of its Affiliates, the Borrower or any other Person for any reason whatsoever, or which any Loan Party may have against the Issuing Lender or any of its Affiliates, any Lender or any other Person for any reason whatsoever;

(ii) the failure of any Loan Party or any other Person to comply, in connection with a Letter of Credit Borrowing, with the conditions set forth in Section 2.1 [Commitments], 2.5 [Loan Requests], 2.6 [Making Loans] or 7.2 [Each Additional Loan] or as otherwise set forth in this Agreement for the making of a Loan, it being acknowledged that such conditions are not required for the making of a Letter of Credit Borrowing and the obligation of the Lenders to make Participation Advances under Section 2.9.3 [Disbursements, Reimbursement];

(iii) any lack of validity or enforceability of any Letter of Credit;

(iv) any claim of breach of warranty that might be made by any Loan Party or any Lender against any beneficiary of a Letter of Credit, or the existence of any claim, set-off, recoupment, counterclaim, crossclaim, defense or other right which any Loan Party or any Lender may have at any time against a beneficiary, successor beneficiary any transferee or assignee of any Letter of Credit or the proceeds thereof (or any Persons for whom any such transferee may be acting), the Issuing Lender or its Affiliates or any Lender or any other Person, whether in connection with this

Agreement, the transactions contemplated herein or any unrelated transaction (including any underlying transaction between any Loan Party or Subsidiaries of a Loan Party and the beneficiary for which any Letter of Credit was procured);

(v) the lack of power or authority of any signer of (or any defect in or forgery of any signature or endorsement on) or the form of or lack of validity, sufficiency, accuracy, enforceability or genuineness of any draft, demand, instrument, certificate or other document presented under or in connection with any Letter of Credit, or any fraud or alleged fraud in connection with any Letter of Credit, or the transport of any property or provision of services relating to a Letter of Credit, in each case even if the Issuing Lender or any of its Affiliates has been notified thereof;

(vi) payment by the Issuing Lender or any of its Affiliates under any Letter of Credit against presentation of a demand, draft or certificate or other document which does not comply with the terms of such Letter of Credit;

(vii) the solvency of, or any acts or omissions by, any beneficiary of any Letter of Credit, or any other Person having a role in any transaction or obligation relating to a Letter of Credit, or the existence, nature, quality, quantity, condition, value or other characteristic of any property or services relating to a Letter of Credit;

(viii) any failure by the Issuing Lender or any of its Affiliates to issue any Letter of Credit in the form requested by any Loan Party, unless the Issuing Lender has received written notice from such Loan Party of such failure within three Business Days after the Issuing Lender shall have furnished such Loan Party and the Administrative Agent a copy of such Letter of Credit and such error is material and no drawing has been made thereon prior to receipt of such notice;

(ix) any adverse change in the business, operations, properties, assets, condition (financial or otherwise) or prospects of any Loan Party or Subsidiaries of a Loan Party;

(x) any breach of this Agreement or any other Loan Document by any party thereto;

(xi) the occurrence or continuance of an Insolvency Proceeding with respect to any Loan Party;

(xii) the fact that an Event of Default or a Potential Default shall have occurred and be continuing;

(xiii) the fact that the Expiration Date shall have passed or this Agreement or the Commitments hereunder shall have been terminated; and

(xiv) any other circumstance or happening whatsoever, whether or not similar to any of the foregoing.

2.9.8 Indemnity. The Borrower hereby agrees to protect, indemnify, pay and save harmless the Issuing Lender and any of its Affiliates that has issued a Letter of Credit from and against any and all claims, demands, liabilities, damages, taxes, penalties, interest, judgments, losses, costs, charges and expenses (including

reasonable fees, expenses and disbursements of counsel and allocated costs of internal counsel) which the Issuing Lender or any of its Affiliates may incur or be subject to as a consequence, direct or indirect, of the issuance of any Letter of Credit, other than as a result of (A) the gross negligence or willful misconduct of the Issuing Lender as determined by a final non-appealable judgment of a court of competent jurisdiction or (B) the wrongful dishonor by the Issuing Lender or any of Issuing Lender's Affiliates of a proper demand for payment made under any Letter of Credit, except if such dishonor resulted from any act or omission, whether rightful or wrongful, of any present or future de jure or de facto government or governmental authority.

2.9.9 Liability for Acts and Omissions. As between any Loan Party and the Issuing Lender, or the Issuing Lender's Affiliates, such Loan Party assumes all risks of the acts and omissions of, or misuse of the Letters of Credit by, the respective beneficiaries of such Letters of Credit. In furtherance and not in limitation of the foregoing, the Issuing Lender shall not be responsible for any of the following, including any losses or damages to any Loan Party or other Person or property relating therefrom: (i) the form, validity, sufficiency, accuracy, genuineness or legal effect of any document submitted by any party in connection with the application for an issuance of any such Letter of Credit, even if it should in fact prove to be in any or all respects invalid, insufficient, inaccurate, fraudulent or forged (even if the Issuing Lender or its Affiliates shall have been notified thereof); (ii) the validity or sufficiency of any instrument transferring or assigning or purporting to transfer or assign any such Letter of Credit or the rights or benefits thereunder or proceeds thereof, in whole or in part, which may prove to be invalid or ineffective for any reason; (iii) the failure of the beneficiary of any such Letter of Credit, or any other party to which such Letter of Credit may be transferred, to comply fully with any conditions required in order to draw upon such Letter of Credit or any other claim of any Loan Party against any beneficiary of such Letter of Credit, or any such transferee, or any dispute between or among any Loan Party and any beneficiary of any Letter of Credit or any such transferee; (iv) errors, omissions, interruptions or delays in transmission or delivery of any messages, by mail, cable, telegraph, telex or otherwise, whether or not they be in cipher; (v) errors in interpretation of technical terms; (vi) any loss or delay in the transmission or otherwise of any document required in order to make a drawing under any such Letter of Credit or of the proceeds thereof; (vii) the misapplication by the beneficiary of any such Letter of Credit of the proceeds of any drawing under such Letter of Credit; or (viii) any consequences arising from causes beyond the control of the Issuing Lender or the its Affiliates, as applicable, including any act or omission of any governmental authority, and none of the above shall affect or impair, or prevent the vesting of, any of the Issuing Lender's or its Affiliates rights or powers hereunder. Nothing in the preceding sentence shall relieve the Issuing Lender from liability for the Issuing Lender's gross negligence or willful misconduct in connection with actions or omissions described in such clauses (i) through (viii) of such sentence. In no event shall the Issuing Lender or its Affiliates be liable to any Loan Party for any indirect, consequential, incidental, punitive, exemplary or special damages or expenses (including without limitation attorneys' fees), or for any damages resulting from any change in the value of any property relating to a Letter of Credit.

Without limiting the generality of the foregoing, the Issuing Lender and each of its Affiliates (i) may rely on any oral or other communication believed in good faith by the Issuing Lender or such Affiliate to have been authorized or given by or on behalf of the applicant for a Letter of Credit, (ii) may honor any presentation if the documents presented appear on their face substantially to comply with the terms and conditions of the relevant Letter of Credit; (iii) may honor a previously dishonored presentation under a Letter of Credit, whether such dishonor was pursuant to a court order, to settle or compromise any claim of wrongful dishonor, or otherwise, and shall be entitled to reimbursement to the same extent as if such presentation had initially been honored, together with any interest paid by the Issuing Lender or its Affiliate; (iv) may honor any drawing that is payable upon presentation of a statement advising negotiation or payment, upon receipt of such statement (even if such statement indicates that a draft or other document is being delivered separately), and shall not be liable for any failure of any such draft or other document to arrive, or to conform in any way with the relevant Letter of Credit; (v) may pay any paying or negotiating bank claiming that it rightfully honored under the laws or practices of the place where such bank is located; and (vi) may settle or adjust any claim or demand made on the Issuing Lender or its Affiliate in any way related to any order issued at the applicant's request to an air carrier, a letter of guarantee or of indemnity issued to a carrier or any similar document (each an "Order") and honor any drawing in connection with any Letter of Credit that is the subject of such Order, notwithstanding that any drafts or other documents presented in connection with such Letter of Credit fail to conform in any way with such Letter of Credit.

In furtherance and extension and not in limitation of the specific provisions set forth above, any action taken or omitted by the Issuing Lender or its Affiliates under or in connection with the Letters of Credit issued by it or any documents and certificates delivered thereunder, if taken or omitted in good faith, shall not put the Issuing Lender or its Affiliates under any resulting liability to the Borrower or any Lender.

2.9.10 Issuing Lender Reporting Requirements. Each Issuing Lender shall, on the first business day of each month, provide to Administrative Agent and Borrower a schedule of the Letters of Credit issued by it, in form and substance satisfactory to Administrative Agent, showing the date of issuance of each Letter of Credit, the account party, the original face amount (if any), and the expiration date of any Letter of Credit outstanding at any time during the preceding month, and any other information relating to such Letter of Credit that the Administrative Agent may request.

2.9.11 Reduction of Commitment. The Borrower shall have the right at any time after the Closing Date upon five (5) days' prior written notice to the Administrative Agent to permanently reduce (ratably among the Lenders in proportion to their Ratable Shares) the Commitments, in a minimum amount of $5,000,000 and whole multiples of $1,000,000, or to terminate completely the Commitments, without penalty or premium except as hereinafter set forth; provided that any such reduction or termination shall be accompanied by prepayment of the Notes, together with outstanding Commitment Fees, and the full amount of interest accrued on the principal sum to be prepaid (and all amounts referred to in Section 5.10 [Indemnity] hereof) to the extent necessary to cause the aggregate Facility Usage after giving effect to such prepayments to be equal to or less than the lesser of (i) the Commitments as so reduced or terminated or (ii) the Borrowing Base. Any notice to reduce the Commitments under this Section 2.1. shall be irrevocable.

3. INTENTIONALLY OMITTED

4. INTEREST RATES

4.1 Interest Rate Options. The Borrower shall pay interest in respect of the outstanding unpaid principal amount of the Loans as selected by it from the Base Rate Option or LIBOR Rate Option set forth below applicable to the Loans, it being understood that, subject to the provisions of this Agreement, the Borrower may select different Interest Rate Options and different Interest Periods to apply simultaneously to the Loans comprising different Borrowing Tranches and may convert to or renew one or more Interest Rate Options with respect to all or any portion of the Loans comprising any Borrowing Tranche; provided that there shall not be at any one time outstanding more than five (5) Borrowing Tranches in the aggregate among all of the Loans and provided further that if an Event of Default or Potential Default exits and is continuing, the Borrower may not request, convert to, or renew the LIBOR Rate Option for any Loans and the Required Lenders may demand that all existing Borrowing Tranches bearing interest under the LIBOR Rate Option shall be converted immediately to the Base Rate Option, subject to the obligation of the Borrower to pay any indemnity under Section 5.10 [Indemnity] in connection with such conversion. If at any time the designated rate applicable to any Loan made by any Lender exceeds such Lender's highest lawful rate, the rate of interest on such Lender's Loan shall be limited to such Lender's highest lawful rate.

4.1.1 Interest Rate Options. The Borrower shall have the right to select from the following Interest Rate Options applicable to the Loans:

(i) Base Rate Option: A fluctuating rate per annum (computed on the basis of a year of 365 or 366 days, as the case may be, and actual days elapsed) equal to the Base Rate plus the Applicable Margin, such interest rate to change automatically from time to time effective as of the effective date of each change in the Base Rate; or

(ii) LIBOR Rate Option: A rate per annum (computed on the basis of a year of 360 days and actual days elapsed) equal to the LIBOR Rate plus the Applicable Margin.

4.1.2 Rate Quotations. The Borrower may call the Administrative Agent on or before the date on which a Loan Request is to be delivered to receive an indication of the rates then in effect, but it is acknowledged that such projection shall not be binding on the Administrative Agent or the Lenders nor affect the rate of interest which thereafter is actually in effect when the election is made.

4.2 Interest Periods. At any time when the Borrower shall select, convert to or renew a LIBOR Rate Option, the Borrower shall notify the Administrative Agent thereof at least three (3) Business Days prior to the effective date of such LIBOR Rate Option by delivering a Loan Request. The notice shall specify an Interest Period during which such Interest Rate Option shall apply. Notwithstanding the preceding sentence, the following provisions shall apply to any selection of, renewal of, or conversion to a LIBOR Rate Option:

4.2.1 Amount of Borrowing Tranche. Each Borrowing Tranche of Loans under the LIBOR Rate Option shall be in integral multiples of $100,000 and not less than $1,000,000; and

4.2.2 Renewals. In the case of the renewal of a LIBOR Rate Option at the end of an Interest Period, the first day of the new Interest Period shall be the last day of the preceding Interest Period, without duplication in payment of interest for such day.

4.3 Interest After Default. To the extent permitted by Law, upon the occurrence of an Event of Default and until such time such Event of Default shall have been cured or waived:

4.3.1 Letter of Credit Fees, Interest Rate. The Letter of Credit Fees and the rate of interest for each Loan otherwise applicable pursuant to Section 2.9.2 [Letter of Credit Fees] or Section 4.1 [Interest Rate Options], respectively, shall be increased by 2.0% per annum;

4.3.2 Other Obligations. Each other Obligation hereunder if not paid when due shall bear interest at a rate per annum equal to the sum of the rate of interest applicable under the Base Rate Option plus an additional 2.0% per annum from the time such Obligation becomes due and payable and until it is paid in full; and

4.3.3 Acknowledgment. The Borrower acknowledges that the increase in rates referred to in this Section 4.3 reflects, among other things, the fact that such Loans or other amounts have become a substantially greater risk given their default status and that the Lenders are entitled to additional compensation for such risk; and all such interest shall be payable by Borrower upon demand by Administrative Agent.

4.4 LIBOR Rate Unascertainable; Illegality; Increased Costs; Deposits Not Available.

4.4.1 Unascertainable. If on any date on which a LIBOR Rate would otherwise be determined, the Administrative Agent shall have determined that:

(i) adequate and reasonable means do not exist for ascertaining such LIBOR Rate, or

(ii) a contingency has occurred which materially and adversely affects the London interbank eurodollar market relating to the LIBOR Rate, the Administrative Agent shall have the rights specified in Section 4.4.3 [Administrative Agent's and Lender's Rights].

4.4.2 Illegality; Increased Costs; Deposits Not Available.

If at any time any Lender shall have determined that:

(i) the making, maintenance or funding of any Loan to which a LIBOR Rate Option applies has been made impracticable or unlawful by compliance by such

Lender in good faith with any Law or any interpretation or application thereof by any Official Body or with any request or directive of any such Official Body (whether or not having the force of Law), or

(ii) such LIBOR Rate Option will not adequately and fairly reflect the cost to such Lender of the establishment or maintenance of any such Loan, or

(iii) after making all reasonable efforts, deposits of the relevant amount in Dollars for the relevant Interest Period for a Loan, or to banks generally, to which a LIBOR Rate Option applies, respectively, are not available to such Lender with respect to such Loan, or to banks generally, in the interbank eurodollar market, then the Administrative Agent shall have the rights specified in Section 4.4.3 [Administrative Agent's and Lender's Rights].

4.4.3 Administrative Agent's and Lender's Rights. In the case of any event specified in Section 4.4.1 [Unascertainable] above, the Administrative Agent shall promptly so notify the Lenders and the Borrower thereof, and in the case of an event specified in Section 4.4.2 [Illegality; Increased Costs; Deposits Not Available] above, such Lender shall promptly so notify the Administrative Agent and endorse a certificate to such notice as to the specific circumstances of such notice, and the Administrative Agent shall promptly send copies of such notice and certificate to the other Lenders and the Borrower. Upon such date as shall be specified in such notice (which shall not be earlier than the date such notice is given), the obligation of (A) the Lenders, in the case of such notice given by the Administrative Agent, or (B) such Lender, in the case of such notice given by such Lender, to allow the Borrower to select, convert to or renew a LIBOR Rate Option shall be suspended until the Administrative Agent shall have later notified the Borrower, or such Lender shall have later notified the Administrative Agent, of the Administrative Agent's or such Lender's, as the case may be, determination that the circumstances giving rise to such previous determination no longer exist. If at any time the Administrative Agent makes a determination under Section 4.4.1 [Unascertainable] and the Borrower has previously notified the Administrative Agent of its selection of, conversion to or renewal of a LIBOR Rate Option and such Interest Rate Option has not yet gone into effect, such notification shall be deemed to provide for selection of, conversion to or renewal of the Base Rate Option otherwise available with respect to such Loans. If any Lender notifies the Administrative Agent of a determination under Section 4.4.2 [Illegality; Increased Costs; Deposits Not Available], the Borrower shall, subject to the Borrower's indemnification Obligations under Section 5.10 [Indemnity], as to any Loan of the Lender to which a LIBOR Rate Option applies, on the date specified in such notice either convert such Loan to the Base Rate Option otherwise available with respect to such Loan or prepay such Loan in accordance with Section 5.6 [Voluntary Prepayments]. Absent due notice from the Borrower of conversion or prepayment, such Loan shall automatically be converted to the Base Rate Option otherwise available with respect to such Loan upon such specified date.

4.5 Selection of Interest Rate Options. If the Borrower fails to select a new Interest Period to apply to any Borrowing Tranche of Loans under the LIBOR Rate Option at the expiration of an existing Interest Period applicable to such Borrowing Tranche in accordance with the provisions of Section 4.2 [Interest Periods], the Borrower shall be deemed to have converted such Borrowing Tranche to the Base Rate Option commencing upon the last day of the existing Interest Period.

5. PAYMENTS

5.1 Payments. All payments and prepayments to be made in respect of principal, interest, Commitment Fees, Facility Fees, Letter of Credit Fees, Administrative Agent's Fee or other feesor amounts due from the Borrower hereunder shall be payable prior to 11:00 a.m. on the date when due, provided that Borrower has adequate

information to assess such amount due, without presentment, demand, protest or notice of any kind, all of which are hereby expressly waived by the Borrower, and without set-off, counterclaim or other deduction of any nature, and an action therefor shall immediately

accrue. Such payments shall be made to the Administrative Agent at the Principal Office for the ratable accounts of the Lenders with respect to the Loans in U.S. Dollars and in immediately available funds, and the Administrative Agent shall promptly distribute such amounts to the Lenders in immediately available funds; provided that in the event payments are received by 11:00 a.m. by the Administrative Agent with respect to the Loans and such payments are not distributed to the Lenders on the same day received by the Administrative Agent, the Administrative Agent shall pay the Lenders the Federal Funds Effective Rate with respect to the amount of such payments for each day held by the Administrative Agent and not distributed to the Lenders. The Administrative Agent's and each Lender's statement of account, ledger or other relevant record shall, in the absence of manifest error, be conclusive as the statement of the amount of principal of and interest on the Loans and other amounts owing under this Agreement and shall be deemed an "account stated."

5.2 Pro Rata Treatment of Lenders. Each borrowing shall be allocated to each Lender according to its Ratable Share, and each selection of, conversion to or renewal of any Interest Rate Option and each payment or prepayment by the Borrower with respect to principal, interest, Commitment Fees, Facility Fees, Letter of Credit Fees, or other fees (except for the Administrative Agent's Fee) or amounts due from the Borrower hereunder to the Lenders with respect to the Loans, shall (except as provided in Section 4.4.3 [Administrative Agent's and Lender's Rights] in the case of an event specified in Section 4.4 [LIBOR Rate Unascertainable; Etc.], 5.6.2 [Replacement of a Lender] or 5.8 [Increased Costs; Indemnity]) be made in proportion to the applicable Loans outstanding from each Lender and, if no such Loans are then outstanding, in proportion to the Ratable Share of each Lender.

5.3 Sharing of Payments by Lenders. If any Lender shall, by exercising any right of setoff, counterclaim or banker's lien, by receipt of voluntary payment, by realization upon security, or by any other non-pro rata source, obtain payment in respect of any principal of or interest on any of its Loans or other obligations hereunder resulting in such Lender’s receiving payment of a proportion of the aggregate amount of its Loans and accrued interest thereon or other such obligations greater than its Ratable Share thereof as provided herein, then the Lender receiving such greater proportion shall (a) notify the Administrative Agent of such fact, and (b) purchase (for cash at face value) participations in the Loans and such other obligations of the other Lenders, or make such other adjustments as shall be equitable, so that the benefit of all such payments shall be shared by the Lenders ratably in accordance with the aggregate amount of principal of and accrued interest on their respective Loans and other amounts owing them, provided that:

(i) if any such participations are purchased and all or any portion of the payment giving rise thereto is recovered, such participations shall be rescinded and the purchase price restored to the extent of such recovery, together with interest or other amounts, if any, required by Law (including court order) to be paid by the Lender or the holder making such purchase; and

(ii) the provisions of this Section 5.3 shall not be construed to apply to (x) any payment made by the Loan Parties pursuant to and in accordance with the express terms of the Loan Documents or (y) any payment obtained by a Lender as consideration for the assignment of or sale of a participation in any of its Loans or Participation Advances to any assignee or participant, other than to the Borrower or any Subsidiary thereof (as to which the provisions of this Section 5.3 shall apply).

Each Loan Party consents to the foregoing and agrees, to the extent it may effectively do so under applicable Law, that any Lender acquiring a participation pursuant to the foregoing arrangements may exercise against each Loan Party rights of setoff and counterclaim with respect to such participation as fully as if such Lender were a direct creditor of each Loan Party in the amount of such participation.

5.4 Presumptions by Administrative Agent. Unless the Administrative Agent shall have received notice from the Borrower prior to the date on which any payment is due to the Administrative Agent for the account of the Lenders or the Issuing Lender hereunder that the Borrower will not make

such payment, the Administrative Agent may assume that the Borrower has made such payment on such date in accordance herewith and may, in reliance upon such assumption, distribute to the Lenders or the Issuing Lender, as the case may be, the amount due. In such event, if the Borrower has not in fact made such payment, then each of the Lenders or the Issuing Lender, as the case may be, severally agrees to repay to the Administrative Agent forthwith on demand the amount so distributed to such Lender or the Issuing Lender, with interest thereon, for each day from and including the date such amount is distributed to it to but excluding the date of payment to the Administrative Agent, at the greater of the Federal Funds Effective Rate and a rate determined by the Administrative Agent in accordance with banking industry rules on interbank compensation.

5.5 Interest Payment Dates. Interest on Loans to which the Base Rate Option applies shall be due and payable in arrears on each Payment Date. Interest on Loans to which the LIBOR Rate Option applies shall be due and payable on the last day of each Interest Period for those Loans and, if such Interest Period is longer than three (3) Months, also on the 90th day of such Interest Period. Interest on mandatory prepayments of principal under Section 5.7 [Mandatory Prepayments] shall be due on the date such mandatory prepayment is due. Interest on the principal amount of each Loan or other monetary Obligation shall be due and payable on demand after such principal amount or other monetary Obligation becomes due and payable (whether on the stated Expiration Date, upon acceleration or otherwise).

5.6 Voluntary Prepayments.

5.6.1 Right to Prepay. The Borrower shall have the right at its option from time to time to prepay the Loans in whole or part without premium or penalty (except as provided in Section 5.6.2 [Replacement of a Lender] below, in Section 5.8 [Increased Costs; Indemnity] and Section 5.10 [Indemnity]). Whenever the Borrower desires to prepay any part of the Loans to which the LIBOR Rate Option applies, it shall provide a prepayment notice to the Administrative Agent by 1:00 p.m. at least one (1) Business Day prior to the date of prepayment of such Loans setting forth the following information:

(y) the date, which shall be a Business Day, on which the proposed prepayment is to be made; and

(z) the total principal amount of such prepayment, which shall not be less than $1,000,000.

All prepayment notices shall be irrevocable. The principal amount of the Loans for which a prepayment notice is given, together with interest on such principal amount shall be due and payable on the date specified in such prepayment notice as the date on which the proposed prepayment is to be made. Except as provided in Section 4.4.3 [Administrative Agent's and Lender's Rights], if the Borrower prepays a Loan but fails to specify the applicable Borrowing Tranche which the Borrower is prepaying, the prepayment shall be applied first to Loans to which the Base Rate Option applies, then to Loans to which the LIBOR Rate Option applies. Any prepayment hereunder shall be subject to the Borrower's Obligation to indemnify the Lenders under Section 5.10 [Indemnity].

5.6.2 Replacement of a Lender. In the event any Lender (i) gives notice under Section 4.4 [LIBOR Rate Unascertainable, Etc.], (ii) requests compensation under Section 5.8 [Increased Costs], or requires the Borrower to pay any additional amount to any Lender or any Official Body for the account of any Lender pursuant to Section 5.9[Taxes], (iii) is a Non-Complying Lender or otherwise, (iv) becomes subject to the control of an Official Body (other than normal and customary supervision), or (v) is a Non-Consenting Lender referred to in Section 11.1 [Modifications, Amendments or Waivers] then in any such event the Borrower may, at its sole expense, 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 11.8 [Successors and Assigns]), all of its interests, rights and obligations under this Agreement and the related Loan Documents

to an assignee that shall assume such obligations (which assignee may be another Lender, if a Lender accepts such assignment), provided that:

(i) the Borrower shall have paid to the Administrative Agent the assignment fee specified in Section 11.8 [Successors and Assigns];

(ii) such Lender shall have received payment of an amount equal to the outstanding principal of its Loans and Participation Advances, accrued interest thereon, accrued fees and all other amounts payable to it hereunder and under the other Loan Documents (including any amounts under Section 5.10 [Indemnity]) from the assignee (to the extent of such outstanding principal and accrued interest and fees) or the Borrower (in the case of all other amounts);

(iii) in the case of any such assignment resulting from a claim for compensation under Section 5.8.1 [Increased Costs Generally] or payments required to be made pursuant to Section 5.9 [Taxes], such assignment will result in a reduction in such compensation or payments thereafter; and

(iv) such assignment does not conflict with applicable Law.

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.

5.7 Mandatory Prepayments.

5.7.1 Sale of Assets. Unless otherwise consented to in writing by the Administrative Agent and subject to any right of priority payments under the Receivables Purchase Facility, within five (5) Business Days of any non-ordinary course of business sale of assets (other than the sales contemplated under the Receivables Purchase Facility) authorized by Section 8.2.8 [Disposition of Assets or Subsidiaries] and any insurance and condemnation proceeds received by the Borrower or any of its subsidiaries, the Borrower shall make a mandatory prepayment of principal on the Loans equal to the after-tax proceeds of such sale (as estimated in good faith by the Borrower), together with accrued interest on such principal amount; provided however, that the Borrower and its Subsidiaries shall not be obligated to make any prepayments pursuant this Section 5.7.1 for any such sales that do not exceed $2,000,000 in the aggregate per each fiscal year. All prepayments pursuant to this Section 5.7.1 shall be applied to payment of the principal amount of the Loans.

5.7.2 Borrowing Base Exceeded. Whenever the Facility Usage exceeds the Borrowing Base, the Borrower shall make, within one (1) Business Day after the Borrower learns of such excess and whether or not the Administrative Agent has given notice to such effect, a mandatory prepayment of principal, equal to the excess of the outstanding principal balance of the Facility Usage over the Borrowing Base, together with accrued interest on such principal amount. In the event that such prepayment of principal is not sufficient to reduce the Facility Usage to less than the Borrowing Base, the Borrower shall provide cash collateral for the Letters of Credit in an amount sufficient to reduce the Facility Usage to less than the Borrowing Base.

5.7.3 Application Among Interest Rate Options. All prepayments required pursuant to this Section 5.7 shall first be applied among the Interest Rate Options to the principal amount of the Loans subject to the Base Rate Option, then to Loans subject to a LIBOR Rate Option. In accordance with Section 5.10 [Indemnity], the Borrower shall indemnify the Lenders for any loss or expense, including loss of margin, incurred with respect to any such prepayments applied against Loans subject to a LIBOR Rate Option on any day other than the last day of the applicable Interest Period.

5.8 Increased Costs.

5.8.1 Increased Costs Generally. If any Change in Law shall:

(i) impose, modify or deem applicable any reserve, special deposit, compulsory loan, insurance charge or similar requirement against assets of, deposits with or for the account of, or credit extended or participated in by, any Lender (except any reserve requirement reflected in the LIBOR Rate) or the Issuing Lender;

(ii) subject any Lender or the Issuing Lender to any tax of any kind whatsoever with respect to this Agreement, any Letter of Credit, any participation in a Letter of Credit or any Loan under the LIBOR Rate Option made by it, or change the basis of taxation of payments to such Lender or the Issuing Lender in respect thereof (except for Indemnified Taxes or Other Taxes covered by Section 5.9 [Taxes] and the imposition of, or any change in the rate of, any Excluded Tax payable by such Lender or the Issuing Lender); or

(iii) impose on any Lender, the Issuing Lender or the London interbank market any other condition, cost or expense affecting this Agreement or Loan under the LIBOR Rate Option made by such Lender or any Letter of Credit or participation therein; and the result of any of the foregoing shall be to increase the cost to such Lender of making or maintaining any Loan under the LIBOR Rate Option (or of maintaining its obligation to make any such Loan), or to increase the cost to such Lender or the Issuing Lender of participating in, issuing or maintaining any Letter of Credit (or of maintaining its obligation to participate in or to issue any Letter of Credit), or to reduce the amount of any sum received or receivable by such Lender or the Issuing Lender hereunder (whether of principal, interest or any other amount) then, upon request of such Lender or the Issuing Lender, the Borrower will pay to such Lender or the Issuing Lender, as the case may be, such additional amount or amounts as will compensate such Lender or the Issuing Lender, as the case may be, for such additional costs incurred or reduction suffered.

5.8.2 Capital Requirements. If any Lender or the Issuing Lender determines that any Change in Law affecting such Lender or the Issuing Lender or any lending office of such Lender or such Lender's or the Issuing Lender's holding company, if any, regarding capital requirements has or would have the effect of reducing the rate of return on such Lender's or the Issuing Lender's capital or on the capital of such Lender's or the Issuing Lender's holding company, if any, as a consequence of this Agreement, the Commitments of such Lender or the Loans made by, or participations in Letters of Credit held by, such Lender, or the Letters of Credit issued by the Issuing Lender, to a level below that which such Lender or the Issuing Lender or such Lender's or the Issuing Lender's holding company could have achieved but for such Change in Law (taking into consideration such Lender's or the Issuing Lender's policies and the policies of such Lender's or the Issuing Lender's holding company with respect to capital adequacy), then from time to time the Borrower will pay to such Lender or the Issuing Lender, as the case may be, such additional amount or amounts as will compensate such Lender or the Issuing Lender or such Lender's or the Issuing Lender's holding company for any such reduction suffered.

5.8.3 Certificates for Reimbursement; Repayment of Outstanding Loans; Borrowing of New Loans. A certificate of a Lender or the Issuing Lender setting forth the amount or amounts necessary to compensate such Lender or the Issuing Lender or its holding company, as the case may be, as specified in Sections 5.8.1 [Increased Costs Generally] or 5.8.2 [Capital Requirements] and delivered to the Borrower shall be conclusive absent manifest error. The Borrower shall pay such Lender or the Issuing Lender, as the case may be, the amount shown as due on any such certificate within ten (10) days after receipt thereof.

5.8.4 Delay in Requests. Failure or delay on the part of any Lender or the Issuing Lender to demand compensation pursuant to this Section shall not constitute a waiver of such Lender's or the Issuing Lender's right to demand such compensation, provided that the Borrower shall not be required to compensate a Lender or the Issuing Lender pursuant to this Section for any increased costs incurred or reductions suffered more than nine months prior to the date that such Lender or the Issuing

Lender, as the case may be, notifies the Borrower of the Change in Law giving rise to such increased costs or reductions and of such Lender's or the Issuing Lender's intention to claim compensation therefor (except that, if the Change in Law giving rise to such increased costs or reductions is retroactive, then the nine (9) month period referred to above shall be extended to include the period of retroactive effect thereof).

5.9 Taxes.

5.9.1 Payments Free of Taxes. Any and all payments by or on account of any obligation of the Borrower hereunder or under any other Loan Document shall be made free and clear of and without reduction or withholding for any Indemnified Taxes or Other Taxes; provided that if the Borrower shall be required by applicable Law to deduct any Indemnified Taxes (including any Other Taxes) from such payments, then (i) 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) the Administrative Agent, Lender or Issuing Lender, as the case may be, receives an amount equal to the sum it would have received had no such deductions been made, (ii) the Borrower shall make such deductions and (iii) the Borrower shall timely pay the full amount deducted to the relevant Official Body in accordance with applicable Law.

5.9.2 Payment of Other Taxes by the Borrower. Without limiting the provisions of Section 5.9.1 [Payments Free of Taxes] above, the Borrower shall timely pay any Other Taxes to the relevant Official Body in accordance with applicable Law.

5.9.3 Indemnification by the Borrower. The Borrower shall indemnify the Administrative Agent, each Lender and the Issuing Lender, within ten (10) days after demand therefor, for the full amount of any Indemnified Taxes or Other Taxes (including Indemnified Taxes or Other Taxes imposed or asserted on or attributable to amounts payable under this Section) paid by the Administrative Agent, such Lender or the Issuing Lender, as the case may be, and any penalties, interest and reasonable expenses arising therefrom or with respect thereto, whether or not such Indemnified Taxes or Other Taxes were correctly or legally imposed or asserted by the relevant Official Body. A certificate as to the amount of such payment or liability delivered to the Borrower by a Lender or the Issuing Lender (with a copy to the Administrative Agent), or by the Administrative Agent on its own behalf or on behalf of a Lender or the Issuing Lender, shall be conclusive absent manifest error.

5.9.4 Evidence of Payments. As soon as practicable after any payment of Indemnified Taxes or Other Taxes by the Borrower to a Official Body, the Borrower shall deliver to the Administrative Agent the original or a certified copy of a receipt issued by such Official Body evidencing such payment, a copy of the return reporting such payment or other evidence of such payment reasonably satisfactory to the Administrative Agent.

5.9.5 Status of Lenders. Any Foreign Lender that is entitled to an exemption from or reduction of withholding tax under the Law of the jurisdiction in which the Borrower is resident for tax purposes, or any treaty to which such jurisdiction is a party, with respect to payments hereunder or under any other Loan Document shall deliver to the Borrower (with a copy to the Administrative Agent), at the time or times prescribed by applicable Law or reasonably requested by the Borrower or the Administrative Agent, 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 of withholding. Notwithstanding the submission of a such documentation claiming a reduced rate of or exemption from U.S. withholding tax, the Administrative Agent shall be entitled to withhold United States federal income taxes at the full 30% withholding rate if in its reasonable judgment it is required to do so under the due diligence requirements imposed upon a withholding agent under § 1.1441-7(b) of the United States Income Tax Regulations. Further, the Administrative Agent is indemnified under § 1.1461-1(e) of the United States Income Tax Regulations against any claims and demands of any Lender or assignee or

participant of a Lender for the amount of any tax it deducts and withholds in accordance with regulations under § 1441 of the Internal Revenue Code. In addition, any Lender, if requested by the Borrower or the Administrative Agent, shall deliver such other documentation prescribed by applicable Law or reasonably requested by the Borrower or the Administrative Agent as will enable the Borrower or the Administrative Agent to determine whether or not such Lender is subject to backup withholding or information reporting requirements.

Without limiting the generality of the foregoing, in the event that the Borrower is resident for tax purposes in the United States of America, any Foreign Lender shall deliver to the Borrower and the Administrative Agent (in such number of copies as shall be requested by the recipient) on or prior to the date on which such Foreign Lender becomes a Lender under this Agreement (and from time to time thereafter upon the request of the Borrower or the Administrative Agent, but only if such Foreign Lender is legally entitled to do so), whichever of the following is applicable:

(i) duly completed copies of IRS Form W-8BEN claiming eligibility for benefits of an income tax treaty to which the United States of America is a party,

(ii) duly completed copies of IRS Form W-8ECI,

(iii) in the case of a Foreign Lender claiming the benefits of the exemption for portfolio interest under section 881(c) of the Code, (x) a certificate to the effect that such Foreign Lender is not (A) a "bank" within the meaning of section 881(c)(3)(A) of the Code, (B) a "10 percent shareholder" of the Borrower within the meaning of section 881(c)(3)(B) of the Code, or (C) a "controlled foreign corporation" described in section 881(c)(3)(C) of the Code and (y) duly completed copies of IRS Form W-8BEN, or

(iv) any other form prescribed by applicable Law as a basis for claiming exemption from or a reduction in United States Federal withholding tax duly completed together with such supplementary documentation as may be prescribed by applicable Law to permit the Borrower to determine the withholding or deduction required to be made.

5.10 Indemnity. In addition to the compensation or payments required by Section 5.8 [Increased Costs] or Section 5.9 [Taxes], the Borrower shall indemnify each Lender against all liabilities, losses or expenses (including loss of margin, any loss or expense incurred in liquidating or employing deposits from third parties and any loss or expense incurred in connection with funds acquired by a Lender to fund or maintain Loans subject to a LIBOR Rate Option) which such Lender sustains or incurs as a consequence of any

(i) payment, prepayment, conversion or renewal of any Loan to which a LIBOR Rate Option applies on a day other than the last day of the corresponding Interest Period (whether or not such payment or prepayment is mandatory, voluntary or automatic and whether or not such payment or prepayment is then due),

(ii) attempt by the Borrower to revoke (expressly, by later inconsistent notices or otherwise) in whole or part any Loan Requests under Section 2.5 [Loan Requests] or Section 4.2 [Interest Periods] or notice relating to prepayments under Section 5.6 [Voluntary Prepayments], or

(iii) default by the Borrower in the performance or observance of any covenant or condition contained in this Agreement or any other Loan Document, including any failure of the Borrower to pay when due (by acceleration or otherwise) any principal, interest, Commitment Fee or any other amount due hereunder.

If any Lender sustains or incurs any such loss or expense, it shall from time to time notify the Borrower of the amount determined in good faith by such Lender (which determination may include such assumptions, allocations of costs and expenses and averaging or attribution methods as such Lender

shall deem reasonable) to be necessary to indemnify such Lender for such loss or expense. Such notice shall set forth in reasonable detail the basis for such determination. Such amount shall be due and payable by the Borrower to such Lender ten (10) Business Days after such notice is given.

6. REPRESENTATIONS AND WARRANTIES

6.1 Representations and Warranties. The Borrower, on behalf of itself and each of its Subsidiaries, represents and warrants to the Administrative Agent and each of the Lenders as follows:

6.1.1 Organization and Qualification; Power and Authority; Compliance With Laws; Title to Properties; Event of Default. The Borrower and each of its Subsidiaries (i) is a corporation, partnership or limited liability company duly organized, validly existing and in good standing under the laws of its jurisdiction of organization, (ii) has the lawful power to own or lease its properties and to engage in the business it presently conducts or proposes to conduct, (iii) is duly licensed or qualified and in good standing in each jurisdiction listed on Schedule 6.1.1 and in all other jurisdictions where failure to do so could reasonably be expected to result in a Material Adverse Change, (iv) has full power to enter into, execute, deliver and carry out this Agreement and the other Loan Documents to which it is a party, to incur the Indebtedness contemplated by the Loan Documents to which it is a party and to perform its Obligations under the Loan Documents to which it is a party, and all such actions have been duly authorized by all necessary proceedings on its part, (v) is in compliance in all material respects with all applicable Laws (other than Environmental Laws which are specifically addressed in Section 6.1.14 [Environmental Matters]) in all jurisdictions in which any Loan Party or Subsidiary of any Loan Party is presently doing business except where the failure to do so would not constitute a Material Adverse Change, and (vi) has good and marketable title to or valid leasehold interest in all properties, assets and other rights which it purports to own or lease or which are reflected as owned or leased on its books and records, free and clear of all Liens and encumbrances except Permitted Liens. No Event of Default or Potential Default exists or is continuing. GPE owns, directly or indirectly, over ninety-nine percent (99%) of the outstanding Equity Interests of the Borrower.

6.1.2 Subsidiaries and Owners; Investment Companies. Schedule 6.1.2 states (i) the name of each of the Borrower's Subsidiaries, its jurisdiction of organization and the amount, percentage and type of equity interests in such Subsidiary (the "Subsidiary Equity Interests"), (ii) the name of each holder of an equity interest in the Borrower, the amount, percentage and type of such equity interest (the "Borrower Equity Interests"), and (iii) any options, warrants or other rights outstanding to purchase any such equity interests referred to in clause (i) or (iii) (collectively the "Equity Interests"). The Borrower and each Subsidiary of the Borrower has good and marketable title to all of the Subsidiary Equity Interests it purports to own, free and clear in each case of any Lien and all such Subsidiary Equity Interests been validly issued, fully paid and nonassessable. Neither the Borrower nor any of its Subsidiaries is an "investment company" registered or required to be registered under the Investment Company Act of 1940 or under the "control" of an "investment company" as such terms are defined in the Investment Company Act of 1940 and shall not become such an "investment company" or under such "control."

6.1.3 Validity and Binding Effect. This Agreement and each of the other Loan Documents (i) has been duly and validly executed and delivered by the Borrower and each of its Subsidiaries, to the extent any such Subsidiary is a party hereto or thereto, and (ii) constitutes, or will constitute, legal, valid and binding obligations of the Borrower and each of its Subsidiaries which is or will be a party thereto, enforceable against such Borrower and Subsidiaries in accordance with its terms.

6.1.4 No Conflict; Material Agreements; Consents. Neither the execution and delivery of this Agreement or the other Loan Documents by the Borrower or any of its Subsidiaries, to the extent any such Subsidiary is a party hereto or thereto, nor the consummation of the transactions herein or therein contemplated or compliance with the terms and provisions hereof or thereof by any of them will

conflict with, constitute a default under or result in any breach of (i) the terms and conditions of the certificate of incorporation, bylaws, certificate of limited partnership, partnership agreement, certificate of formation, limited liability company agreement or other organizational documents of the Borrower or any of its Subsidiaries, (ii) any Law or order, writ, judgment, injunction or decree to which the Borrower or any of its Subsidiaries is a party or by which the Borrower or any of its Subsidiaries is bound or to which it is subject, or result in the creation or enforcement of any Lien, charge or encumbrance whatsoever upon any property (now or hereafter acquired) of the Borrower or any of its Subsidiaries (other than Liens granted under the Loan Documents) or (iii) any instrument, indenture, loan agreement, mortgage, deed of trust or other material agreement, to the extent that the same could reasonably be expected to result in a Material Adverse Change. There is no default under such material agreement (referred to above) and neither the Borrower nor its Subsidiaries are bound by any contractual obligation, or subject to any restriction in any organization document, or any requirement of Law which could result in a Material Adverse Change. No consent, approval, exemption, order or authorization of, or a registration or filing with, any Official Body or any other Person is required by any Law or any agreement in connection with the execution, delivery and carrying out of this Agreement and the other Loan Documents.

6.1.5 Litigation. Schedule 6.1.5 to this Agreement lists all pending litigation involving individual claims against the Borrower of more than $1,000,000.00. There are no actions, suits, proceedings or investigations pending or, to the knowledge of the Borrower or any of its Subsidiaries, threatened against such Borrower or such Subsidiaries at law or in equity before any Official Body (whether listed on Schedule 6.1.5 or otherwise) which individually or in the aggregate may result in any Material Adverse Change. Neither the Borrower nor any of its Subsidiaries are in violation of any order, writ, injunction or any decree of any Official Body which may result in any Material Adverse Change.

6.1.6 Financial Statements.

(i) Historical Statements. The Borrower has delivered to the Administrative Agent copies of its audited consolidated year-end financial statements for and as of the end of the fiscal year ending 2006. In addition, the Borrower has delivered to the Administrative Agent copies of its unaudited consolidated interim financial statements for the fiscal year to date and as of the end of the fiscal quarter ended June 30, 2007 (all such annual and interim statements being collectively referred to as the "Statements"). The Statements were compiled from the books and records maintained by the Borrower's management, are correct and complete and fairly represent the consolidated financial condition of the Borrower and its Subsidiaries as of the respective dates thereof and the results of operations for the fiscal periods then ended and have been prepared in accordance with GAAP consistently applied, subject (in the case of the interim statements) to normal year-end audit adjustments.

(ii) Accuracy of Financial Statements. Neither the Borrower nor any Subsidiary of the Borrower has any material liabilities, contingent or otherwise, or forward or long-term commitments that are not disclosed in the Statements or in the notes thereto, and except as disclosed therein there are no unrealized or anticipated losses from any commitments of the Borrower or any Subsidiary of the Borrower which may cause a Material Adverse Change. Since December 31, 2006**,** no Material Adverse Change has occurred.

6.1.7 Margin Stock. Neither the Borrower nor any of its Subsidiaries engages or intends to engage principally, or as one of its important activities, in the business of extending credit for the purpose, immediately, incidentally or ultimately, of purchasing or carrying margin stock (within the meaning of Regulation U, T or X as promulgated by the Board of Governors of the Federal Reserve System). No part of the proceeds of any Loan has been or will be used, immediately, incidentally or ultimately, to purchase or carry any margin stock or to extend credit to others for the purpose of purchasing or carrying any margin stock or which is inconsistent with the provisions of the regulations of the Board of Governors of the Federal Reserve System. Neither the Borrower nor any of its Subsidiaries

holds or intends to hold margin stock in such amounts that more than 25% of the reasonable value of the assets of such Borrower or Subsidiary are or will be represented by margin stock.

6.1.8 Full Disclosure. Neither this Agreement nor any other Loan Document, nor any certificate, statement, agreement or other documents furnished to the Administrative Agent or any Lender in connection herewith or therewith, contains any untrue statement of a material fact or omits to state a material fact necessary in order to make the statements contained herein and therein, in light of the circumstances under which they were made, not misleading. There is no fact known to the Borrower or any of its

Subsidiaries which materially adversely affects the business, property, assets, financial condition, results of operations or prospects of such Borrower or Subsidiary which has not been set forth in this Agreement or in the certificates, statements, agreements or other documents furnished in writing to the Administrative Agent and the Lenders prior to or at the date hereof in connection with the transactions contemplated hereby.

6.1.9 Taxes. All federal, state, local and other tax returns required to have been filed with respect to the Borrower and each of its Subsidiaries have been filed, and payment or adequate provision has been made for the payment of all taxes, fees, assessments and other governmental charges which have become due pursuant to said returns or to assessments received, except to the extent that such taxes, fees, assessments and other charges are being contested in good faith by appropriate proceedings diligently conducted and for which such reserves or other appropriate provisions, if any, as shall be required by GAAP shall have been made.

6.1.10 Patents, Trademarks, Copyrights, Licenses, Etc. The Borrower and each of its Subsidiaries owns or possesses all the material patents, trademarks, service marks, trade names, copyrights, licenses, registrations, franchises, permits and rights necessary to own and operate its properties and to carry on its business as presently conducted and planned to be conducted by such Borrower or Subsidiary, without known or actual conflict with the rights of others, and no such conflict has been alleged.

6.1.11 Liens in the Collateral. The Liens in the Collateral granted to the Administrative Agent for the benefit of the Lenders pursuant to the Patent, Trademark and Copyright Security Agreement, the Pledge Agreement, and the Security Agreement (collectively, the "Collateral Documents") constitute and will continue to constitute first priority perfected Liens. All filing fees and other expenses in connection with the perfection of such Liens have been or will be paid by the Borrower.

6.1.12 Insurance. The tangible personalty and real property interests of the Borrower and each of its Subsidiaries are insured pursuant to policies and other bonds which are valid and in full force and effect and which provide adequate coverage from reputable and financially sound insurers in amounts sufficient to insure the assets and risks of each such Borrower and Subsidiary in accordance with prudent business practice in the industry of such Borrower and Subsidiaries.

6.1.13 ERISA Compliance. (i) Each Plan is in compliance in all material respects with the applicable provisions of ERISA, the Code and other federal or state Laws. Each Plan that is intended to qualify under Section 401(a) of the Code has received a favorable determination letter from the IRS or an application for such a letter is currently being processed by the IRS with respect thereto and, to the best knowledge of Borrower, nothing has occurred which would prevent, or cause the loss of, such qualification. Borrower and each ERISA Affiliate have made all required contributions to each Plan subject to Section 412 of the Code, and no application for a funding waiver or an extension of any amortization period pursuant to Section 412 of the Code has been made with respect to any Plan.

(ii) No ERISA Event has occurred or is reasonably expected to occur; (a) no Pension Plan has any unfunded pension liability (i.e. excess of benefit liabilities over the current value of that Pension Plan's assets, determined in accordance with the assumptions used for funding the Pension Plan for the applicable plan year) that is reasonably likely to result in liability of $1,000,000 or more to the Borrower

or its Subsidiaries; (b) neither Borrower nor any ERISA Affiliate has incurred, or reasonably expects to incur, any liability under Title IV of ERISA with respect to any Pension Plan (other than premiums due and not delinquent under Section 4007 of ERISA); (c) neither Borrower nor any ERISA Affiliate has incurred, or reasonably expects to incur, any liability (and no event has occurred which, with the giving of notice under Section 4219 of ERISA, would result in such liability) under Sections 4201 or 4243 of ERISA with respect to a Multiemployer Plan; and (d) neither Borrower nor any ERISA Affiliate has engaged in a transaction that could be subject to Sections 4069 or 4212(c) of ERISA.

6.1.14 Environmental Matters. The Borrower and each of its Subsidiaries are and, to the knowledge of each respective Borrower and Subsidiary are and have been in material compliance with applicable Environmental Laws except as disclosed on Schedule 6.1.14; provided that such matters so disclosed could not reasonably be expected to subject the Borrower to liability in excess of $2,500,000.00 or result in a Material Adverse Change.

6.1.15 Solvency. The Borrower and each of its Subsidiaries are Solvent. After giving effect to the transactions contemplated by the Loan Documents and the Receivables Purchase Facility, including all Indebtedness incurred thereby, the Liens granted by the Borrower in connection therewith and the payment of all fees related thereto, the Borrower and each of its Subsidiaries will be Solvent, determined as of the Closing Date.

6.1.16 Statutory Indebtedness Restrictions. The Borrower and GPE have all necessary authorization required for the transactions contemplated by the Loan Documents under FPA or any other Law for the execution, delivery and performance of the Loan Documents to which the Borrower or GPE is a party do not and will not violate FPA or require any registration with, consent or approval of, or notice to, or any other action to, with or by any Governmental Authority under FPA or any Law, other than such reporting requirements as may be in effect from time to time under FPA.

6.2 Updates to Schedules. Should any of the information or disclosures provided on any of the Schedules attached hereto become outdated or incorrect in any material respect, the Borrower shall promptly provide the Administrative Agent in writing with such revisions or updates to such Schedule as may be necessary or appropriate to update or correct same; provided, however, that no Schedule shall be deemed to have been amended, modified or superseded by any such correction or update, nor shall any breach of warranty or representation resulting from the inaccuracy or incompleteness of any such Schedule be deemed to have been cured thereby, unless and until the Required Lenders, in their sole and absolute discretion, shall have accepted in writing such revisions or updates to such Schedule.

7. CONDITIONS OF LENDING AND ISSUANCE OF LETTERS OF CREDIT

The obligation of each Lender to make Loans and of the Issuing Lender to issue Letters of Credit hereunder is subject to the performance by the Borrower and each of it Subsidiaries of its Obligations to be performed hereunder at or prior to the making of any such Loans or issuance of such Letters of Credit and to the satisfaction of the following further conditions:

7.1 First Loans and Letters of Credit.

7.1.1 Deliveries. On the Closing Date, the Administrative Agent shall have received each of the following in form and substance satisfactory to the Administrative Agent:

(i) A certificate of the Borrower signed by an Authorized Officer, dated the Closing Date stating that the Borrower and its Subsidiaries are in compliance with each of their representations, warranties, covenants and conditions hereunder and no Event of Default or Potential Default exists, no Material Adverse Change has occurred since the date of the last audited financial statements of the Borrower delivered to the Administrative Agent, and no material adverse litigation exists.

(ii) A certificate dated the Closing Date and signed by the Secretary or an Assistant Secretary of the Borrower and each of the Loan Parties, certifying as appropriate as to: (a) all action taken by each Loan Party in connection with this Agreement and the other Loan Documents; (b) the names of the Authorized Officers authorized to sign the Loan Documents and their true signatures; and (c) copies of its organizational documents as in effect on the Closing Date certified by the appropriate state official where such documents are filed in a state office together with certificates from the appropriate state officials as to the continued existence and good standing of each Loan Party in each state where organized or qualified to do business.

(iii) This Agreement and each of the other Loan Documents signed by an Authorized Officer and all appropriate financing statements and appropriate stock powers and certificates evidencing the pledged Collateral.

(iv) A written opinion of counsel for the Loan Parties, dated the Closing Date and as to the matters set forth in Schedule 7.1.1.

(v) Evidence that adequate insurance required to be maintained under this Agreement is in full force and effect, with additional insured and lender loss payable special endorsements attached thereto in form and substance satisfactory to the Administrative Agent and its counsel naming the Administrative Agent as additional insured, mortgagee and lender loss payee.

(vi) A duly completed Compliance Certificate as of the last day of the fiscal quarter of Borrower most recently ended prior to the Closing Date, signed by an Authorized Officer of Borrower;

(vii) All material consents, regulatory approvals and licenses required to effectuate the transactions contemplated hereby.

(viii) Evidence that the Amended and Restated Agreement dated July 2, 2004 among Borrower and PNC Bank and LaSalle Bank National Association, has been terminated, and all outstanding obligations thereunder have been paid and all Liens securing such obligations have been released;

(ix) A Lien search in acceptable scope and with acceptable results;

(x) A Borrowing Base Certificate prepared as of the Closing Date in substantially the form of Exhibit 8.3.5, showing total Unused Availability (using current amounts, rather than average amounts, for Loans and Letters of Credit Outstanding), after giving effect to (i) the Loans to be made on the Closing Date, (ii) the Letters of Credit issued and outstanding, and (iii) the consummation of the transactions contemplated hereby, of at least $25,000,000;

(xi) A duly completed solvency certificate, in form and substance satisfactory to the Administrative Agent dated as of the Closing Date, signed by an Authorized Officer of Borrower;

(xii) A field examination of the Borrower's receivables prepared in connection with the Receivables Purchase Facility which shall be satisfactory to the Administrative Agent, in its sole discretion;

(xiii) No action, proceeding, investigation, regulation or legislation shall have been instituted, or, to the knowledge of any Authorized Officer of the Borrower and any Subsidiary, threatened or proposed before any court, governmental agency or legislative body to enjoin, restrain or prohibit, or to obtain damages in respect of, this Agreement, the other Loan Documents or the consummation of the transactions contemplated hereby or thereby or which, in the sole discretion

of the Administrative Agent, would make it inadvisable to consummate the transactions contemplated by this Agreement or any of the other Loan Documents;

(xiv) The Administrative Agent and the Lenders shall have completed or shall have caused to be completed, to their satisfaction in form, scope, substance and in all other respects, a due diligence review with respect to the assets, financial condition, operations, business and prospects of the Borrower and each of the other Loan Parties, including a review, without limitation of the books and records of the Borrower and each of the other Loan Parties, the historical financial statements and related Form-10-K filed with the Securities and Exchange Commission for the fiscal year ended December 31, 2006, the financial projections (including income statements) from the Closing Date through the three year anniversary of the Closing Date, and all tax, ERISA, employee retirement benefit, environmental and the contingent liabilities to which the Borrower and any other Loan Party may be subject.

(xv) an executed Company Note (as defined in the Purchase and Sale Agreement) delivered from Strategic Receivables to the Borrower pursuant to Section 3.1(b) of the Purchase and Sale Agreement; and

(xvi) such other documents in connection with such transactions as the Administrative Agent or said counsel may reasonably request.

7.1.2 Payment of Fees. The Borrower shall have paid or caused to be paid to the Administrative Agent for themselves and for the account of the Lenders to the extent not previously paid, all commitment and other fees accrued through the Closing Date and the costs and expenses for which the Administrative Agent and the Lenders are entitled to be reimbursed.

7.2 Each Loan or Letter of Credit. At the time of making any Loans or issuing any Letters of Credit and after giving effect to the proposed extensions of credit: the representations, warranties and covenants of the Borrower and its Subsidiaries shall then be true and no Event of Default or Potential Default shall have occurred and be continuing; the making of the Loans or issuance of such Letter of Credit shall not contravene any Law applicable to the Borrower or any of its Subsidiary or any of the Lenders; and the Borrower shall have delivered to the Administrative Agent a duly executed and completed Loan Request or to the Issuing Lender an application for a Letter of Credit, as the case may be.

8. COVENANTS

The Borrower, on behalf of itself and each of its Subsidiaries, covenants and agrees that until Payment in Full, the Borrower and each of its Subsidiaries shall comply at all times with the following covenants:

8.1 Affirmative Covenants.

8.1.1 Preservation of Existence, Etc. The Borrower and each of its Subsidiaries shall maintain its legal existence as a corporation, limited partnership or limited liability company and its license or qualification and good standing in each jurisdiction in which its ownership or lease of property or the nature of its business makes such license or qualification necessary.

8.1.2 Payment of Liabilities, Including Taxes, Etc. The Borrower and each of its Subsidiaries shall duly pay and discharge all material liabilities to which it is subject or which are asserted against it, promptly as and when the same shall become due and payable, including all taxes, assessments and governmental charges upon it or any of its properties, assets, income or profits, prior to the date on which penalties attach thereto, except to the extent that such liabilities, including taxes, assessments or charges, are being contested in good faith and by appropriate and lawful proceedings diligently conducted and for which such reserve or other appropriate provisions, if any, as shall be required by GAAP shall have been made.

8.1.3 Maintenance of Insurance. The Borrower and each of its Subsidiaries shall insure its properties and assets against loss or damage by fire and such other insurable hazards as such assets are commonly insured (including fire, extended coverage, property damage, workers' compensation, public liability and business interruption insurance) and against other risks (including errors and omissions) in such amounts as similar properties and assets are insured by prudent companies in similar

circumstances carrying on similar businesses, and with reputable and financially sound insurers, including self-insurance to the extent customary, all as reasonably determined by the Administrative Agent. The Borrower and each of its Subsidiaries shall comply with the covenants and provide the endorsement set forth on Schedule 8.1.3 relating to property and related insurance policies covering the Collateral.

8.1.4 Maintenance of Properties and Leases. The Borrower and each of its Subsidiaries shall maintain in good repair, working order and condition (ordinary wear and tear excepted) in accordance with the general practice of other businesses of similar character and size, all of those properties useful or necessary to its business, and from time to time, Borrower and/or such Subsidiary shall will make or cause to be made all appropriate repairs, renewals or replacements thereof, all as in the reasonable judgment of Borrower may be necessary so that the business carried on in connection therewith may be properly and advantageously conducted; provided, however, that nothing shall prevent the Borrower from discontinuing the operation or maintenance of such property if such discontinuance is, in the reasonable judgment of the Borrower, desirable and not disadvantageous in any material respect to the Administrative Agent or any of the Lenders.

8.1.5 Visitation Rights. The Borrower and each of its Subsidiaries shall permit any of the officers or authorized employees or representatives of the Administrative Agent or any of the Lenders to visit and inspect any of its properties and to examine and make excerpts from its books and records and discuss its business affairs, finances and accounts with its officers, all in such detail and at such times and as often as any of the Lenders may reasonably request, provided that each Lender shall provide the Borrower and the Administrative Agent with reasonable notice prior to any visit or inspection. In the event any Lender desires to conduct an audit of the Borrower and each of its Subsidiaries shall, such Lender shall make a reasonable effort to conduct such audit contemporaneously with any audit to be performed by the Administrative Agent; and provided further, absent the occurrence of an Event of Default that is continuing, such inspections shall only be conducted upon reasonable advance notice and during normal business hours. The Borrower, Administrative Agent and the Lenders agree that absent the occurrence of an Event of Default that is continuing, the Borrower shall be obligated to reimburse the Administrative Agent for costs and expenses associated with one inspection each fiscal year.

8.1.6 Keeping of Records and Books of Account. The Borrower and each of its Subsidiaries shall maintain and keep proper books of record and account which enable the Borrower and its Subsidiaries to issue financial statements in accordance with GAAP and as otherwise required by applicable Laws of any Official Body having jurisdiction over the Borrower or any Subsidiary of the Borrower, and in which full, true and correct entries shall be made in all material respects of all its dealings and business and financial affairs.

8.1.7 Compliance with Laws; Use of Proceeds. The Borrower and each of its Subsidiaries shall comply with all applicable Laws, including all Environmental Laws, in all respects; provided that it shall not be deemed to be a violation of this Section 8.1.7 if any failure to comply with any Law would not result in fines, penalties, remediation costs, other similar liabilities or injunctive relief which in the aggregate would constitute a Material Adverse Change. The Borrower and each of its Subsidiaries will use the Letters of Credit and the proceeds of the Loans only in accordance with Section 2.8 above and as permitted by applicable Law.

8.1.8 Further Assurances. The Borrower and each of its Subsidiaries (other than Strategic Receivables) shall, from time to time, at its expense, faithfully preserve and protect the

Administrative Agent's Lien on and Prior Security Interest in the Collateral whether now owned or hereafter acquired (other than the Excluded Collateral) as a continuing first priority perfected Lien, subject only to Permitted Liens, and shall do such other acts and things as the Administrative Agent in its sole discretion may deem necessary or advisable from time to time in order to preserve, perfect and protect the Liens granted under the Loan Documents and to exercise and enforce its rights and remedies thereunder with respect to the Collateral.

8.1.9 Anti-Terrorism Laws. Neither the Borrower nor any of its Subsidiaries is or shall be (i) a Person with whom any Lender is restricted from doing business under Executive Order No. 13224 or any other Anti-Terrorism Law, (ii) engaged in any business involved in making or receiving any contribution of funds, goods or services to or for the benefit of such a Person or in any transaction that evades or avoids, or has the purpose of evading or avoiding, the prohibitions set forth in any Anti-Terrorism Law, or (iii) otherwise in violation of any Anti-Terrorism Law. The Borrower and each of its Subsidiaries shall provide to the Lenders any certifications or information that a Lender requests to confirm compliance by the Borrower and each of its Subsidiaries with Anti-Terrorism Laws.

8.2 Negative Covenants.

8.2.1 Indebtedness. The Borrower and each of its Subsidiaries shall not at any time create, incur, assume or suffer to exist any Indebtedness, except:

(i) Indebtedness under the Loan Documents;

(ii) Existing Indebtedness as set forth on Schedule 8.2.1 (including any extensions or renewals thereof; provided there is no increase in the amount thereof or other significant change in the terms thereof unless otherwise specified on Schedule 8.2.1;

(iii) Indebtedness secured by Purchase Money Security Interests not exceeding $5,000,000;

(iv) Indebtedness of a Loan Party to another Loan Party which is subordinated pursuant to the Intercompany Subordination Agreement or Subordination Agreement;

(v) the Subordinated Debt;

(vi) Indebtedness in respect of obligations secured by Permitted Liens described in clauses (xii) and (xiii) therein;

(vii) Indebtedness in respect of Hedging Obligations permitted under Section 8.2.16;

(viii) other future unsecured Indebtedness in an aggregate principal amount not to exceed $20,000,000.00;

(ix) Any Permitted Refinancing Indebtedness;

(x) Indebtedness in connection with the Receivables Purchase Facility; and

(xi) Any (i) Lender Provided Interest Rate Hedge, (ii) other Interest Rate Hedge approved by the Administrative Agent or (iii) Indebtedness under any Other Lender Provided Financial Service Product.

8.2.2 Liens. The Borrower and each of its Subsidiaries shall not, at any time create, incur, assume or suffer to exist any Lien on any of its property or assets, tangible or intangible, now owned or hereafter acquired, or agree or become liable to do so, except Permitted Liens.

8.2.3 Guaranties. The Borrower and each of its Subsidiaries shall not, at any time, directly or indirectly, become or be liable in respect of any Guaranty, or assume, guarantee, become surety for, endorse or otherwise agree, become or remain directly or contingently liable upon or with respect to any obligation or liability of any other Person, except for (i) Guaranties of Indebtedness of the Borrower and each of its Subsidiaries permitted hereunder; (ii) obligations, warranties, and indemnities, not relating to Indebtedness of any Person, which have been or are undertaken or made in the ordinary course of business and not for the benefit of or in favor of an Affiliate of the Borrower or such Subsidiary; (iii) Guaranties with respect to appeal and performance bonds obtained by the Borrower or any of its Subsidiaries in the ordinary course of business; and (iv) Guaranties with respect to surety bonds issued for the benefit of the Borrower in an amount not to exceed $250,000,000.00.

8.2.4 Loans and Investments. The Borrower and each of its Subsidiaries shall not, at any time, make or suffer to remain outstanding any loan or advance to, or purchase, acquire or own any stock, bonds, notes or securities of, or any partnership interest (whether general or limited) or limited liability company interest in, or any other investment or interest in, or make any capital contribution to, any other Person, or agree, become or remain liable to do any of the foregoing, except:

(i) trade credit extended on usual and customary terms in the ordinary course of business;

(ii) advances to employees to meet expenses incurred by such employees in the ordinary course of business;

(iii) investments in Cash Equivalents;

(iv) loans, advances and investments in other Loan Parties (other than GPE or its Subsidiaries);

(v) Permitted Existing Investments in an amount not greater than the amount thereof on the Closing Date;

(vi) Investments in trade receivables or received in connection with the bankruptcy or reorganization of suppliers and customers and in settlement of delinquent obligations of, and other disputes with, customers and suppliers arising in the ordinary course of business;

(vii) loans, advances and investments in an amount not to exceed $20,000,000 in an aggregate amount at any time outstanding consisting of loans to GPE or its Subsidiaries;

(viii) any sale of receivables to Strategic Receivables pursuant to the Receivables Purchase Facility or the Borrower's acceptance of notes from Strategic Receivables pursuant to the Receivables Purchase Facility; and

(ix) Investments in addition to those referred to elsewhere in this Section 8.2.4 in an amount not to exceed $2,500,000.00 in the aggregate at any time outstanding.

8.2.5 Dividends and Related Distributions. The Borrower and each of its Subsidiaries shall not make or pay, or agree to become or remain liable to make or pay, any Distribution of any nature (whether in cash, property, securities or otherwise) on account of or in respect of its shares of capital stock, partnership interests or limited liability company interests on account of the purchase, redemption, retirement or acquisition of its shares of capital stock (or warrants, options or rights therefor), partnership interests or limited liability company interests, except (a) Distributions pursuant to Section 8.2.13 [Issuance of Stock] and (b) Distributions if, after giving effect to each Distribution, the Borrower and each of its Subsidiaries are in pro forma compliance with the covenants contained in Sections8.2.18 [Minimum Fixed Charge Coverage

Ratio] and 8.2.19 [Minimum EBITDA]; provided, however, nothing contained in this section shall prohibit Strategic Receivables from making distributions of cash to the Borrower.

8.2.6 Restricted Payments. The Borrower and each of its Subsidiaries shall not declare or make any Restricted Payment; provided, however, nothing contained in this section shall prohibit Strategic Receivables from (i) making payments on notes in favor of the Borrower pursuant to the Receivables Purchase Facility or (ii) paying any servicing fee to the Borrower in connection with the Receivables Purchase Facility.

8.2.7 Conduct of Business; Subsidiaries.

(i) Neither the Borrower nor any of its Subsidiaries shall engage in any business other than the businesses engaged in by the Borrower on the Closing Date and any business or activities which are substantially similar, related or incidental thereto.

(ii) Neither the Borrower nor its Subsidiaries shall create, acquire or capitalize any Subsidiary (a "New Subsidiary") after the date hereof pursuant to any transaction unless such transaction is permitted by or not otherwise prohibited by this Agreement and upon the creation or acquisition of each New Subsidiary, the Borrower or its Subsidiaries shall promptly deliver, and shall cause each New Subsidiary to promptly deliver to the Administrative Agent the documents, instruments and agreements required pursuant to Section 8.2.10 [Subsidiaries, Partnerships and Joint Ventures] for a New Subsidiary; provided, however, Borrower and its Subsidiaries shall be permitted to capitalize Strategic Receivables;

(iii) Neither the Borrower nor any of its Subsidiaries shall make any Acquisitions other than Acquisitions meeting all of the following requirements (each such Acquisition constituting a “Permitted Acquisition”):

(a) no Event of Default or Potential Default shall have occurred and be continuing or would result from such Acquisition or the incurrence of any Indebtedness in connection therewith;

(b) the Acquisition shall be consummated on a non-hostile basis and, in the case of an Acquisition of Equity Interests of an entity, such Acquisition shall be of not less than the amount of the Equity Interests required to give the Borrower direct or indirect voting control of such entity;

(c) the businesses being acquired shall be substantially similar to the businesses or activities engaged in by the Borrower on the Closing Date;

(d) the aggregate purchase price (including assumed liabilities) in connection with all such transactions during the term of this Agreement shall not exceed $25,000,000.00;

(e) The Borrower and each of its Subsidiaries shall be, after giving effect to such Acquisition, in pro forma compliance with the covenants contained in Sections 8.2.18 [Minimum Fixed Charge Coverage Ratio] and 8.2.19 [Minimum EBITDA] (including in such computation Indebtedness incurred in connection with such Acquisition and including income earned or expenses incurred by the Person, business or assets to be acquired prior to the date of such Acquisition); and

(f) The Borrower shall have, after giving effect to such Acquisition, Unused Availability greater than or equal to $50,000,000.

8.2.8 Dispositions of Assets or Subsidiaries.

The Borrower and each of its Subsidiaries shall not sell, convey, assign, lease, abandon or otherwise transfer or dispose of, voluntarily or involuntarily, any of its properties or assets, tangible or intangible (including sale, assignment, discount or other disposition of accounts, contract rights, chattel paper, equipment or general intangibles with or without recourse or of capital stock, shares of beneficial interest, partnership interests or limited liability company interests of a Subsidiary of such Borrower or Subsidiary), except:

(i) transactions involving the sale of inventory in the ordinary course of business;

(ii) any sale, transfer or lease of assets in the ordinary course of business which are no longer necessary or required in the conduct of the Borrower's or such Subsidiary's business;

(iii) any sale, contribution, transfer or lease of assets by any wholly owned Subsidiary of the Borrower or its Subsidiaries to one another;

(iv) any sale, purported sale, contribution, assignment, conveyance or transfer of assets contemplated by the Receivables Purchase Facility;

(v) any sale, transfer or lease of assets in the ordinary course of business which are replaced by substitute assets acquired or leased within the parameters of Section 8.2.15 [Capital Expenditures and Leases]; provided such substitute assets are subject to the Lenders' Prior Security Interest;

(vi) any sale, transfer or lease of assets, other than those specifically excepted pursuant to clauses (i) through (iv) above, which is approved by the Required Lenders so long as the after-tax proceeds (as reasonably estimated by the Borrower) are applied as a mandatory prepayment of the Loans in accordance with the provisions of Section 5.7.1 [Sale of Assets] above; or

(vii) dividends and related distributions permitted pursuant to Section 8.2.5 [Dividends and Related Distributions].

8.2.9 Affiliate Transactions. The Borrower and each of its Subsidiaries shall not enter into or carry out any transaction (including purchasing property or services from or selling property or services to any Affiliate of any Borrower or such Subsidiary or other Person) unless such transaction is not otherwise prohibited by this Agreement, is entered into in the ordinary course of business upon fair and reasonable arm's-length terms and conditions which are fully disclosed to the Administrative Agent and is in accordance with all applicable Law.

8.2.10 Subsidiaries, Partnerships and Joint Ventures. The Borrower and each of its Subsidiaries shall not own or create directly or indirectly any Subsidiaries other than (i) any Subsidiary other than Strategic Receivables which has joined this Agreement as Guarantor on the Closing Date; and (ii) any Subsidiary formed after the Closing Date which joins this Agreement as a Guarantor by delivering to the Administrative Agent (A) a signed Guarantor Joinder; (B) documents in the forms described in Section 7.1 [First Loans] modified as appropriate; and (C) documents necessary to grant and perfect Prior Security Interests to the Administrative Agent for the benefit of the Lenders in the equity interests of, and Collateral held by, such Subsidiary. The Borrower and each of its Subsidiaries shall not become or agree to become a party to a Joint Venture.

8.2.11 Continuation of or Change in Business. The Borrower and each of its Subsidiaries shall not engage in any business other than substantially as conducted and operated by the Borrower or such Subsidiary during the present fiscal year, and such Borrower or Subsidiary shall not permit any material change in such business**.**

8.2.12 Fiscal Year. The Borrower and each of its Subsidiaries shall not change its fiscal year from the twelve-month period beginning January 1 and ending December 31.

8.2.13 Issuance of Stock. The Borrower and each of its Subsidiaries shall not issue any additional shares of its capital stock or any options, warrants or other rights in respect thereof.

8.2.14 Changes in Organizational Documents. The Borrower and each of its Subsidiaries (other than Strategic Receivables) shall not amend in any respect its certificate of incorporation (including any provisions or resolutions relating to capital stock), by-laws, certificate of limited partnership, partnership agreement, certificate of formation, limited liability company agreement or other organizational documents without providing at least thirty (30) calendar days' prior written notice to the Administrative Agent and the Lenders and, in the event such change would be adverse to the Lenders as determined by the Administrative Agent in its sole discretion, obtaining the prior written consent of the Required Lenders.

8.2.15 Intentionally Omitted.

8.2.16 Hedging Obligations. The Borrower and each of its Subsidiaries (other than Strategic Receivables) shall not enter into any interest rate, commodity or foreign currency exchange, swap, collar, cap or similar agreements evidencing Hedging Obligations, other than interest rate, foreign currency or commodity exchange, swap, collar, cap or similar agreements entered into by the Borrower pursuant to which the Borrower has hedged its actual interest rate, foreign currency or commodity exposure.

8.2.17 Subordinated Debt. The Borrower shall not amend, supplement or modify the terms of the Subordinated Debt or make any payment required as a result of any amendment or change thereto without the prior written consent of the Administrative Agent and the Required Lenders. Except as permitted in the Subordination Agreement as in effect on the date hereof, the Borrower shall not redeem, purchase, prepay (by setoff or otherwise), defease or repay any principal of, premium, if any, or other amount payable in respect of the Subordinated Debt.

8.2.18 Minimum Fixed Charge Coverage Ratio. The Borrower and each of its Subsidiaries shall maintain a ratio ("Fixed Charge Coverage Ratio") of (i) the sum of the amounts of (a) EBITDA minus (b) capital expenditures to (ii) the sum of the amounts of (a) Interest Expense to the extent paid in cash plus (b) scheduled cash payments of the principal portion of all Indebtedness for borrowed money of the Borrower made during such period plus (c) cash income taxes paid by the Borrower and its consolidated Subsidiaries during such period plus (d) Distributions paid during such period less (e) the amount of GPE Cash Infusions during such period, of at least 1.05 to 1.00 calculated as of the end of each fiscal quarter for the four fiscal quarters then ended, commencing with the fiscal quarter ending December 31, 2007, and for each fiscal year thereafter until the Maturity Date.

8.2.19 Minimum EBITDA. The Borrower and each of its Subsidiaries shall not at any time permit EBITDA of the Borrower and each of its Subsidiaries, calculated as of the end of each fiscal quarter for the four fiscal quarters then ended, to be less than the applicable amount set for the applicable fiscal quarter below:

Fiscal Quarter	Amount
July 1, 2007 through March 31, 2008	$15,000,000
April 1, 2008 through September 30, 2008	$17,500,000
October 1, 2008 through March 31, 2009	$20,000,000
April 1, 2009 and each fiscal quarter thereafter	$22,500,000

8.2.20 Wholesale Supply Position. The Borrower and each of its Subsidiaries (other than Strategic Receivables) shall employ a business strategy of entering into wholesale supply positions to approximately match the expected megawatt hour utilization of its fixed price retail supply contracts so that the net long or short position created by the Borrower's hedging activities shall not result in its book being more than 10% long or short megawatt hours in the aggregate.

8.2.21 Maximum Facility Usage. The Borrower and each of its Subsidiaries shall not at any time permit the Facility Usage to exceed the Borrowing Base.

8.3 Reporting Requirements. The Borrower will furnish or cause to be furnished to the Administrative Agent and each of the Lenders.

8.3.1 Borrowing Base Certificates; Schedules of Accounts; Hedging Report; Securitization Information. Monthly, within twenty-one (21) calendar days after the end of each calendar month and upon demand by the Administrative Agent, (i) a Borrowing Base Certificate in the form of Exhibit 8.3.1 hereto, appropriately completed, executed and delivered by an Authorized Officer, (ii) a hedging report, in form and substance satisfactory to the Administrative Agent detailing all of the Borrower's and each of its Subsidiaries' Hedging Obligations and on the wholesale supply position referenced in Section 8.2.20 [Wholesale Supply Position], (iii) copies of any information submitted to the Administrator of the Receivable Purchase Agreement, including the Information Package (as such term is defined in the Receivables Purchase Agreement), and (iv) any additional detail that the Administrative Agent may request.

8.3.2 Quarterly Financial Statements. As soon as available and in any event within forty-five (45) calendar days after the end of each of the first three fiscal quarters in each fiscal year, financial statements of the Borrower, consisting of a consolidated balance sheet as of the end of such fiscal quarter and related consolidated statements of income, stockholders' equity and cash flows for the fiscal quarter then ended and the fiscal year through that date, all in reasonable detail and certified (subject to normal year-end audit adjustments) by the Chief Executive Officer, President or Chief Financial Officer of the Borrower as having been prepared in accordance with GAAP, consistently applied, and setting forth in comparative form the respective financial statements for the corresponding date and period in the previous fiscal year.

8.3.3 Annual Financial Statements. As soon as available and in any event within ninety (90) days after the end of each fiscal year of the Borrower, financial statements of the Borrower consisting of a consolidated balance sheet as of the end of such fiscal year, and related consolidated statements of income, stockholders' equity and cash flows for the fiscal year then ended, all in reasonable detail and setting forth in comparative form the financial statements as of the end of and for the preceding fiscal year, and certified by independent certified public accountants of nationally recognized standing satisfactory to the Administrative Agent. The certificate or report of accountants shall be free of qualifications (other than any consistency qualification that may result from a change in the method used to prepare the financial statements as to which such accountants concur) and shall not indicate the occurrence or existence of any event, condition or contingency which would materially impair the prospect of payment or performance of any covenant, agreement or duty of Borrower or any of its Subsidiaries under any of the Loan Documents. The Borrower shall deliver with such financial statements and certification by their accountants a letter of such accountants to the Administrative Agent and the Lenders substantially to the effect that, based upon their ordinary and customary examination of the affairs of the Borrower, performed in connection with the preparation of such consolidated financial statements, and in accordance with GAAP, they are not aware of the existence of any condition or event which constitutes an Event of Default or Potential Default or, if they are aware of such condition or event, stating the nature thereof.

8.3.4 Certificate of the Borrower. Concurrently with the financial statements of the Borrower furnished to the Administrative Agent and to the Lenders pursuant to Sections 8.3.2 [Quarterly Financial Statements] and 8.3.3 [Annual Financial Statements], a certificate (each a "Compliance Certificate") of the Borrower signed by the Chief Executive Officer, President or Chief Financial Officer of the Borrower in the form of Exhibit 8.3.4. including, without limitation, schedules detailing Distributions and compliance with the financial covenants.

8.3.5 Notices

8.3.5.1 Default. Promptly after any officer of the Borrower or any of its Subsidiaries has learned of the occurrence of an Event of Default or Potential Default, a certificate signed by an Authorized Officer setting forth the details of such Event of Default or Potential Default and the action which such Loan Party proposes to take with respect thereto.

8.3.5.2 Litigation. Promptly after the commencement thereof, notice of all actions, suits, proceedings or investigations before or by any Official Body or any other Person against Borrower or any of its Subsidiaries which relate to the Collateral, involve a claim or series of claims in excess of $2,500,000 or which if adversely determined would constitute a Material Adverse Change.

8.3.5.3 Organizational Documents. Within the time limits set forth in Section 8.2.14 [Changes in Organizational Documents], any amendment to the organizational documents of any Loan Party.

8.3.5.4 Erroneous Financial Information. Immediately in the event that the Borrower or its accountants conclude or advise that any previously issued financial statement, audit report or interim review should no longer be relied upon or that disclosure should be made or action should be taken to prevent future reliance.

8.3.5.5 ERISA Event. Immediately upon the occurrence of any ERISA Event.

8.3.5.6 Business Plans; Financial Projections. As soon as practicable and in any event not later than thirty (30) days after the beginning of each fiscal year, a copy of the business plan and forecast (including a projected balance sheet, income statement and a statement of cash flow) of the Borrower and its Subsidiaries for the next succeeding fiscal year prepared in such detail as shall be reasonably satisfactory to the Administrative Agent.

8.3.5.7 Other Reports. Promptly upon their becoming available to the Borrower:

(i) Management Letters. Any reports, including management letters submitted to the Borrower by independent accountants in connection with any annual, interim or special audit, if any,

(ii) SEC Reports; Shareholder Communications. Reports, including Forms 10-K, 10-Q and 8-K, registration statements and prospectuses and other shareholder communications, filed by the Borrower with the Securities and Exchange Commission, if any,

(iii) Other Indebtedness. Deliver to the Administrative Agent (i) a copy of each regular report, notice or communication regarding potential or actual defaults (including any accompanying officer’s certificate) delivered by or on behalf of the Borrower to the holders of non-contingent Indebtedness pursuant to the terms of the agreements governing such non-contingent Indebtedness, such delivery to be made at the same time and by the same means as such notice or other communication is delivered to such holders, and (ii) a copy of each notice or other communication received by the Borrower from the holders of non-contingent Indebtedness pursuant to

the terms of such non-contingent Indebtedness, such delivery to be made promptly after such notice or other communication is received by the Borrower,

(iv) Other Information. Such other reports and information as any of the Lenders may from time to time reasonably request.

9. DEFAULT

9.1 Events of Default. An Event of Default shall mean the occurrence or existence of any one or more of the following events or conditions (whatever the reason therefor and whether voluntary, involuntary or effected by operation of Law):

9.1.1 Payments Under Loan Documents. The Borrower shall fail to pay any principal of any Loan (including scheduled installments, mandatory prepayments or the payment due at maturity), Reimbursement Obligation or Letter of Credit or Obligation or any interest on any Loan, Reimbursement Obligation or Letter of Credit Obligation or any other amount owing hereunder or under the other Loan Documents within one (1) day of the date on which such principal, interest or other amount becomes due in accordance with the terms hereof or thereof;

9.1.2 Breach of Warranty. Any representation or warranty made at any time by any of the Loan Parties herein or by any of the Loan Parties in any other Loan Document, or in any certificate, other instrument or statement furnished pursuant to the provisions hereof or thereof, shall prove to have been false or misleading in any material respect as of the time it was made or furnished;

9.1.3 Breach of Negative Covenants; Borrowing Base Exceeded or Visitation Rights. The Borrower or any of its Subsidiaries shall default in the observance or performance of any covenant contained in Section 5.7.2 [Borrowing Base Exceeded], Section 8.1.5 [Visitation Rights] or Section 8.2 [Negative Covenants] other than Section 8.2.18 (which is specifically addressed in Section 9.1.11 [Breach of Fixed Charge Coverage Ratio] below);

9.1.4 Breach of Reporting Requirement. The Borrower shall default in the observance or performance of any covenant contained in Section 8.3.1[Reporting Requirements] and such default shall continue unremedied for a period of ten (10) Business Days;

9.1.5 Breach of Other Covenants. Any of the Loan Parties shall default in the observance or performance of any other covenant, condition or provision hereof or of any other Loan Document and such default shall continue unremedied for a period of thirty (30) calendar days;

9.1.6 Defaults in Other Agreements or Indebtedness. A default or event of default shall occur at any time under the terms of any other agreement involving borrowed money or the extension of credit or any other Indebtedness under which (i) the Borrower or any Subsidiary of the Borrower may be obligated as a borrower or guarantor in excess of $7,500,000 in the aggregate or (ii) GPE may be obligated as a borrower or guarantor in excess of $25,000,000 in the aggregate, and such breach, default or event of default consists of the failure to pay (beyond any period of grace permitted with respect thereto, whether waived or not) any Indebtedness when due (whether at stated maturity, by acceleration or otherwise) or if such breach or default permits or causes the acceleration of any Indebtedness (whether or not such right shall have been waived) or the termination of any commitment to lend;

9.1.7 Final Judgments or Orders. Any money judgment(s) (other than a money judgment covered by insurance as to which the insurance company has not disclaimed or reserved the right to disclaim coverage), writ or warrant of attachment, or similar process against the Borrower or any of its Subsidiaries or any their respective assets involving in any single case or in the aggregate an amount in excess of $7,500,000.00 is or are entered and shall remain undischarged, unvacated, unbonded or unstayed for a period of sixty (60) days or in any event later than fifteen (15) days prior to the date of any proposed sale thereunder;

9.1.8 Loan Document Unenforceable. Any of the Loan Documents shall cease to be legal, valid and binding agreements enforceable against the party executing the same or such party's successors and assigns (as permitted under the Loan Documents) in accordance with the respective terms thereof or shall in any way be terminated (except in accordance with its terms) or become or be declared ineffective or inoperative or shall in any way be challenged or contested or cease to give or provide the respective Liens, security interests, rights, titles, interests, remedies, powers or privileges intended to be created thereby;

9.1.9 Uninsured Losses; Proceedings Against Assets. There shall occur any material uninsured damage to or loss, theft or destruction of any of the Collateral in excess of $2,500,000 in the aggregate during the term of this Agreement, or the Collateral or the Borrower or any of its Subsidiaries' assets are attached, seized, levied upon or subjected to a writ or distress warrant; or such come within the possession of any receiver, trustee, custodian or assignee for the benefit of creditors and the same is not cured within thirty (30) days thereafter;

9.1.10 Events Relating to Plans and Benefit Arrangements. (i) An ERISA Event occurs with respect to a Pension Plan or Multiemployer Plan which has resulted or could reasonably be expected to result in liability of Borrower under Title IV of ERISA to the Pension Plan, Multiemployer Plan or the PBGC in an aggregate amount in excess of $1,000,000, or (ii) Borrower or any ERISA Affiliate fails to pay when due, after the expiration of any applicable grace period, any installment payment with respect to its withdrawal liability under Section 4201 of ERISA under a Multiemployer Plan in an aggregate amount in excess of $100,000;

9.1.11 Breach of Fixed Charge Coverage Ratio. The Borrower shall default in the performance of or compliance with the financial covenant contained in Section 8.2.18 [Minimum Fixed Charge Coverage Ratio] (a "Fixed Charge Coverage Ratio Covenant Breach"), and such default is not cured pursuant to the procedure set forth below within fifteen (15) days after the determination of such Fixed Charge Coverage Ratio Covenant Breach. In the event of a Fixed Charge Coverage Ratio Covenant Breach and so long as (i) no other Potential Default or Event of Default has occurred and is continuing, and (ii) no GPE Cross Default has occurred and is continuing, GPE may within fifteen (15) days of the determination of such breach, cure the Fixed Charge Coverage Ratio Covenant Breach through a GPE Cash Infusion or GPE Guarantee Increase, or combination thereof, in an amount equal to the amount required to achieve compliance with the Fixed Charge Coverage Ratio, such amount to be determined as of the last day of the quarter when compliance with the Fixed Charge Coverage Ratio was tested; provided that, in no event shall GPE be permitted to make a GPE Guarantee Increase in excess of $15,000,000 for purposes of this Section 9.1.11. In regard to a Fixed Charge Coverage Ratio Covenant Breach, the Fixed Charge Coverage Ratio shall be recalculated by adding to EBITDA the amount(s) of the applicable GPE Cash Infusion, GPE Guarantee Increase and/or the amount of the GPE Letter of Credit. For purposes of this Section 9.1.11, any increase in EBITDA for the fiscal quarter in which a Fixed Charge Coverage Ratio Covenant Breach occurred resulting from such GPE Cash Infusion, GPE Guarantee Increase and/or the amount of the GPE Letter of Credit shall be deemed to modify EBITDA for such fiscal quarter for purposes of calculating compliance with the Fixed Charge Coverage Ratio in fiscal quarters following the fiscal quarter in which such Fixed Charge Coverage Ratio Covenant Breach has occurred, but only so long as the full amount of such GPE Cash Infusion, GPE Guarantee Increase and/or the amount of the GPE Letter of Credit is maintained and is not reduced by means of a Distribution or reduction in the GPE Guarantee Increase or GPE Letter of Credit.

9.1.12 Change of Control. A Change of Control shall occur;

9.1.13 Loan Documents; Failure of Security. At any time, for any reason, (i) any Loan Document as a whole that materially affects the ability of the Administrative Agent or any of the Lenders to enforce the Obligations or enforce their rights against the Collateral ceases to be in full force and effect or any of the Borrower’s or any of its Subsidiaries party thereto seeks to repudiate its

obligations thereunder and the Liens intended to be created thereby are, or any of the Borrower or any such Subsidiary seeks to render such Liens, invalid and unperfected, or (ii) Liens on Collateral with a fair market value in excess of $100,000.00 in favor of the Administrative Agent contemplated by the Loan Documents shall, at any time, for any reason, be invalidated or otherwise cease to be in full force and effect, or such Liens shall not have the perfection or priority contemplated by this Agreement or the Loan Documents;

9.1.14 Environmental Matters. The Borrower or any of its Subsidiaries shall be the subject of any proceeding or investigation pertaining to (i) the release by the Borrower or any of its Subsidiaries of any contaminant into the environment, (ii) the liability of the Borrower arising from the release by any other Person of any contaminant into the environment, or (iii) any violation of any Environmental Law which by the Borrower or any of its Subsidiaries, which, in any case, has or could reasonably be expected to subject the Borrower or any of its Subsidiaries to liability in excess of $1,000,000.00;

9.1.15 Guarantor Revocation.(i)Any guarantor of the Obligations shall terminate or revoke or refuse to perform any of its payment obligations under the applicable guarantee agreement or (ii) a GPE Default (as defined in such guarantee agreement) shall occur; provided that upon the timely issuance of a GPE Letter of Credit, any violation of subsection (i) and (ii) of this Section shall not constitute an Event of Default;

9.1.16 Default Under Subordinated Debt. A default or event of default shall occur with respect to the obligations arising under the Subordinated Debt or under any instrument or agreement executed in connection therewith and the holder(s) thereof shall take any action to accelerate the maturity thereof or to otherwise collect the amount outstanding with respect to the Subordinated Debt;

9.1.17 Default under Contractual Obligations. A default or event of default shall occur under (i) any Energy Purchase Contract, to the extent that such default could reasonably be expected to result in a Material Adverse Change; (ii) the Receivables Purchase Facility; or (iii) any other contractual obligation of the Borrower or any of its Subsidiaries where such default or event of default could reasonably be expected to have a Material Adverse Change; or

9.1.18 Relief Proceedings.

(i) A Relief Proceeding shall have been instituted against any Loan Party or Subsidiary of the Borrower and such Relief Proceeding shall remain undismissed or unstayed and in effect for a period of sixty (60) consecutive days or such court shall enter a decree or order granting any of the relief sought in such Relief Proceeding, (ii) any Loan Party or Subsidiary of the Borrower institutes, or takes any action in furtherance of, a Relief Proceeding, or (iii) any Loan Party or any Subsidiary of the Borrower ceases to be Solvent or admits in writing its inability to pay its debts as they mature.

9.2 Consequences of Event of Default.

9.2.1 Events of Default Other Than Bankruptcy, Insolvency or Reorganization Proceedings. If an Event of Default specified under Sections 9.1.1 through 9.1.17 shall occur and be continuing, the Lenders and the Administrative Agent shall be under no further obligation to make Loans and the Issuing Lender shall be under no obligation to issue Letters of Credit and the Administrative Agent may, and upon the request of the Required Lenders, shall (i) by written notice to the Borrower, declare the unpaid principal amount of the Notes then outstanding and all interest accrued thereon, any unpaid fees and all other Indebtedness of the Borrower to the Lenders hereunder and thereunder to be forthwith due and payable, and the same shall thereupon become and be immediately due and payable to the Administrative Agent for the benefit of each Lender without presentment, demand, protest or any other notice of any kind, all of which are hereby expressly waived, and (ii) require the Borrower to, and the Borrower shall thereupon, deposit in a non-interest-bearing account with the

Administrative Agent, as cash collateral for its Obligations under the Loan Documents, an amount equal to the maximum amount currently or at any time thereafter available to be drawn on all outstanding Letters of Credit, and the Borrower hereby pledges to the Administrative Agent and the Lenders, and grants to the Administrative Agent and the Lenders a security interest in, all such cash as security for such Obligations; and

9.2.2 Bankruptcy, Insolvency or Reorganization Proceedings. If an Event of Default specified under Section 9.1.18 [Relief Proceedings] shall occur, the Lenders shall be under no further obligations to make Loans hereunder and the Issuing Lender shall be under no obligation to issue Letters of Credit and the unpaid principal amount of the Loans then outstanding and all interest accrued thereon, any unpaid fees and all other Indebtedness of the Borrower to the Lenders hereunder and thereunder shall be immediately due and payable, without presentment, demand, protest or notice of any kind, all of which are hereby expressly waived; and

9.2.3 Set-off. If an Event of Default shall have occurred and be continuing, each Lender, the Issuing Lender, and each of their respective Affiliates and any participant of such Lender or Affiliate which has agreed in writing to be bound by the provisions of Section 5.3 [Sharing of Payments] is hereby authorized at any time and from time to time, to the fullest extent permitted by applicable Law, to set off and apply any and all deposits (general or special, time or demand, provisional or final, in whatever currency) at any time held and other obligations (in whatever currency) at any time owing by such Lender, the Issuing Lender or any such Affiliate or participant to or for the credit or the account of the Borrower or any of its Subsidiaries against any and all of the Obligations of such the Borrower or Subsidiaries now or hereafter existing under this Agreement or any other Loan Document to such Lender, the Issuing Lender, Affiliate or participant, irrespective of whether or not such Lender, Issuing Lender, Affiliate or participant shall have made any demand under this Agreement or any other Loan Document and although such Obligations of the Borrower or such Subsidiaries may be contingent or unmatured or are owed to a branch or office of such Lender or the Issuing Lender different from the branch or office holding such deposit or obligated on such Indebtedness. The rights of each Lender, the Issuing Lender and their respective Affiliates and participants under this Section are in addition to other rights and remedies (including other rights of setoff) that such Lender, the Issuing Lender or their respective Affiliates and participants may have. Each Lender and the Issuing Lender agrees to notify the Borrower and the Administrative Agent promptly after any such setoff and application; provided that the failure to give such notice shall not affect the validity of such setoff and application; and

9.2.4 Application of Proceeds. From and after the date on which the Administrative Agent has taken any action pursuant to this Section 9.2 and until all Obligations of the Borrower and its Subsidiaries have been paid in full, any and all proceeds received by the Administrative Agent from any sale or other disposition of the Collateral, or any part thereof, or the exercise of any other remedy by the Administrative Agent, shall be applied as follows:

(i) first, to reimburse the Administrative Agent and the Lenders for out-of-pocket costs, expenses and disbursements, including reasonable attorneys' and paralegals' fees and legal expenses, incurred by the Administrative Agent or the Lenders in connection with realizing on the Collateral or collection of any Obligations of any of the Borrower and its Subsidiaries under any of the Loan Documents, including advances made by the Lenders or any one of them or the Administrative Agent for the reasonable maintenance, preservation, protection or enforcement of, or realization upon, the Collateral, including advances for taxes, insurance, repairs and the like and reasonable expenses incurred to sell or otherwise realize on, or prepare for sale or other realization on, any of the Collateral;

(ii) second, to the repayment of all Obligations then due and unpaid of the Borrower and its Subsidiaries to the Lenders or their Affiliates incurred under this Agreement or any of the other Loan Documents or agreements evidencing Lender Provided Financial

Services Obligations, whether of principal, interest, fees, expenses or otherwise and to cash collateralize the Letter of Credit Obligations, in such manner as the Administrative Agent may determine in its discretion; and

(iii) the balance, if any, as required by Law.

10. THE ADMINISTRATIVE AGENT

10.1 Appointment and Authority. Each of the Lenders and the Issuing Lender hereby irrevocably appoints PNC Bank 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 Section 10 are solely for the benefit of the Administrative Agent, the Lenders and the Issuing Lender, and neither the Borrower nor any other Loan Party shall have 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 Borrower 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 Potential Default or Event of 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 11.1 [Modifications, Amendments or Waivers] and 9.2 [Consequences of Event of Default]) 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 Potential Default or Event of Default unless and until notice describing such Potential Default or Event of Default is given to the Administrative Agent by the Borrower, a Lender or the Issuing Lender.

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 Potential Default or Event of 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 Section 7 [Conditions of Lending and Issuance of Letters of Credit] 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 the Issuing Lender, the Administrative Agent may presume that such condition is satisfactory to such Lender or the Issuing Lender unless the Administrative Agent shall have received notice to the contrary from such Lender or the Issuing Lender 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 Section 10 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 Issuing Lender and the Borrower. Upon receipt of any such notice of resignation, the Required Lenders shall have the right, with approval from the Borrower (so long as no Event of Default has occurred and is continuing), to appoint a successor, such approval not to be unreasonably withheld or delayed. If no such successor shall have been so appointed by the Required Lenders and shall have accepted such appointment within thirty (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 Issuing Lender, 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 (i) the retiring Administrative Agent shall be discharged from its duties and obligations hereunder and under the other Loan Documents (except that in the case of any collateral security held by the Administrative Agent on behalf of the Lenders or the Issuing Lender under any of the Loan Documents, the retiring Administrative Agent shall continue to hold such collateral security until such time as a successor Administrative Agent is appointed) and (ii) 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 the Issuing Lender directly, until such time as the Required Lenders appoint a successor Administrative Agent as provided for above in this Section 10.6. 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 Section 10 and Section 11.3 [Expenses; Indemnity; Damage Waiver] 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.

If PNC Bank resigns as Administrative Agent under this Section 10.6, PNC Bank shall also resign as an Issuing Lender. Upon the appointment of a successor Administrative Agent hereunder, such successor shall (i) succeed to all of the rights, powers, privileges and duties of PNC Bank as the retiring Issuing Lender and Administrative Agent and PNC Bank shall be discharged from all of its respective duties and obligations as Issuing Lender and Administrative Agent under the Loan Documents, and (ii) issue letters of credit in substitution for the Letters of Credit issued by PNC Bank, if any, outstanding at the time of such succession or make other arrangement satisfactory to PNC Bank to effectively assume the obligations of PNC Bank with respect to such Letters of Credit.

10.7 Non-Reliance on Administrative Agent and Other Lenders. Each Lender and the Issuing Lender 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 the Issuing Lender 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 Lenders 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 the Issuing Lender hereunder.

10.9 Administrative Agent's Fee. The Borrower shall pay to the Administrative Agent a nonrefundable fee (the "Administrative Agent's Fee") under the terms of a letter (the "Administrative Agent's Letter") between the Borrower and Administrative Agent, as amended from time to time.

10.10 Authorization to Release Collateral and Guarantors. The Lenders and Issuing Lenders authorize the Administrative Agent to release (i) any Collateral consisting of assets or equity interests sold or otherwise disposed of in a sale or other disposition or transfer permitted under Section 8.2.8 [Disposition of Assets or Subsidiaries] and (ii) any Guarantor from its obligations under the Guaranty Agreement if the ownership interests in such Guarantor are sold or otherwise disposed of or transferred to persons other than Loan Parties or Subsidiaries of the Loan Parties in a transaction permitted under Section 8.2.8 [Disposition of Assets or Subsidiaries].

10.11 No Reliance on Administrative Agent's Customer Identification Program. Each Lender acknowledges and agrees that neither such Lender, nor any of its Affiliates, participants or assignees, may rely on the Administrative Agent to carry out such Lender's, Affiliate's, participant's or

assignee's customer identification program, or other obligations required or imposed under or pursuant to the USA Patriot Act or the regulations thereunder, including the regulations contained in 31 CFR 103.121 (as hereafter amended or replaced, the "CIP Regulations"), or any other Anti-Terrorism Law, including any programs involving any of the following items relating to or in connection with any of the Loan Parties, their Affiliates or their agents, the Loan Documents or the transactions hereunder or contemplated hereby: (i) any identity verification procedures, (ii) any recordkeeping, (iii) comparisons with government lists, (iv) customer notices or (v) other procedures required under the CIP Regulations or such other Laws.

10.12 Intercreditor Agreement.Each of the Lenders hereby authorizes the Administrative Agent to enter the Intercreditor Agreement, and agrees to be bound by the provisions thereof. The Administrative Agent shall be authorized to make any amendment, waiver, permit, consent or approval with respect to such Intercreditor Agreement in its sole discretion (except for any amendment to Section 6(b) thereof or otherwise in any manner materially adverse to the interest of the Lenders), and any such amendment, waiver, permit, consent or approval shall be binding upon each of the Lenders and the Administrative Agent.

11. MISCELLANEOUS

11.1 Modifications, Amendments or Waivers. With the written consent of the Required Lenders, the Administrative Agent, acting on behalf of all the Lenders, and the Borrower, on behalf of the Loan Parties, may from time to time enter into written agreements amending or changing any provision of this Agreement or any other Loan Document or the rights of the Lenders or the Loan Parties hereunder or thereunder, or may grant written waivers or consents hereunder or thereunder. Any such agreement, waiver or consent made with such written consent shall be effective to bind all the Lenders and the Loan Parties; provided, that no such agreement, waiver or consent may be made which will:

11.1.1 Increase of Commitment. Increase the amount of the Commitment of any Lender hereunder without the consent of such Lender;

11.1.2 Extension of Payment; Reduction of Principal Interest or Fees; Modification of Terms of Payment. Whether or not any Loans are outstanding, extend the Expiration Date or the time for payment of principal or interest of any Loan (excluding the due date of any mandatory prepayment of a Loan), the Commitment Fee or any other fee payable to any Lender, or reduce the principal amount of or the rate of interest borne by any Loan or reduce the Commitment Fee or any other fee payable to any Lender, the Commitment Fee or any other fee payable to any Lender, without the consent of each Lender directly affected thereby;

11.1.3 Release of Collateral or Guarantor. Release all or substantially all of the Collateral or any Guarantor from its Obligations under the Guaranty Agreement without the consent of all Complying Lenders, except for (i) sales of assets permitted by Section 8.2.8 [Disposition of Assets or Subsidiaries] or (ii) the release any Guarantor or any Collateral having a value less than or equal to $5,000,000.00 at any one time; or

11.1.4 Miscellaneous. Amend Section 5.2 [Pro Rata Treatment of Lenders], 10.3 [Exculpatory Provisions, Etc.] or 5.3 [Sharing of Payments by Lenders] or the definitions Eligible Receivables, Receivables or Securitization Usage contained in Section 1.1 [Definitions] or this Section 11.1, alter any provision regarding the pro rata treatment of the Lenders or requiring all Lenders to authorize the taking of any action or reduce any percentage specified in the definition of Required Lenders, in each case without the consent of all of the Complying Lenders;

provided that no agreement, waiver or consent which would modify the interests, rights or obligations of the Administrative Agent or the Issuing Lender without the written consent of such Administrative Agent or Issuing Lender, as applicable, and provided, further that, if in connection with any proposed waiver, amendment or modification referred to in Sections 11.1.1 through 11.1.4 above, the consent of the Required Lenders is obtained but the consent of one or more of such other Lenders whose consent is

required is not obtained (each a "Non-Consenting Lender"), then the Borrower shall have the right to replace any such Non-Consenting Lender with one or more replacement Lenders pursuant to Section 5.6.2 [Replacement of a Lender].

11.2 No Implied Waivers; Cumulative Remedies. No course of dealing and no delay or failure of the Administrative Agent or any Lender in exercising any right, power, remedy or privilege under this Agreement or any other Loan Document shall affect any other or future exercise thereof or operate as a waiver thereof, nor shall any single or partial exercise thereof preclude any further exercise thereof or of any other right, power, remedy or privilege. The rights and remedies of the Administrative Agent and the Lenders under this Agreement and any other Loan Documents are cumulative and not exclusive of any rights or remedies which they would otherwise have.

11.3 Expenses; Indemnity; Damage Waiver.

11.3.1 Costs and Expenses. The Borrower shall pay (i) all reasonable out-of-pocket expenses incurred by the Administrative Agent and its Affiliates (including the reasonable fees, charges and disbursements of counsel for the Administrative Agent), and shall pay all fees and time charges and disbursements for attorneys who may be employees of the Administrative Agent, in connection with the syndication of the credit facilities provided for herein, the preparation, negotiation, execution, delivery and

administration of this Agreement and the other Loan Documents or any amendments, modifications or waivers of the provisions hereof or thereof (whether or not the transactions contemplated hereby or thereby shall be consummated), (ii) all reasonable out-of-pocket expenses incurred by the Issuing Lender in connection with the issuance, amendment, renewal or extension of any Letter of Credit or any demand for payment thereunder, (iii) all out-of-pocket expenses incurred by the Administrative Agent, any Lender or the Issuing Lender (including the fees, charges and disbursements of any counsel for the Administrative Agent, any Lender or the Issuing Lender), and shall pay all fees and time charges for attorneys who may be employees of the Administrative Agent, any Lender or the Issuing Lender, in connection with the enforcement or protection of its rights (A) in connection with this Agreement and the other Loan Documents, including its rights under this Section, or (B) in connection with the Loans made or Letters of Credit issued hereunder, including all such out-of-pocket expenses incurred during any workout, restructuring or negotiations in respect of such Loans or Letters of Credit, and (iv) all reasonable out-of-pocket expenses of the Administrative Agent's regular employees and agents engaged periodically to perform audits of the Loan Parties' books, records and business properties.

11.3.2 Indemnification by the Borrower. The Borrower shall indemnify the Administrative Agent (and any sub-agent thereof), each Lender and the Issuing Lender, and each Related Party of any of the foregoing Persons (each such Person being called an "Indemnitee") against, and hold each Indemnitee harmless from, any and all losses, claims, damages, liabilities and related expenses (including the fees, charges and disbursements of any counsel for any Indemnitee), and shall indemnify and hold harmless each Indemnitee from all fees and time charges and disbursements for attorneys who may be employees of any Indemnitee, incurred by any Indemnitee or asserted against any Indemnitee by any third party or by the Borrower or any other Loan Party arising out of, in connection with, or as a result of (i) the execution or delivery of this Agreement, any other Loan Document or any agreement or instrument contemplated hereby or thereby, the performance by the parties hereto of their respective obligations hereunder or thereunder or the consummation of the transactions contemplated hereby or thereby, (ii) any Loan or Letter of Credit or the use or proposed use of the proceeds therefrom (including any refusal by the Issuing Lender to honor a demand for payment under a Letter of Credit if the documents presented in connection with such demand do not strictly comply with the terms of such Letter of Credit), (iii) breach of representations, warranties or covenants of the Borrower under the Loan Documents, or (iv) any actual or prospective claim, litigation, investigation or proceeding relating to any of the foregoing, including any such items or losses relating to or arising under Environmental Laws or pertaining to environmental matters, whether based on contract, tort or any other theory, whether brought

by a third party or by the Borrower or any other Loan Party, and regardless of whether any Indemnitee is a party thereto; provided that such indemnity shall not, as to any Indemnitee, be available to the extent that such losses, claims, damages, liabilities or related expenses (x) are determined by a court of competent jurisdiction by final and nonappealable judgment to have resulted from the gross negligence or willful misconduct of such Indemnitee or (y) result from a claim brought by the Borrower or any other Loan Party against an Indemnitee for breach in bad faith of such Indemnitee's obligations hereunder or under any other Loan Document, if the Borrower or such Loan Party has obtained a final and nonappealable judgment in its favor on such claim as determined by a court of competent jurisdiction.

11.3.3 Reimbursement by Lenders. To the extent that the Borrower for any reason fails to indefeasibly pay any amount required under Sections 11.3.1 [Costs and Expenses] or 11.3.2 [Indemnification by the Borrower] to be paid by it to the Administrative Agent (or any sub-agent thereof), the Issuing Lender or any Related Party of any of the foregoing, each Lender severally agrees to pay to the Administrative Agent (or any such sub-agent), the Issuing Lender or such Related Party, as the case may be, such Lender's Ratable 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 the Issuing Lender 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 Issuing Lender in connection with such capacity.

11.3.4 Waiver of Consequential Damages, Etc. To the fullest extent permitted by applicable Law, the Borrower shall not assert, and hereby waives, any claim against any Indemnitee, on any theory of liability, for special, indirect, consequential or punitive damages (as opposed to direct or actual damages) arising out of, in connection with, or as a result of, this Agreement, any other Loan Document or any agreement or instrument contemplated hereby, the transactions contemplated hereby or thereby, any Loan or Letter of Credit or the use of the proceeds thereof. No Indemnitee referred to in Section 11.3.2 [Indemnification by Borrower] 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.

11.3.5 Payments. All amounts due under this Section shall be payable not later than ten (10) days after demand therefor.

11.4 Holidays. Whenever payment of a Loan to be made or taken hereunder shall be due on a day which is not a Business Day such payment shall be due on the next Business Day (except as provided in Section 4.2 [Interest Periods]) and such extension of time shall be included in computing interest and fees, except that the Loans shall be due on the Business Day preceding the Expiration Date if the Expiration Date is not a Business Day. Whenever any payment or action to be made or taken hereunder (other than payment of the Loans) shall be stated to be due on a day which is not a Business Day, such payment or action shall be made or taken on the next following Business Day, and such extension of time shall not be included in computing interest or fees, if any, in connection with such payment or action.

11.5 Notices; Effectiveness; Electronic Communication.

11.5.1 Notices Generally. Except in the case of notices and other communications expressly permitted to be given by telephone (and except as provided in Section 11.5.2 [Electronic Communications]), all notices and other communications provided for herein shall be in writing and shall be delivered by hand or overnight courier service, mailed by certified or registered mail or sent by telecopier (i) if to a Lender, to it at its address set forth in its administrative questionnaire, or (ii) if to any other Person, to it at its address set forth on Schedule 1.1(B).

Notices sent by hand or overnight courier service, or mailed by certified or registered mail, shall be deemed to have been given when received; notices sent by telecopier shall be deemed to have been given when sent (except that, if not given during normal business hours for the recipient, shall be deemed to have been given at the opening of business on the next Business Day for the recipient). Notices delivered through electronic communications to the extent provided in Section 11.5.2 [Electronic Communications], shall be effective as provided in such Section.

11.5.2 Electronic Communications. Notices and other communications to the Lenders and the Issuing Lender hereunder may be delivered or furnished by electronic communication (including e-mail and Internet or intranet websites) pursuant to procedures approved by the Administrative Agent; provided that the foregoing shall not apply to notices to any Lender or the Issuing Lender if such Lender or the Issuing Lender, as applicable, has notified the Administrative Agent that it is incapable of receiving notices under such Article by electronic communication. The Administrative Agent or the Borrower may, in its discretion, agree to accept notices and other communications to it hereunder by electronic communications pursuant to procedures approved by it; provided that approval of such procedures may be limited to particular notices or communications. Unless the Administrative Agent otherwise prescribes, (i) notices and other communications sent to an e-mail address shall be deemed received upon the sender's receipt of an acknowledgement from the intended recipient (such as by the "return receipt requested" function, as available, return e-mail or other written acknowledgement); provided that if such notice or other communication is not sent during the normal business hours of the recipient, such notice or communication shall be deemed to have been sent at the opening of business on the next Business Day for the recipient, and (ii) notices or communications posted to an Internet or intranet website shall be deemed received upon the deemed receipt by the intended recipient at its e-mail address as described in the foregoing clause (i) of notification that such notice or communication is available and identifying the website address therefor.

11.5.3 Change of Address, Etc. Any party hereto may change its address or telecopier number for notices and other communications hereunder by notice to the other parties hereto.

11.6 Severability. The provisions of this Agreement are intended to be severable. If any provision of this Agreement shall be held invalid or unenforceable in whole or in part in any jurisdiction, such provision shall, as to such jurisdiction, be ineffective to the extent of such invalidity or unenforceability without in any manner affecting the validity or enforceability thereof in any other jurisdiction or the remaining provisions hereof in any jurisdiction.

11.7 Duration; Survival. All representations and warranties of the Borrower and its Subsidiaries contained herein or made in connection herewith shall survive the execution and delivery of this Agreement, the completion of the transactions hereunder and Payment In Full. All covenants and agreements of the Borrower contained herein relating to the payment of principal, interest, premiums, additional compensation or expenses and indemnification, including those set forth in the Notes, Section 5 [Payments] and Section 11.3 [Expenses; Indemnity; Damage Waiver], shall survive Payment in Full. All other covenants and agreements of the Borrower and its Subsidiaries shall continue in full force and effect from and after the date hereof and until Payment in Full.

11.8 Successors and Assigns.

11.8.1 Successors and Assigns Generally. 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 neither the Borrower nor any other Loan Party may 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 assignee in accordance with the provisions of Section 11.8.2 [Assignments by Lenders], (ii) by way of participation in accordance with the provisions of Section

11.8.4 [Participations], or (iii) by way of pledge or assignment of a security interest subject to the restrictions of Section 11.8.6 [Certain Pledges; Successors and Assigns Generally] (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 Section 11.8.4 [Participations] and, to the extent expressly contemplated hereby, the Related Parties of each of the Administrative Agent and the Lenders) any legal or equitable right, remedy or claim under or by reason of this Agreement.

11.8.2 Assignments by Lenders. Any Lender may at any time assign to one or more assignees all or a portion of its rights and obligations under this Agreement (including all or a portion of its Commitment and the Loans at the time owing to it); provided that any such assignment shall be subject to the following conditions:

(i) Minimum Amounts.

(A) 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, an Affiliate of a Lender or an Approved Fund, no minimum amount need be assigned; and

(B) in any case not described in clause (i)(A) of this Section 11.8.2, the aggregate amount of the Commitment (which for this purpose includes Loans outstanding thereunder) or, if the applicable 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 and Assumption Agreement with respect to such assignment is delivered to the Administrative Agent or, if "Trade Date" is specified in the Assignment and Assumption 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 Event of Default has occurred and is continuing, the Borrower otherwise consents (each such consent not to be unreasonably withheld or delayed).

(ii) Proportionate Amounts. 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 Loan or the Commitment assigned.

(iii) Required Consents. No consent shall be required for any assignment except for the consent of the Administrative Agent (which shall not be unreasonably withheld or delayed) and:

(A) the consent of the Borrower (such consent not to be unreasonably withheld or delayed) shall be required unless (x) an Event of Default has occurred and is continuing at the time of such assignment or (y) such assignment is to a Lender, an Affiliate of a Lender or an Approved Fund;

(B) the consent of the Issuing Lender (such consent not to be unreasonably withheld or delayed) shall be required for any assignment that increases the obligation of the assignee to participate in exposure under one or more Letters of Credit (whether or not then outstanding).

(iv) Assignment and Assumption Agreement. The parties to each assignment shall execute and deliver to the Administrative Agent an Assignment and Assumption Agreement, together with a processing and recordation fee of $3,500, and the assignee, if it is not a Lender, shall deliver to the Administrative Agent an administrative questionnaire provided by the Administrative Agent.

(v) No Assignment to Borrower. No such assignment shall be made to the Borrower or any of the Borrower's Affiliates or Subsidiaries.

(vi) No Assignment to Natural Persons. No such assignment shall be made to a natural person.

Subject to acceptance and recording thereof by the Administrative Agent pursuant to Section 11.8.3 [Register], from and after the effective date specified in each Assignment and Assumption Agreement, the assignee thereunder shall be a party to this Agreement and, to the extent of the interest assigned by such Assignment and Assumption 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 and Assumption Agreement, be released from its obligations under this Agreement (and, in the case of an Assignment and Assumption 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 4.4 [LIBOR Rate Unascertainable; Illegality; Increased Costs; Deposits Not Available], 5.8 [Increased Costs; Indemnity], and 11.3 [Expenses, Indemnity; Damage Waiver] with respect to facts and circumstances occurring prior to the effective date of such assignment. Any assignment or transfer by a Lender of rights or obligations under this Agreement that does not comply with this Section 11.8.2 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 Section 11.8.4 [Participations].

11.8.3 Register. The Administrative Agent, acting solely for this purpose as an agent of the Borrower, shall maintain a record of the names and addresses of the Lenders, and the Commitments of, and principal amounts of the Loans owing to, each Lender pursuant to the terms hereof from time to time. Such register shall be conclusive, and the Borrower, the Administrative Agent and the Lenders may treat each Person whose name is in such register pursuant to the terms hereof as a Lender hereunder for all purposes of this Agreement, notwithstanding notice to the contrary. Such register shall be available for inspection by the Borrower and any Lender, at any reasonable time and from time to time upon reasonable prior notice.

11.8.4 Participations. 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 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 and the Lenders, Issuing Lender 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, modification or waiver with respect to Sections 11.1.1 [Increase of Commitment, Etc.], 11.1.2 [Extension of Payment, Etc.], or 11.1.3 [Release of Collateral or Guarantor]). Subject to Section 11.8.5 [Limitations upon Participant Rights Successors and Assigns Generally], the Borrower agrees that each Participant shall be entitled to the benefits of Sections 4.4 [LIBOR Rate Unascertainable; Illegality; Increased Costs; Deposits Not Available] and 5.8 [Increased Costs; Indemnity] to the same extent as if it were a Lender and had acquired its interest by assignment pursuant to Section 11.8.2 [Assignments by Lenders]. To the extent permitted by Law, each Participant also shall be entitled to the benefits of Section 9.2.3 [Setoff] as though it were a Lender; provided such Participant agrees to be subject to Section 5.3 [Sharing of Payments by Lenders] as though it were a Lender.

11.8.5 Limitations upon Participant Rights Successors and Assigns Generally. A Participant shall not be entitled to receive any greater payment under Sections 5.8 [Increased Costs], 5.9 [Taxes] or 11.3 [Expenses; Indemnity; Damage Waiver] 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 5.9 [Taxes] 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 5.9.5 [Status of Lenders] as though it were a Lender.

11.8.6 Certain Pledges; Successors and Assigns Generally. Any Lender may at any time pledge or assign a security interest in all or any portion of its rights under this Agreement 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.

11.8.7 Assignment and Participation Expenses. Any Lender assigning any portion of its Commitment and/or Loans or selling a participation in its Commitment and/or Loans, and the assignee(s) and Participant(s), shall bear their own fees and expenses incurred in connection with any such assignment or participation, and none of the Borrower, any other Loan Party or any of their respective Affiliates shall have any obligation for any such fees or expenses.

11.9 Confidentiality.

11.9.1 General. Each of the Administrative Agent, the Lenders and the Issuing Lender agrees to maintain the confidentiality of the Information, except that Information may be disclosed (i) to its Affiliates and to its and its Affiliates' respective partners, directors, officers, employees, agents, advisors and other representatives (it being understood that the Persons to whom such disclosure is made will be informed of the confidential nature of such Information and instructed to keep such Information confidential), (ii) to the extent requested by any regulatory authority purporting to have jurisdiction over it (including any self-regulatory authority, such as the National Association of Insurance Commissioners), (iii) to the extent required by applicable Laws or regulations or by any subpoena or similar legal process, (iv) to any other party hereto, (v) in connection with the exercise of any remedies hereunder or under any other Loan Document or any action or proceeding relating to this Agreement or any other Loan Document or the enforcement of rights hereunder or thereunder, (vi) subject to an agreement containing provisions substantially the same as those of this Section, to (A) any assignee of or Participant in, or any prospective assignee of or Participant in, any of its rights or obligations under this Agreement or (B) any actual or prospective counterparty (or its advisors) to any swap or derivative transaction relating to the Borrower and its obligations, (vii) with the consent of the Borrower or (viii) to the extent such Information (A) becomes publicly available other than as a result of a breach of this Section or (B) becomes available to the Administrative Agent, any Lender, the Issuing Lender or any of their respective Affiliates on a nonconfidential basis from a source other than the Borrower or the other Loan Parties. Any Person required to maintain the confidentiality of Information as provided in this Section shall be considered to have complied with its obligation to do so if such Person has exercised the same degree of care to maintain the confidentiality of such Information as such Person would accord to its own confidential information.

11.9.2 Sharing Information With Affiliates of the Lenders. Each Loan Party acknowledges that from time to time financial advisory, investment banking and other services may be offered or provided to the Borrower or one or more of its Affiliates (in connection with this Agreement or otherwise) by any Lender or by one or more Subsidiaries or Affiliates of such Lender and each of the Loan Parties hereby authorizes each Lender to share any information delivered to such Lender by such

Loan Party and its Subsidiaries pursuant to this Agreement to any such Subsidiary or Affiliate subject to the provisions of Section 11.9.1 [General].

11.10 Counterparts; Integration; Effectiveness.

11.10.1 Counterparts; Integration; Effectiveness. This Agreement may be executed in counterparts (and by different parties hereto in different counterparts), each of which shall constitute an original, but all of which when taken together shall constitute a single contract. This Agreement and the other Loan Documents, and any separate letter agreements with respect to fees payable to the Administrative Agent, constitute the entire contract among the parties relating to the subject matter hereof and supersede any and all previous agreements and understandings, oral or written, relating to the subject matter hereof including any prior confidentiality agreements and commitments. Except as provided in Section 7 [Conditions Of Lending And Issuance Of Letters Of Credit], this Agreement shall become effective when it shall have been executed by the Administrative Agent and when the Administrative Agent shall have received counterparts hereof that, when taken together, bear the signatures of each of the other parties hereto. Delivery of an executed counterpart of a signature page of this Agreement by telecopy shall be effective as delivery of a manually executed counterpart of this Agreement.

11.11 CHOICE OF LAW; SUBMISSION TO JURISDICTION; WAIVER OF VENUE; SERVICE OF PROCESS; WAIVER OF JURY TRIAL.

11.11.1 Governing Law This Agreement shall be deemed to be a contract under the Laws of the Commonwealth of Pennsylvania without regard to its conflict of laws principles. Each standby Letter of Credit issued under this Agreement shall be subject either to the rules of the Uniform Customs and Practice for Documentary Credits, as most recently published by the International Chamber of Commerce (the "ICC") at the time of issuance ("UCP") or the rules of the International Standby Practices (ICC Publication Number 590) ("ISP98"), as determined by the Issuing Lender, and each trade Letter of Credit shall be subject to UCP, and in each case to the extent not inconsistent therewith, the Laws of the Commonwealth of Pennsylvania without regard to is conflict of laws principles.

11.11.2 SUBMISSION TO JURISDICTION. THE BORROWER AND EACH OF ITS SUBSIDIARIES IRREVOCABLY AND UNCONDITIONALLY SUBMITS, FOR ITSELF AND ITS PROPERTY, TO THE NONEXCLUSIVE JURISDICTION OF THE COURTS OF THE COMMONWEALTH OF PENNSYLVANIA SITTING IN ALLEGHENY COUNTY AND OF THE UNITED STATES DISTRICT COURT OF THE WESTERN DISTRICT OF PENNSYLVANIA, AND ANY APPELLATE COURT FROM ANY THEREOF, IN ANY ACTION OR PROCEEDING ARISING OUT OF OR RELATING TO THIS AGREEMENT OR ANY OTHER LOAN DOCUMENT, OR FOR RECOGNITION OR ENFORCEMENT OF ANY JUDGMENT, AND EACH OF THE PARTIES HERETO IRREVOCABLY AND UNCONDITIONALLY AGREES THAT ALL CLAIMS IN RESPECT OF ANY SUCH ACTION OR PROCEEDING MAY BE HEARD AND DETERMINED IN SUCH PENNSYLVANIA STATE COURT OR, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, IN SUCH FEDERAL COURT. EACH OF THE PARTIES HERETO AGREES THAT A FINAL JUDGMENT IN ANY SUCH ACTION OR PROCEEDING SHALL BE CONCLUSIVE AND MAY BE ENFORCED IN OTHER JURISDICTIONS BY SUIT ON THE JUDGMENT OR IN ANY OTHER MANNER PROVIDED BY LAW. NOTHING IN THIS AGREEMENT OR IN ANY OTHER LOAN DOCUMENT SHALL AFFECT ANY RIGHT THAT THE ADMINISTRATIVE AGENT, ANY LENDER OR THE ISSUING LENDER MAY OTHERWISE HAVE TO BRING ANY ACTION OR

PROCEEDING RELATING TO THIS AGREEMENT OR ANY OTHER LOAN DOCUMENT AGAINST THE BORROWER OR ANY OTHER OF ITS SUBSIDIARIES OR ITS PROPERTIES IN THE COURTS OF ANY JURISDICTION.

11.11.3 WAIVER OF VENUE. THE BORROWER AND EACH ITS SUBSIDIARIES IRREVOCABLY AND UNCONDITIONALLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY OBJECTION THAT IT MAY NOW OR HEREAFTER HAVE TO THE LAYING OF VENUE OF ANY ACTION OR PROCEEDING ARISING OUT OF OR RELATING TO THIS AGREEMENT OR ANY OTHER LOAN DOCUMENT IN ANY COURT REFERRED TO IN THIS SECTION 11.11. EACH OF THE PARTIES HERETO HEREBY IRREVOCABLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, THE DEFENSE OF AN INCONVENIENT FORUM TO THE MAINTENANCE OF SUCH ACTION OR PROCEEDING IN ANY SUCH COURT AND AGREES NOT ASSERT ANY SUCH DEFENSE.

11.11.4 SERVICE OF PROCESS. EACH PARTY HERETO IRREVOCABLY CONSENTS TO SERVICE OF PROCESS IN THE MANNER PROVIDED FOR NOTICES IN SECTION 11.5 [NOTICES; EFFECTIVENESS; ELECTRONIC COMMUNICATION]. NOTHING IN THIS AGREEMENT WILL AFFECT THE RIGHT OF ANY PARTY HERETO TO SERVE PROCESS IN ANY OTHER MANNER PERMITTED BY APPLICABLE LAW.

11.11.5 WAIVER OF JURY TRIAL. EACH PARTY HERETO HEREBY IRREVOCABLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY IN ANY LEGAL PROCEEDING DIRECTLY OR INDIRECTLY ARISING OUT OF OR RELATING TO THIS AGREEMENT OR ANY OTHER LOAN DOCUMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY OR THEREBY (WHETHER BASED ON CONTRACT, TORT OR ANY OTHER THEORY). EACH PARTY HERETO (A) CERTIFIES THAT NO REPRESENTATIVE, ADMINISTRATIVE AGENT OR ATTORNEY OF ANY OTHER PERSON HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT SUCH OTHER PERSON WOULD NOT, IN THE EVENT OF LITIGATION, SEEK TO ENFORCE THE FOREGOING WAIVER AND (B) ACKNOWLEDGES THAT IT AND THE OTHER PARTIES HERETO HAVE BEEN INDUCED TO ENTER INTO THIS AGREEMENT AND THE OTHER LOAN DOCUMENTS BY, AMONG OTHER THINGS, THE MUTUAL WAIVERS AND CERTIFICATIONS IN THIS SECTION.

11.12 USA Patriot Act Notice. Each Lender that is subject to the USA Patriot Act and the Administrative Agent (for itself and not on behalf of any Lender) hereby notifies the Borrower and its Subsidiaries that pursuant to the requirements of the USA Patriot Act, it is required to obtain, verify and record information that identifies the Borrower and its Subsidiaries, which information includes the name and address of the Borrower and its Subsidiaries and other information that will allow such Lender or Administrative Agent, as applicable, to identify the Borrower and its Subsidiaries in accordance with the USA Patriot Act.

[SIGNATURE PAGES TO FOLLOW]

[SIGNATURE PAGE TO CREDIT AGREEMENT]

IN WITNESS WHEREOF, the parties hereto, by their officers thereunto duly authorized, have executed this Agreement as of the day and year first above written.

WITNESS/ATTEST:

_____

STRATEGIC ENERGY, L.L.C.

_____
By:
Name: Brian M. Begg
Title: Vice President, Corporate Development and Finance

[SIGNATURE PAGE TO CREDIT AGREEMENT]

PNC BANK NATIONAL ASSOCIATION
individually and as Administrative Agent

_____
By:
Name: Thomas A. Majeski
Title: Vice President and Director

[SIGNATURE PAGE TO CREDIT AGREEMENT]

FIFTH THIRD BANK

_____
By:
Name: Jim Janovksy
Title: Vice President

[SIGNATURE PAGE TO CREDIT AGREEMENT]

THE HUNTINGTON NATIONAL BANK

_____

By:
Name: W. Christopher Kohler
Title: Vice President

SCHEDULE 1.1(A)

PRICING GRID--
VARIABLE PRICING AND FEES BASED ON UNUSED AVAILABILITY

(PRICING EXPRESSED IN BASIS POINTS)

Level	Unused Availability	Commitment Fee	Letter of Credit Fee	Base Rate Spread	LIBOR Rate Spread
I	**Greater than $50,000,000**	**37.5**	**175**	**25**	**175**
II	**Less than or equal to $50,000,000 but greater than $25,000,000**	**37.5**	**200**	**50**	**200**
III	**Less than or equal to $25,000,000**	**50**	**225**	**75**	**225**

For purposes of determining the Applicable Margin, the Applicable Commitment Fee Rate and the Applicable Letter of Credit Fee Rate:

(a) The Applicable Margin, the Applicable Commitment Fee Rate and the Applicable Letter of Credit Fee Rate shall be determined on the Closing Date based on the Unused Availability computed on such date pursuant to a Borrowing Base Certificate to be delivered on the Closing Date.

(b) The Applicable Margin, the Applicable Commitment Fee Rate and the Applicable Letter of Credit Fee Rate shall be recomputed in connection with each delivery of a Borrowing Base Certificate on the 21st day of each calendar month and shall apply retroactively to the first day of such calendar month; provided, if the Borrower shall fail to deliver such Borrowing Base Certificate on the 21st day of such month, the Loans and Letters of Credit shall be subject Level III pricing for such calendar month.

(c) This paragraph shall not limit the rights of the Administrative Agent, any Lender or the Issuing Lender, as the case may be, under Section 2.9 [Letter of Credit Subfacility] or 4.3 [Interest After Default] or 9 [Default]. The Borrower's obligations under this paragraph shall survive the termination of the Commitments and the repayment of all other Obligations hereunder.

SCHEDULE 1.1(B)

COMMITMENTS OF LENDERS AND ADDRESSES FOR NOTICES

Part 1 - Commitments of Lenders and Addresses for Notices to Lenders

Lender	Commitment	Ratable Share
Name: PNC Bank, National Association Address: One PNC Plaza, 2nd Floor 249 Fifth Avenue Pittsburgh, PA 15222-2707 Attention: Thomas A. Majeski Telephone: 412-762-2431 Telecopy: 412-762-6484	$20,000,000	40.000000000%
Name: Fifth Third Bank Address: 707 Grant Street, Gulf Tower, 21st Floor Pittsburgh, PA 15219 Attention: Jim Janovsky		

Telephone: (412) 291-5427 Telecopy: (412) 291-5411	$15,000,000	30.000000000%
Name: The Huntington National Bank Address: 336 Fourth Avenue Pittsburgh, PA 15222 Attention: W. Christopher Kohler Telephone: (412) 227-6496 Telecopy: (412) 227-2249	$15,000,000	30.000000000%
Total	$50,000,000	100%

SCHEDULE 1.1(B)

COMMITMENTS OF LENDERS AND ADDRESSES FOR NOTICES

Part 2 - Addresses for Notices to Borrower and Guarantors:

ADMINISTRATIVE AGENT

Agency Services
PNC Bank, National Association
PNC Firstside Center
4th Floor
500 First Avenue
Pittsburgh, PA 15219
Attention: Trina Barkley
Telephone: (412) 768-0423
Telecopy: (412) 705-2006

BORROWER:

Name: Strategic Energy, L.L.C.
Address: Two Gateway Center, 9th Floor
Pittsburgh, PA 15222-1458
Attention: Brian M. Begg
Telephone: (412) 394-6467
Telecopy: (412) 394-6664

GUARANTOR:

Name: Great Plains Energy, Incorporated
Address: 1201 Walnut
Kansas City, MO 64106
Attention: Michael W. Cline
Telephone: (816) 556-2622
Telecopy: (816) 556-2992

SCHEDULE 8.1.3

INSURANCE REQUIREMENTS RELATING TO THE COLLATERAL

COVENANTS:

At the request of the Administrative Agent, the Borrower and its Subsidiaries shall deliver to the Administrative Agent and each of the Lenders (x) on the Closing Date and annually thereafter an original certificate of insurance signed by the Borrower's and its Subsidiaries' independent insurance broker describing and certifying as to the existence of the insurance on the Collateral required to be maintained by this Agreement and the other Loan Documents, together with a copy of the endorsement described in the next sentence attached to such certificate and (y) from time to time a summary schedule indicating all insurance then in force with respect to each of the Borrower and its Subsidiaries. Such policies of insurance shall contain special endorsements, in form and substance acceptable to the Administrative Agent, which shall include the provisions set forth below. The applicable Borrower and/or Subsidiary shall notify the Administrative Agent promptly of any occurrence causing a material loss or decline in value of the Collateral and the estimated (or actual, if available) amount of such loss or decline. Any monies received by the Administrative Agent constituting insurance proceeds or condemnation proceeds may, at the option of the Administrative Agent, (i) be applied by the Administrative Agent to the payment of the Loans in such manner as the Administrative Agent may reasonably determine, or (ii) be disbursed to the applicable Borrower and/or Subsidiary on such terms as are deemed appropriate by the Administrative Agent for the repair, restoration and/or replacement of property in respect of which such proceeds were received.

ENDORSEMENT:

(i) specify the Administrative Agent as an additional insured and lender loss payee as its interests may appear, with the understanding that any obligation imposed upon the insured (including the liability to pay premiums) shall be the sole obligation of the applicable Borrower and/or Subsidiary and not that of the insured,

(ii) provide that the interest of the Lenders shall be insured regardless of any breach or violation by the applicable Borrower and/or Subsidiary of any warranties, declarations or conditions contained in such policies or any action or inaction of the applicable Borrower and/or Subsidiary or others insured under such policies,

(iii) provide a waiver of any right of the insurers to set off or counterclaim or any other deduction, whether by attachment or otherwise,

(iv) provide that any and all rights of subrogation which the insurers may have or acquire shall be, at all times and in all respects, junior and subordinate to the prior payment in full of the Indebtedness hereunder and that no insurer shall exercise or assert any right of subrogation until such time as the Indebtedness hereunder has been paid in full and the Commitments have terminated,

(v) provide, except in the case of public liability insurance and workmen's compensation insurance, that all insurance proceeds for losses of less than $1,000,000 shall be adjusted with and payable to the applicable Borrower and/or Subsidiary and that all insurance proceeds for losses of $1,000,000 or more shall be adjusted with and payable to the Administrative Agent,

(vi) include effective waivers by the insurer of all claims for insurance premiums against the Administrative Agent,

(vii) provide that no cancellation of such policies for any reason (including non-payment of premium) nor any change therein shall be effective until at least thirty (30) days after receipt by the Administrative Agent of written notice of such cancellation or change,

(viii) be primary without right of contribution of any other insurance carried by or on behalf of any additional insureds with respect to their respective interests in the Collateral, and

(ix) provide that inasmuch as the policy covers more than one insured, all terms, conditions, insuring agreements and endorsements (except limits of liability) shall operate as if there were a separate policy covering each insured.

Exhibit 10.1.2

EXECUTION COPY

RECEIVABLES PURCHASE AGREEMENT

DATED AS OF October 3, 2007

BY AND AMONG

STRATEGIC RECEIVABLES, LLC

as Seller

AND

STRATEGIC ENERGY, L.L.C.

as initial Servicer

AND

THE CONDUIT PURCHASERS PARTY HERETO

AND

THE PURCHASER AGENTS PARTY HERETO

AND

THE FINANCIAL INSTITUTIONS FROM TIME TO TIME PARTY HERETO,

as LC Participants

AND

PNC BANK, NATIONAL ASSOCIATION,

as Administrator and as LC Bank

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ANNEX D FORM OF COMPLIANCE CERTIFICATE
ANNEX E FORM OF LETTER OF CREDIT APPLICATION

This RECEIVABLES PURCHASE AGREEMENT (as amended, restated, supplemented or otherwise modified from time to time, this "Agreement") is entered into as of October 3, 2007, by and among STRATEGIC RECEIVABLES, LLC, a Delaware limited liability company, as seller (the "Seller"), STRATEGIC ENERGY, L.L.C., a Delaware limited liability company ("Strategic Energy"), as initial servicer (in such capacity, together with its successors and permitted assigns in such capacity, the "Servicer"), the CONDUIT PURCHASERS FROM TIME TO TIME PARTY HERETO (each, a "Conduit Purchaser"), the PURCHASER AGENTS FROM TIME TO TIME PARTY HERETO (each, a "Purchaser Agent"), THE FINANCIAL INSTITUTIONS FROM TIME TO TIME PARTY HERETO AS LC PARTICIPANTS (each together with their successors and permitted assigns in such capacity, an "LC Participant"), PNC BANK, NATIONAL ASSOCIATION, a national banking association ("PNC"), as Purchaser Agent for Market Street, and as administrator for the Conduit Purchasers (in such capacity, together with its successors and assigns in such capacity, the "Administrator") and as issuer of Letters of Credit (in such capacity, together with its successors and assigns in such capacity, the "LC Bank") and each of the other members of each Purchaser Group party hereto or that become parties hereto by executing an Assumption Agreement or a Transfer Supplement.

PRELIMINARY STATEMENTS

Certain terms that are capitalized and used throughout this Agreement are used as defined in Exhibit I. References to the "Agreement" in the Exhibits hereto refer to this Agreement, as amended, restated, supplemented or otherwise modified from time to time.

The Seller (i) desires to sell, transfer and assign an undivided variable percentage interest in a pool of receivables, and the Conduit Purchasers desire to acquire such undivided variable percentage interest, as such percentage interest shall be adjusted from time to time based upon, in part, reinvestment payments that are made by the Conduit Purchasers and (ii) may, subject to the terms and conditions hereof, request that the LC Bank issue or cause the issuance of one or more Letters of Credit.

In consideration of the mutual agreements, provisions and covenants contained herein, the sufficiency of which is hereby acknowledged, the parties hereto agree as follows:

ARTICLE I.
AMOUNTS AND TERMS OF THE PURCHASES

Section 1.1 Purchase Facility.

(a) On the terms and subject to the conditions hereinafter set forth, each Conduit Purchaser hereby agrees, ratably based on its respective Commitment, to purchase, and make reinvestments in, and, if so requested in accordance with and subject to the terms of this Agreement, the LC Bank hereby agrees to issue Letters of Credit in return for (and each LC Participant hereby severally agrees to make participation advances in connection with any draws under such Letters of Credit equal to such LC Participant's Pro Rata Share of such draws), undivided variable percentage ownership interests with regard to the Purchased Interest from the Seller from time to time from the date hereof to the Facility Termination Date (each such purchase, reinvestment or issuance is referred to herein as a "Transfer").

The Seller may, subject to the requirements and conditions herein, use the proceeds of any purchase by the Conduit Purchasers hereunder to satisfy its Reimbursement Obligation to the LC Bank and the LC Participants (ratably, based on the outstanding amounts funded by the LC Bank and each such LC Participant) pursuant to Section 1.14.

Each Purchaser Agent shall notify the Seller at least 45 days prior to the occurrence of the date specified in clause (d) of the definition of "Facility Termination Date" if the Liquidity Providers with respect to the related Liquidity Agreement do not intend to extend such date under such Liquidity Agreement.

(b) In addition, in the event the Seller fails to reimburse the LC Bank for the full amount of any drawing under any Letter of Credit on the applicable Drawing Date (out of its own funds available therefor), pursuant to Section 1.14 below, then the Seller shall, automatically (and without the requirement of any further action on the part of any Person hereunder), be deemed to have requested a new purchase from the Conduit Purchasers on such date, on the terms and subject to the conditions hereof, in an amount equal to the amount of such Reimbursement Obligation at such time. Subject to the limitations on funding set forth in the remainder of this paragraph (b) below (and the other requirements and conditions herein), the Conduit Purchasers shall fund such deemed purchase request and deliver the proceeds thereof directly to the Administrator to be immediately distributed (ratably) to the LC Bank and the applicable LC Participants in satisfaction of the Seller's Reimbursement Obligation pursuant to Section 1.14 below, to the extent of the amounts permitted to be funded by the Conduit Purchasers, at such time, hereunder.

Notwithstanding anything set forth in this paragraph (b) or otherwise herein to the contrary, under no circumstances shall any Purchaser be obligated to make any such purchase or reinvestment (including, without limitation, any deemed purchases by the Conduit Purchasers pursuant to the immediately preceding paragraphs of this Section 1.1(b)), or issue any Letter of Credit, as applicable, if, after giving effect to such Transfer, (i) the aggregate outstanding amount of the Capital funded by such Purchaser, when added to all other Capital funded by all other Purchasers in such Purchaser's Purchaser Group, would exceed (A) its Purchaser Group's Group Commitment (as the same may be reduced from time to time pursuant to Section 1.1(c)) minus (B) the related LC Participant's Pro Rata Share of the face amount of any outstanding Letters of Credit or (ii) the aggregate outstanding Capital plus the LC Participation Amount would exceed the Purchase Limit.

(c) The Seller may, upon at least 30 days' written notice to the Administrator and each Purchaser Agent, terminate the purchase facility provided in this Section in whole or, upon at least 15 days' written notice to the Administrator, from time to time, irrevocably reduce in part the unused portion of the Purchase Limit; provided, that each partial reduction shall be in the amount of at least $5,000,000, or an integral multiple of $1,000,000 in excess thereof, and that, unless terminated in whole, the Purchase Limit shall in no event be reduced below $50,000,000; provided, however, that the Seller may upon at least 10 days' written notice to the Administrator and each Purchaser Agent, terminate the purchase facility provided in this Section in whole only in the event that (i) an Affected Person exercises rights under Section 1.7 or (ii) a Conduit Purchaser does not fund a Portion of Capital through the issuance of Notes and such Conduit Purchaser's aggregate Capital at such time exceeds $25,000,000. Each reduction in the

Commitments hereunder shall be made ratably among the Purchasers in accordance with their respective pro rata shares. The Administrator shall advise the Purchaser Agents of any notice it receives pursuant to this Section 1.1(c); it being understood that (in addition to and without limiting any other requirements for termination, prepayment and/or the funding of the LC Collateral Account hereunder) no such termination or reduction shall be effective unless and until (i) in the case of a termination, the amount on deposit in the LC Collateral Account is at least equal to 100% of the then outstanding LC Participation Amount and (ii) in the case of a partial reduction, the amount on deposit in the LC Collateral Account is at least equal to the positive difference between 100% of the then outstanding LC Participation Amount and the Purchase Limit as so reduced by such partial reduction.

Section 1.2 Making Purchases.

(a) Each Funded Purchase (but not reinvestment) of undivided variable percentage ownership interests with regard to the Purchased Interest hereunder shall be made upon the Seller's irrevocable written notice in the form of Annex B (the "Purchase Notice") delivered to the Administrator and each Purchaser Agent in accordance with Section 5.2 (which notice must be received by the Administrator and each Purchaser Agent before 11:00 a.m., New York City time) at least two Business Days before the requested purchase date, which notice shall specify: (A) in the case of a Funded Purchase (other than one made pursuant to Section 1.14(b)), the amount requested to be paid to the Seller with respect to each Conduit Purchaser (such amount, which shall not be less than $1,000,000 (or such lesser amount as agreed to by the Administrator and the Majority Purchaser Agents) and shall be in integral multiples of $100,000, being the Capital relating to the undivided variable percentage ownership interest then being purchased by such Conduit Purchaser), (B) the date of such Funded Purchase (which shall be a Business Day), and (C) the pro forma calculation of the Purchased Interest after giving effect to the increase in Capital.

(b) On the date of each Funded Purchase (but not reinvestment, issuance of a Letter of Credit or a Funded Purchase pursuant to Section 1.2(e)) of undivided variable percentage ownership interests with regard to the Purchased Interest hereunder, each applicable Conduit Purchaser (or the related Purchaser Agent on its behalf) shall, upon satisfaction of the applicable conditions set forth in Exhibit II, make available to the Seller in same day funds, at PNC Bank, National Association, account number 1019809357, ABA No. 043000096, an amount equal to its Capital relating to the undivided variable percentage ownership interest then being purchased.

(c) Effective on the date of each Funded Purchase or other Transfer pursuant to this Agreement and each reinvestment pursuant to Section 1.4, the Seller hereby sells and assigns to the Administrator (for the benefit of the Purchasers (ratably based on the sum of the Capital plus the LC Participation Amount outstanding at such time,) an undivided variable percentage ownership interest in: (a) each Pool Receivable then existing, (b) all Related Security with respect to such Pool Receivables, and (c) all Collections with respect to, and other proceeds of, such Pool Receivables and Related Security.

(d) To secure all of the Seller's obligations (monetary or otherwise) under this Agreement and the other Transaction Documents to which it is a party, whether now or hereafter existing or arising, due or to become due, direct or indirect, absolute or contingent, the Seller

hereby grants to the Administrator (for the benefit of the Purchasers and their assigns) a security interest in all of the Seller's right, title and interest (including any undivided interest of the Seller) in, to and under all of the following, whether now or hereafter owned, existing or arising: (d) all Pool Receivables, (e) all Related Security with respect to such Pool Receivables, (f) all Collections with respect to such Pool Receivables, (g) the Lock-Box Accounts and all amounts on deposit therein, and all certificates and instruments, if any, from time to time evidencing such Lock-Box Accounts and amounts on deposit therein, (v) all rights (but none of the obligations) of the Seller under the Sale Agreement and (vi) all proceeds of, and all amounts received or receivable under any or all of, the foregoing (collectively, the "Pool Assets") (it being understood that Pool Assets shall not include any amounts deposited by any Purchaser into the Seller's account pursuant to Section 1.2(b)). The Seller hereby authorizes the Administrator to file financing statements in accordance with this grant of security interest. The Administrator, for the benefit of the Purchasers, shall have, with respect to the Pool Assets, and in addition to all the other rights and remedies available to the Administrator and the Purchasers, all the rights and remedies of a secured party under any applicable UCC.

(e) Whenever the LC Bank issues a Letter of Credit pursuant to Section 1.12 hereof, each LC Participant shall, automatically and without further action of any kind upon the effective date of issuance of such Letter of Credit, have irrevocably been deemed to have made a Funded Purchase hereunder in the event that such Letter of Credit is subsequently drawn and such drawn amount shall not have been reimbursed pursuant to Section 1.1(b) or Section 1.14 upon such draw in an amount equal to its Pro Rata Share of such unreimbursed draw. If the LC Bank pays a drawing under a Letter of Credit that is not reimbursed by the Seller on the applicable Drawing Date, the LC Bank shall be deemed to have made a Funded Purchase hereunder in the amount equal to its Pro Rata Share of such unreimbursed drawing. All such Funded Purchases shall accrue Discount from the date of such draw. In the event that any Letter of Credit expires or is surrendered without being drawn (in whole or in part) then, in such event, the foregoing commitment to make Funded Purchases shall expire with respect to such Letter of Credit and the LC Participation Amount shall automatically reduce by the amount of the Letter of Credit which is no longer outstanding.

Section 1.3 Purchased Interest Computation.

The Purchased Interest shall be initially computed on the date of the initial purchase hereunder. Thereafter, until the Facility Termination Date, the Purchased Interest shall be automatically recomputed (or deemed to be recomputed) on each Business Day other than a Termination Day. The Purchased Interest as computed (or deemed recomputed) as of the day before the Facility Termination Date shall thereafter remain constant. From and after the occurrence of any Termination Day, the Purchased Interest shall (until the event(s) giving rise to such Termination Day are satisfied or are waived by the Administrator in accordance with Section 2.2) be deemed to be 100%. The Purchased Interest shall become zero when (a) the Capital thereof and Discount thereon shall have been paid in full, (b) an amount equal to 100% of the LC Participation Amount has been deposited in the LC Collateral Account, or all Letters of Credit have expired and (c) all the amounts owed by the Seller or the Servicer hereunder to each Purchaser, the Administrator and any other Indemnified Party or Affected Person are paid in full, and the Servicer shall have received the accrued Servicing Fee thereon.

Section 1.4 Settlement Procedures.

(a) The collection of the Pool Receivables shall be administered by the Servicer in accordance with this Agreement. The Seller shall provide to the Servicer on a timely basis all information needed for such administration, including notice of the occurrence of any Termination Day and current computations of the Purchased Interest.

(b) The Servicer shall, on each day on which Collections of Pool Receivables are received (or deemed received) by the Seller or the Servicer:

(i) set aside and hold in trust (and shall, at the request of the Administrator, segregate in a separate account approved by the Administrator) for the Administrator (for the benefit of the Purchasers), out of the Purchasers' Share of such Collections,

(A) first, an amount equal to the Purchasers' aggregate amount of Discount accrued through such day for each Portion of Capital and not previously set aside,

(B) second, an amount equal to the fees set forth in the Fee Letters accrued and unpaid through such day,

(C) and third, to the extent funds are available therefor, an amount equal to the aggregate of such Purchaser Group's Ratable Share of the Purchaser's Share of the Servicing Fee accrued through such day and not previously set aside,

(ii) subject to Section 1.4(f), if such day is not a Termination Day, remit to the Seller, ratably, on behalf of each Purchaser Group, the remainder of such Collections. Such remainder shall, to the extent representing a return on the aggregate Capital, be automatically deemed to be reinvested in Pool Receivables, and in the Related Security, Collections and other proceeds with respect thereto ratably, according to each Purchaser's Capital; provided, however, that if the Purchased Interest would exceed 100%, then the Servicer shall not remit such remainder to the Seller or reinvest it, but shall set aside and hold in trust for the Administrator (for the benefit of the Purchasers) (and shall, at the request of the Administrator, segregate in a separate account approved by the Administrator) a portion of such Collections that, together with the other Collections set aside pursuant to this paragraph, shall equal the amount necessary to reduce the Purchased Interest to 100% (determined as if such Collections set aside had been applied to reduce the aggregate Capital outstanding at such time); provided, further, that in the case of any Purchaser that has provided notice (an "Exiting Notice") to its Purchaser Agent of its refusal to extend its Commitment hereunder (an "Exiting Purchaser"), then such Exiting Purchaser's ratable share of such Collections based on its Capital shall not be reinvested (after the termination of its Commitment) and shall instead be held in trust for Administrator (for the benefit of such Exiting Purchaser) and applied in accordance with clause (iii) below,

(iii) if such day is a Termination Day (or any day following the provision of an Exiting Notice), set aside, segregate and hold in trust for the Administrator (for the benefit of the Purchasers) (and shall, at the request of the Administrator, segregate in a separate account approved by the Administrator) for the benefit of each Purchaser Group the entire remainder of such Collections (or in the case of an Exiting Purchaser an amount equal to such Purchaser's

ratable share of such Collections based on its Capital); provided, that solely for the purpose of determining such Purchaser's ratable share of such Collections, such Purchaser's Capital shall be deemed to remain constant from the date of the provision of an Exiting Notice until the date such Purchaser's Capital has been paid in full; it being understood that if such day is also a Termination Day, such Exiting Purchaser's Capital shall be recalculated taking into account amounts received by such Purchaser in respect of this parenthetical and thereafter Collections shall be set aside for such Purchaser ratably in respect of its Capital (as recalculated)); provided, that if amounts are set aside and held in trust on any Termination Day of the type described in clause (a) of the definition of "Termination Day" and, thereafter, the conditions set forth in Section 2 of Exhibit II are satisfied or waived in accordance with Section 6.1 hereof, such previously set-aside amounts shall, to the extent representing a return on aggregate Capital (other than the Capital of any Exiting Purchaser) and ratably in accordance with each Purchaser's (other than an Exiting Purchaser) Capital, be reinvested in accordance with clause (ii) on the day of such subsequent satisfaction or waiver of conditions, and

(iv) release to the Seller (subject to Section 1.4(f)) for its own account any Collections in excess, if any, of: (w) amounts required to be reinvested in accordance with clause (ii) or the proviso to clause (iii) plus (x) the amounts that are required to be set aside pursuant to clause (i), the proviso to clause (ii) and clause (iii) plus (y) the Seller's Share of the Servicing Fee accrued and unpaid through such day plus (z) all other amounts then due and payable by the Seller under this Agreement to any Purchasers, the Administrator, and any other Indemnified Party or Affected Person.

(c) The Servicer shall deposit into each Purchaser Agent's account (as designated by such Purchaser Agent to Servicer on or prior to the date hereof, or such other account designated by such Purchaser to Servicer from time to time), on each Settlement Date, Collections held for each Purchaser with respect to such Purchaser's Portion(s) of Capital, pursuant to clause (b)(i) or (f) plus the amount of Collections then held for the Administrator (for the benefit of such Purchaser) pursuant to clauses (b)(ii) and (iii) of Section 1.4; provided, that if Strategic Energy or an Affiliate thereof is the Servicer and such day is not a Termination Day, Strategic Energy (or such Affiliate) may retain the portion of the Collections set aside pursuant to clause (b)(i) or (b)(iv)(y) that represents the aggregate of each Purchaser Group's Ratable Share of the Purchasers' Share of the Servicing Fee. On the last day of each Settlement Period, each Purchaser or (its Purchaser Agent) will notify the Servicer by facsimile of the amount of Discount accrued with respect to each Portion of Capital during such Settlement Period or portion thereof.

(d) Upon receipt of funds deposited pursuant to clause (c), each Purchaser Agent shall cause such funds to be distributed as follows:

(i) if such distribution occurs on a day that is not a Termination Day and the Purchased Interest does not exceed 100%,

(A) first, to such Purchaser Agent ratably according to the Discount accrued during the applicable Settlement Period (for the benefit of the relevant Purchasers within such Purchaser Agent's Purchaser Group) in payment in full of all accrued Discount and fees (other than Servicing Fees) with respect to each

Portion of Capital maintained by such Purchasers; it being understood that each Purchaser Agent shall distribute such amounts to the Purchasers within its Purchaser Group ratably according to the Discount with respect to each Portion of Capital maintained by such Purchaser, and

(B) second, if the Servicer has set aside amounts in respect of the Servicing Fee pursuant to clause (b)(i) and has not retained such amounts pursuant to clause (c), to the Servicer (payable in arrears on each Settlement Date) in payment in full of the aggregate of each Purchaser Group's Ratable Share of the Purchaser's Share of accrued Servicing Fees so set aside, and

(ii) if such distribution occurs on a Termination Day or on a day when the Purchased Interest exceeds 100%,

(A) first, if such Termination Day is not solely the result of the occurrence and continuation of a Servicer Termination Event, to the Servicer in payment in full of the aggregate of such Purchaser Group's Ratable Share of all accrued Servicing Fees,

(B) second, to such Purchaser Agent ratably according to Discount (for the benefit of the relevant Purchasers within such Purchaser Agent's Purchaser Group) in payment in full of all accrued Discount and fees (other than Servicer Fees) with respect to each Portion of Capital funded or maintained by the Purchasers within such Purchaser Agent's Purchaser Group,

(C) third, to such Purchaser Agent ratably according to the aggregate of the Capital of each Purchaser in each such Purchaser Agent's Purchaser Group (for the benefit of the relevant Purchasers within such Purchaser Agent's Purchaser Group) in payment in full of each Purchaser's Capital (or, if such day is not a Termination Day, such Purchaser's ratable share of the amount necessary to reduce the Purchased Interest to 100%),

(D) fourth, to the LC Collateral Account for the benefit of the LC Bank and the LC Participants, the amount necessary to cash collateralize the LC Participation Amount until the amount of cash collateral held in such LC Collateral Account equals 100% of the aggregate outstanding amount of the LC Participation Amount (determined as if such Collections used to cash collateralize the LC Amount had been applied to reduce the aggregate Capital outstanding at such time),

(E) fifth, if such Termination Day is solely the result of the occurrence and continuation of a Servicer Termination Event, to the Servicer in payment in full of the aggregate of such Purchaser Group's Ratable Share of all accrued Servicing Fees, and

(F) sixth, and if the Capital and accrued Discount with respect to the Purchasers in its Purchaser Group's percentage interest of Capital have been reduced to zero or if such day is not a Termination Day, the Purchased Interest is

reduced to 100%, and all accrued Servicing Fees payable to the Servicer have been paid in full, to the Administrator for distribution to each Purchaser, each Purchaser Agent, the Administrator and any other Indemnified Party or Affected Person in payment in full of any other amounts owed thereto by the Seller hereunder, ratably in accordance with the amounts due thereto.

After the Capital, Discount, fees payable pursuant to the Fee Letters and Servicing Fees with respect to the Purchased Interest, and any other amounts payable by the Seller and the Servicer to each Purchaser Group, the Administrator or any other Indemnified Party or Affected Person hereunder, have been paid in full, and (on and after a Termination Day) after an amount equal to 100% of the LC Participation Amount has been deposited in the LC Collateral Account, all additional Collections with respect to the Purchased Interest shall be paid to the Seller for its own account.

(e) For the purposes of this Section 1.4:

(i) if on any day the Outstanding Balance of any Pool Receivable is reduced or adjusted as a result of any defective, rejected, returned, repossessed or foreclosed goods or services, or any revision, cancellation, allowance, rebate, discount or other adjustment made by the Seller or any Affiliate of the Seller, or any setoff or dispute between the Seller or any Affiliate of the Seller and an Obligor, (x) the Seller shall be deemed to have received on such day a Collection of such Pool Receivable in the amount of such reduction or adjustment and (y) the Seller shall promptly pay an amount equal to such amount in respect thereof to a Lock-Box Account for the benefit of the Purchasers and their assigns and for application pursuant to this Section 1.4; provided, however, that unless a Termination Event has occurred and is continuing on such day, the payment required by clause (y) above may be made on the next Monthly Settlement Date;

(ii) if on any day any of the representations or warranties in Section 1(g) or (n) of Exhibit III is not true with respect to any Pool Receivable, the Seller shall be deemed to have received on such day a Collection of such Pool Receivable in full and shall immediately pay any and all such amounts in respect thereof to a Lock-Box Account (or as otherwise directed by the Administrator at such time) for the benefit of the Purchasers and their assigns and for application pursuant to this Section 1.4;

(iii) except as provided in clause (i) or (ii), or as otherwise required by applicable law or the relevant Contract, all Collections received from an Obligor of any Receivable shall be applied to the Receivables of such Obligor in the order of the age of such Receivables, starting with the oldest such Receivable, unless such Obligor designates in writing its payment for application to specific Receivables; and

(iv) if and to the extent the Administrator or any Purchaser shall be required for any reason to pay over to an Obligor (or any trustee, receiver, custodian or similar official in any Insolvency Proceeding) any amount received by it hereunder, such amount shall be deemed not to have been so received by the Administrator or such Purchaser but rather to have been retained by the Seller and, accordingly, the Administrator or such Purchaser, as the case may be,

shall have a claim against the Seller for such amount, payable when and to the extent that any distribution from or on behalf of such Obligor is made in respect thereof.

(f) If at any time the Seller shall wish to cause the reduction of Capital (but not to commence the liquidation, or reduction to zero, of the entire Capital of the Purchased Interest), the Seller may do so as follows:

(i) the Seller shall give the Administrator, the Purchaser Agents and the Servicer written notice in the form of Annex C (the "Paydown Notice") at least two Business Days' prior to the date of such reduction; provided, however, that if such Paydown Notice is received by the Administrator and the Purchaser Agents prior to 2:00 p.m., New York time on a Business Day, then such requested reduction shall be effected by the close of business on the following Business Day;

(ii) on the proposed date of the commencement of such reduction and on each day thereafter, the Servicer shall cause Collections not to be reinvested until the amount thereof not so reinvested shall equal the desired amount of reduction; and

(iii) the Servicer shall hold such Collections in trust for the Purchasers ratably (based on their respective Portions of Capital), for payment to the Purchaser Agents on the next Settlement Date immediately following the current Settlement Period or such other date approved by the Purchaser Agents, and Capital shall be deemed reduced in the amount to be paid to the Purchaser Agents only when in fact finally so paid.

Section 1.5 Fees.

The Seller shall pay to each Purchaser Agent for the benefit of the related Purchasers certain fees in the amounts and on the dates set forth in certain fee letters, among (i) Strategic Energy, the Seller and the applicable Purchaser Agent dated the date hereof, and (ii) Strategic Energy, the Seller, and each Purchaser Agent other than the Purchaser Group to which Market Street and Fifth Third Bank are members dated as of the date such Purchaser Group becomes party to this Agreement (as such letter agreements may be amended, restated, supplemented or otherwise modified from time to time, the "Fee Letters").

Section 1.6 Payments and Computations, Etc.

(a) All amounts to be paid or deposited by the Seller or the Servicer hereunder or any other Transaction Document shall be made without reduction for offset or counterclaim and shall be paid or deposited no later than noon, New York City, New York time on the day when due in same day funds to each Purchaser Agent's account. All amounts received after noon, New York City, New York time, will be deemed to have been received on the next Business Day.

(b) The Seller or the Servicer, as the case may be, shall, to the extent permitted by applicable law, pay interest on any amount not paid or deposited by the Seller or the Servicer, as the case may be, when due hereunder, at an interest rate equal to 2.00% per annum above the Base Rate, payable on demand.

(c) All computations of interest under clause (b) and all computations of Discount, fees and other amounts hereunder shall be made on the basis of a year of 360 (or 365 or 366, as applicable, with respect to Discount or other amounts calculated by reference to the Base Rate) days for the actual number of days elapsed. Whenever any payment or deposit to be made hereunder shall be due on a day other than a Business Day, such payment or deposit shall be made on the next Business Day and such extension of time shall be included in the computation of such payment or deposit.

Section 1.7 Increased Costs and Yield Protection.

(a) If the Administrator, any Liquidity Provider, any Purchaser Agent, any Purchaser, any other Program Support Provider or any of their respective Affiliates (each an "Affected Person") reasonably determines that the existence of or compliance with: (a) FIN 46 and Subsequent Statements and Interpretations described in Section 1.7(c) below, (b) any other law, rule, regulation or generally accepted accounting principle (including any applicable law, rule or regulation regarding capital adequacy) or any change therein or in the interpretation or application thereof, in each case adopted, issued or occurring after the date hereof, or (c) any request, guideline or directive from Financial Accounting Standards Board, any central bank or other Governmental Authority (whether or not having the force of law) affecting or which would affect the amount of capital required or expected to be maintained by such Affected Person, and such Affected Person determines that the amount of such capital is increased by or based upon the existence of any commitment to make purchases of (or otherwise to maintain the investment in) Pool Receivables or issue any Letter of Credit related to this Agreement or any related liquidity facility, credit enhancement facility and other commitments of the same type, then, upon demand by such Affected Person (with a copy to the Administrator and the Purchaser Agents), the Seller shall immediately pay to such Affected Person, from time to time as specified by such Affected Person, additional amounts sufficient to compensate such Affected Person for both increased costs and maintenance of bargained for yield in the light of such circumstances, to the extent that such Affected Person reasonably determines such increase in capital to be allocable to the existence of any of such commitments. A certificate as to such amounts submitted to the Seller, the Administrator and the Purchaser Agents by such Affected Person shall be conclusive and binding for all purposes, absent manifest error.

(b) If, due to either: (i) FIN 46 and Subsequent Statements and Interpretations, (ii) the introduction of or any change in or in the interpretation of any law, rule, regulation or generally accepted accounting standard or (iii) compliance with any guideline or request from any central bank or other Governmental Authority (whether or not having the force of law), there shall be any increase in the cost to any Affected Person of agreeing to purchase or purchasing, or maintaining the ownership of, the Purchased Interest in respect of which Discount is computed by reference to the Euro-Rate, then, upon demand by such Affected Person (with a copy to the Administrator and the Purchaser Agents), the Seller shall promptly pay to such Affected Person, from time to time as specified by such Affected Person, additional amounts sufficient to compensate such Affected Person for both increased costs and maintenance of bargained for yield. A certificate as to such amounts submitted to the Seller, the Administrator and the Purchaser Agents by such Affected Person shall be conclusive and binding for all purposes, absent manifest error.

(c) For the avoidance of doubt, any increase in cost and/or reduction in yield caused by regulatory capital allocation adjustments due to Financial Accounting Standards Board's Interpretation 46 (revised December 2003) Consolidation of Variable Interest Entities and Interpretation of Accounting Research Bulletin No. 51 (or any future statement or interpretation issued by the Financial Accounting Standards Board or any successor thereto) (collectively, the "FIN 46 and Subsequent Statements and Interpretations") shall be covered by this Section 1.7.

(d) If such increased costs affect the related Affected Person's portfolio of financing transactions, such Affected Person shall use reasonable averaging and attribution methods to allocate such increased costs to the transactions contemplated by this Agreement.

Section 1.8 Requirements of Law; Funding Losses.

(a) If any Affected Person reasonably determines that the existence of or compliance with: (i) any law, rule or regulation or any change therein or in the interpretation or application thereof, in each case adopted, issued or occurring after the date hereof, or (ii) any request, guideline or directive from any central bank or other Governmental Authority (whether or not having the force of law) issued or occurring after the date of this Agreement:

(A) does or shall subject such Affected Person to any tax of any kind or nature whatsoever with respect to this Agreement (excluding taxes imposed on the overall or branch pre-tax net income of such Affected Person, and franchise taxes imposed on such Affected Person), by the jurisdiction under the laws of which such Affected Person is organized or otherwise is considered doing, or having done, business (unless the Affected Person would not be considered doing business in such jurisdiction, but for having entered into, or engaged in the transactions in connection with, this Agreement or any other Transaction Document) or a political subdivision thereof), any increase in the Purchased Interest (or its portion thereof) or in the amount of Capital relating thereto, or does or shall change the basis of taxation of payments to such Affected Person on account of Collections, Discount or any other amounts payable hereunder (excluding taxes imposed on the overall or branch pre-tax net income of such Affected Person, and franchise taxes imposed on such Affected Person), by the jurisdiction under the laws of which such Affected Person is organized or otherwise is considered doing, or having done, business (unless the Affected Person would not be considered doing, or having done, business in such jurisdiction, but for having entered into, or engaged in the transactions in connection with, this Agreement or any other Transaction Document) or a political subdivision thereof), or

(B) does or shall impose, modify or hold applicable any reserve, special deposit, compulsory loan or similar requirement against assets held by, or deposits or other liabilities in or for the account of, purchases, advances or loans by, or other credit extended by, or any other acquisition of funds by, any office of such Affected Person that are not otherwise included in the determination of the Euro-Rate or the Base Rate hereunder,

and the result of any of the foregoing is: (1) to increase the cost to such Affected Person of acting as Administrator, or of agreeing to purchase or purchasing or maintaining the ownership of undivided variable percentage ownership interests with regard to, or issuing any Letter of Credit in respect of, the Purchased Interest (or interests therein) or any Portion of Capital, or (2) to reduce any amount receivable hereunder (whether directly or indirectly), then, in any such case,

upon demand by such Affected Person (with a copy to the Administrator and the Purchaser Agents), and subject to Section 4.1(d) hereof, the Seller shall promptly pay to such Affected Person additional amounts necessary to compensate such Affected Person for such additional cost or reduced amount receivable. All such amounts shall be payable as incurred. A certificate from such Affected Person to the Seller, the Administrator and the Purchaser Agents shall be conclusive and binding for all purposes, absent manifest error; provided, however, that no Affected Person shall be required to disclose any confidential or tax planning information in any such certificate.

(b) The Seller shall compensate each Affected Person, upon written request by such Person for all losses, expenses and liabilities (including any interest paid by such Affected Person to lenders of funds borrowed by it to fund or maintain any Portion of Capital hereunder at an interest rate determined by reference to the Euro-Rate and any loss sustained by such Person in connection with the re-employment of such funds), which such Affected Person may sustain with respect to funding or maintaining such Portion of

Capital at the Euro-Rate if, for any reason, funding or maintaining such Portion of Capital at an interest rate determined by reference to the Euro-Rate does not occur on a date specified therefor; provided, however, that no Affected Person shall be required to disclose any confidential or tax planning information in any such certificate.

Section 1.9 Inability to Determine Euro-Rate.

(a) If the Administrator or any Purchaser Agent determines before the first day of any Settlement Period (which determination shall be final and conclusive) that, by reason of circumstances affecting the interbank eurodollar market generally, (i) deposits in dollars (in the relevant amounts for such Settlement Period) are not being offered to banks in the interbank eurodollar market for such Settlement Period, (ii) adequate means do not exist for ascertaining the Euro-Rate for such Settlement Period or (iii) the Euro Rate does not accurately reflect the cost to any Purchaser (as determined by such Purchaser or its related Purchaser Agent) of maintaining any Portion of Capital during such Settlement Period, then the Administrator or such Purchaser Agent shall give notice thereof to the Seller. Thereafter, until the Administrator or such Purchaser Agent notifies the Seller that the circumstances giving rise to such suspension no longer exist, (i) no Portion of Capital shall be funded at the Alternate Rate determined by reference to the Euro-Rate and (ii) the Discount for any outstanding Portions of Capital then funded at the Alternate Rate determined by reference to the Euro-Rate shall, on the last day of the then current Settlement Period, be converted to the Alternate Rate determined by reference to the Base Rate.

(b) If, on or before the first day of any Settlement Period, the Administrator shall have been notified by any Affected Person that such Affected Person has determined (which determination shall be final and conclusive) that any enactment, promulgation or adoption of or any change in any applicable law, rule or regulation, or any change in the interpretation or administration thereof by a governmental authority, central bank or comparable agency charged with the interpretation or administration thereof, or compliance by such Affected Person with any guideline, request or directive (whether or not having the force of law) of any such authority, central bank or comparable agency shall make it unlawful or impossible for such Affected Person to fund or maintain any Portion of Capital at the Alternate Rate and based upon the Euro

Rate, the Administrator shall notify the Seller thereof. Upon receipt of such notice, until the Administrator notifies the Seller that the circumstances giving rise to such determination no longer apply, (i) no Portion of Capital shall be funded at the Alternate Rate determined by reference to the Euro-Rate and the Discount for any outstanding Portions of Capital then funded at the Alternate Rate determined by reference to the Euro-Rate shall be converted to the Alternate Rate determined by reference to the Base Rate either (A) on the last day of the then current Settlement Period if such Affected Person may lawfully continue to maintain such Portion of Capital at the Alternate Rate determined by reference to the Euro-Rate to such day, or (B) immediately, if such Affected Person may not lawfully continue to maintain such Portion of Capital at the Alternate Rate determined by reference to the Euro-Rate to such day.

Section 1.10 [Reserved].

Section 1.11 Letters of Credit.

On the terms and subject to the conditions hereof, the LC Bank shall issue or cause the issuance of standby letters of credit ("Letters of Credit") on behalf of Seller (and, if applicable, on behalf of, or for the account of, any Originator in favor of such beneficiaries as such Originator may elect); provided, however, that the LC Bank will not be required to issue or cause to be issued any Letters of Credit to the extent that, after giving effect to the issuance of such Letters of Credit, such issuance would then cause (a) the sum of (i) the aggregate Capital plus (ii) the LC Participation Amount to exceed the Purchase Limit, (b) the Capital for Purchasers in the LC Bank's Purchaser Group to exceed the Group Commitment for such Purchaser Group or (c) the LC Participation Amount to exceed in the aggregate, at any time, the aggregate of the Commitments of the LC Bank and the LC Participants. All amounts drawn upon Letters of Credit shall accrue Discount. Letters of Credit that have not been drawn upon shall not accrue Discount. Each of the parties hereto acknowledges and agrees that each outstanding and uncancelled standby letter of credit issued by PNC for the account of any Originator or Strategic Energy prior to the date hereof, which such letters of credit are listed on Schedule V hereto, shall be deemed for all purposes of this Agreement and the other Transaction Documents to be a Letter of Credit issued hereunder.

Section 1.12 Issuance of Letters of Credit.

(a) The Seller may request that the LC Bank, upon one (1) Business Day prior written notice submitted on or before 2:00 p.m., New York time, issue a Letter of Credit by delivering to the Administrator, the LC Bank's form of Letter of Credit Application (the "Letter of Credit Application"), substantially in the form of Annex E attached hereto completed to the satisfaction of the Administrator and the LC Bank; and, such other certificates, documents and other papers and information as the Administrator may reasonably request. The Seller also has the right to give instructions and make agreements with respect to any Letter of Credit Application and the disposition of documents, and to agree with the Administrator upon any amendment, extension or renewal of any Letter of Credit.

(b) Each Letter of Credit shall, among other things, (i) provide for the payment of sight drafts or other written demands for payment when presented for honor thereunder in accordance with the terms thereof and when accompanied by the documents described therein,

(ii) have an expiry date not later than twelve (12) months after such Letter of Credit's date of issuance and (iii) provide that amounts drawn with respect to such Letter of Credit may not be redrawn. Each Letter of Credit shall be subject either to the Uniform Customs and Practice for Documentary Credits (1993 Revision), International Chamber of Commerce Publication No. 500 or International Chamber of Commerce Publication No. 600, based on which publication is in effect at the time that such Letter of Credit is issued, and any amendments or revisions thereof adhered to by the LC Bank or the International Standby Practices (ISP98-International Chamber of Commerce Publication Number 590), and any amendments or revisions thereof adhered to by the LC Bank (the "ISP98 Rules"), as determined by the LC Bank.

(c) The Administrator shall promptly notify the LC Bank, at its address for notices hereunder, and each LC Participant of the request by the Seller for a Letter of Credit hereunder, and shall provide the LC Bank with the Letter of Credit Application delivered to the Administrator by the Seller pursuant to paragraph (a), above, by the close of business on the day received or if received on a day that is not a Business Day or on any Business Day after 2:00 p.m., New York time, on such day, on the next Business Day.

Section 1.13 Requirements For Issuance of Letters of Credit.

The Seller shall authorize and direct the LC Bank to name the Seller or any Originator as the "Applicant" or "Account Party" of each Letter of Credit.

Section 1.14 Disbursements, Reimbursement.

(a) Immediately upon the issuance of each Letter of Credit, each LC Participant shall be deemed to, and hereby irrevocably and unconditionally agrees to, purchase from the LC Bank a participation in such Letter of Credit and each drawing thereunder in an amount equal to such LC Participant's Pro Rata Share of the face amount of such Letter of Credit and the amount of such drawing, respectively.

(b) In the event of any request for a drawing under a Letter of Credit by the beneficiary or transferee thereof, the LC Bank will promptly notify the Administrator and the Seller of such request. Provided that it shall have received such notice, the Seller shall reimburse (such obligation to reimburse the LC Bank shall sometimes be referred to as a "Reimbursement Obligation") the LC Bank prior to 12:00 p.m., New York time, on each date that an amount is paid by the LC Bank under any Letter of Credit (each such date, a "Drawing Date") in an amount equal to the amount so paid by the LC Bank. In the event the Seller fails to reimburse the LC Bank for the full amount of any drawing under any Letter of Credit by 12:00 p.m., New York time, on the Drawing Date, the LC Bank will promptly notify each LC Participant thereof, and the Seller shall be deemed to have requested that a Funded Purchase be made by each Conduit Purchaser in the Purchaser Group for the LC Bank and the LC Participants to be disbursed on the Drawing Date under such Letter of Credit in accordance with Section 1.1(b). In no case shall the LC Bank or any LC Participant look to Strategic Energy or any Originator for any reimbursement with respect to a draw. Any notice given by the LC Bank pursuant to this Section 1.14, may be an oral notice, if such oral notice is immediately confirmed in writing; provided, however, that the lack of any such written confirmation shall not affect the conclusiveness or binding effect of such oral notice.

(c) Each LC Participant shall, upon any notice pursuant to subclause (b) above, make available to the LC Bank an amount in immediately available funds equal to its Pro Rata Share of the amount of the drawing. If any LC Participant so notified fails to make available to the LC Bank the amount of such LC Participant's Pro Rata Share of such amount by no later than 2:00 p.m., New York time on the Drawing Date, then interest shall accrue on such LC Participant's obligation to make such payment, from the Drawing Date to the date on which such LC Participant makes such payment (i) at a rate per annum equal to the Federal Funds Rate during the first three days following the Drawing Date and (ii) at a rate per annum equal to the Discount rate applicable to Capital on and after the fourth day following the Drawing Date. The LC Bank will promptly give notice of the occurrence of the Drawing Date, but failure of the LC Bank to give any such notice on the Drawing Date or in sufficient time to enable any LC Participant to effect such payment on such date shall not relieve such LC Participant from its obligation under this subclause (c), provided that such LC Participant shall not be obligated to pay interest as provided in subclauses (i) and (ii) above until and commencing from the date of receipt of notice from the LC Bank or the Administrator of a drawing. Each LC Participant's Commitment shall continue until the last to occur of any of the following events: (A) the LC Bank ceases to be obligated to issue or cause to be issued Letters of Credit hereunder; (B) no Letter of Credit issued hereunder remains outstanding and uncancelled or (C) all Persons (other than the Seller) have been fully reimbursed for all payments made under or relating to Letters of Credit.

Section 1.15 Repayment of Participation Advances.

(a) Upon (and only upon) receipt by the LC Bank for its account of immediately available funds from or for the account of the Seller (i) in reimbursement of any payment made by the LC Bank under a Letter of Credit with respect to which any LC Participant has made a participation advance to the LC Bank, or (ii) in payment of Discount on the Funded Purchases made or deemed to have been made in connection with any such draw, the LC Bank will pay to each LC Participant, ratably (based on the outstanding drawn amounts funded by each such LC Participant in respect of such Letter of Credit), in the same funds as those received by the LC Bank; it being understood, that the LC Bank shall retain a ratable amount of such funds that were not the subject of any payment in respect of such Letter of Credit by any LC Participant.

(b) If the LC Bank is required at any time to return to the Seller, or to a trustee, receiver, liquidator, custodian, or any official in any insolvency proceeding, any portion of the payments made by the Seller to the LC Bank pursuant to this Agreement in reimbursement of a payment made under the Letter of Credit or interest or fee thereon, each LC Participant shall, on demand of the LC Bank, forthwith return to the LC Bank the amount of its Pro Rata Share of any amounts so returned by the LC Bank plus interest at the Federal Funds Rate, from the date the payment was first made to such LC Participant through, but not including the date the payment is returned by such LC Participant.

Section 1.16 Documentation.

The Seller agrees to be bound by the terms of the Letter of Credit Application and by the LC Bank's interpretations of any Letter of Credit issued for the Seller and by the LC Bank's written regulations and customary practices relating to letters of credit, though the LC Bank's interpretation of such regulations and practices may be different from the Seller's own. In the

event of a conflict between the Letter of Credit Application and this Agreement, this Agreement shall govern. It is understood and agreed that, except in the case of gross negligence or willful misconduct by the LC Bank, the LC Bank shall not be liable for any error, negligence and/or mistakes, whether of omission or commission, in following the Seller's instructions or those contained in the Letters of Credit or any modifications, amendments or supplements thereto.

Section 1.17 Determination to Honor Drawing Request.

In determining whether to honor any request for drawing under any Letter of Credit by the beneficiary thereof, the LC Bank shall be responsible only to determine that the documents and certificates required to be delivered under such Letter of Credit have been delivered and that they comply on their face with the requirements of such Letter of Credit and that any other drawing condition appearing on the face of such Letter of Credit has been satisfied in the manner so set forth.

Section 1.18 Nature of Participation and Reimbursement Obligations.

Each LC Participant's obligation in accordance with this Agreement to make participation advances as a result of a drawing under a Letter of Credit, and the obligations of the Seller to reimburse the LC Bank upon a draw under a Letter of Credit, shall be absolute, unconditional and irrevocable, and shall be performed strictly in accordance with the terms of this Agreement under all circumstances, including the following circumstances:

(i) any set-off, counterclaim, recoupment, defense or other right which such LC Participant may have against the LC Bank, the Administrator, any Purchaser, the Seller or any other Person for any reason whatsoever;

(ii) the failure of the Seller or any other Person to comply with the conditions set forth in this Agreement for the making of a purchase, reinvestments, requests for Letters of Credit or otherwise, it being acknowledged that such conditions are not required for the making of participation advances hereunder;

(iii) any lack of validity or enforceability of any Letter of Credit or any set-off, counterclaim, recoupment, defense or other right which Seller or any Originator on behalf of which a Letter of Credit has been issued may have against the LC Bank, the Administrator, any Purchaser, or any other Person for any reason whatsoever;

(iv) any claim of breach of warranty that might be made by the Seller, the LC Bank or any LC Participant against the beneficiary of a Letter of Credit, or the existence of any claim, set-off, counterclaim, recoupment, defense or other right which the Seller, the LC Bank or any LC Participant may have at any time against a beneficiary, any successor beneficiary or any transferee of any Letter of Credit or the proceeds thereof (or any Persons for whom any such transferee may be acting), the LC Bank, any LC Participant, any Purchaser or any other Person, whether in connection with this Agreement, the transactions contemplated herein or any unrelated transaction (including any underlying transaction between the Seller or any Subsidiaries of the Seller or any Affiliates of the Seller and the beneficiary for which any Letter of Credit was procured);

(v) the lack of power or authority of any signer of, or lack of validity, sufficiency, accuracy, enforceability or genuineness of, any draft, demand, instrument, certificate or other document presented under any Letter of Credit, or any such draft, demand, instrument, certificate or other document proving to be forged, fraudulent, invalid, defective or insufficient in any respect or any statement therein being untrue or inaccurate in any respect, even if the Administrator or the LC Bank has been notified thereof;

(vi) payment by the LC Bank under any Letter of Credit against presentation of a demand, draft or certificate or other document which does not comply with the terms of such Letter of Credit other than as a result of the gross negligence or willful misconduct of the LC Bank;

(vii) the solvency of, or any acts or omissions by, any beneficiary of any Letter of Credit, or any other Person having a role in any transaction or obligation relating to a Letter of Credit, or the existence, nature, quality, quantity, condition, value or other characteristic of any property or services relating to a Letter of Credit;

(viii) any failure by the LC Bank or any of the LC Bank's Affiliates to issue any Letter of Credit in the form requested by the Seller, unless the LC Bank has received written notice from the Seller of such failure within three Business Days after the LC Bank shall have furnished the Seller a copy of such Letter of Credit and such error is material and no drawing has been made thereon prior to receipt of such notice;

(ix) any Material Adverse Effect on the Seller, any Originator or any Affiliates thereof;

(x) any breach of this Agreement or any Transaction Document by any party thereto;

(xi) the occurrence or continuance of an Insolvency Proceeding with respect to the Seller, any Originator or any Affiliate thereof;

(xii) the fact that a Termination Event or an Unmatured Termination Event shall have occurred and be continuing;

(xiii) the fact that this Agreement or the obligations of Seller or Servicer hereunder shall have been terminated; and

(xiv) any other circumstance or happening whatsoever, whether or not similar to any of the foregoing.

Section 1.19 Indemnity.

In addition to other amounts payable hereunder, the Seller hereby agrees to protect, indemnify, pay and save harmless the Administrator, the LC Bank, each LC Participant and any of the LC Bank's Affiliates that have issued a Letter of Credit from and against any and all claims, demands, liabilities, damages, taxes (other than taxes imposed on or measured by such Person's net income or net profits (or franchise taxes imposed in lieu thereof) by any

Governmental Authority under the laws of which such Person is organized, in which its principal office is located or in which it is otherwise doing or has done business (unless it is doing or has done business solely as a result of such Person entering into, receiving any payment under, or taking any action pursuant to, this Agreement)), penalties, interest, judgments, losses, costs, charges and expenses (including Attorney Costs) which the Administrator, the LC Bank, any LC Participant or any of their respective Affiliates may incur or be subject to as a consequence, direct or indirect, of the issuance of any Letter of Credit, other than as a result of (a) the gross negligence or willful misconduct of the party to be indemnified as determined by a final judgment of a court of competent jurisdiction or (b) the wrongful dishonor by the LC Bank of a proper demand for payment made under any Letter of Credit, except if such dishonor resulted from any act or omission, whether rightful or wrongful, of any present or future de jure or de facto Governmental Authority (all such acts or omissions herein called "Governmental Acts").

Section 1.20 Liability for Acts and Omissions.

As between the Seller, on the one hand, and the Administrator, the LC Bank, the LC Participants and the other Purchasers, on the other, the Seller assumes all risks of the acts and omissions of, or misuse of the Letters of Credit by, the respective beneficiaries of such Letters of Credit. In furtherance and not in limitation of the respective foregoing, none of the Administrator, the LC Bank or any other Purchaser shall be responsible for: (i) the form, validity, sufficiency, accuracy, genuineness or legal effect of any document submitted by any party in connection with the application for an issuance of any such Letter of Credit, even if it should in fact prove to be in any or all respects invalid, insufficient, inaccurate, fraudulent or forged (even if the LC Bank shall have been notified thereof); (ii) the validity or sufficiency of any instrument transferring or assigning or purporting to transfer or assign any such Letter of Credit or the rights or benefits thereunder or proceeds thereof, in whole or in part, which may prove to be invalid or ineffective for any reason; (iii) the failure of the beneficiary of any such Letter of Credit, or any other party to which such Letter of Credit may be transferred, to comply fully with any conditions required in order to draw upon such Letter of Credit or any other claim of the Seller against any beneficiary of such Letter of Credit, or any such transferee, or any dispute between or among the Seller and any beneficiary of any Letter of Credit or any such transferee; (iv) errors, omissions, interruptions or delays in transmission or delivery of any messages, by mail, cable, telegraph, telex or otherwise, whether or not they be in cipher; (v) errors in interpretation of technical terms; (vi) any loss or delay in the transmission or otherwise of any document required in order to make a drawing under any such Letter of Credit or of the proceeds thereof; (vii) the misapplication by the beneficiary of any such Letter of Credit of the proceeds of any drawing under such Letter of Credit; or (viii) any consequences arising from causes beyond the control of the Administrator, the LC Bank, any LC Participant and any Conduit Purchaser, including any Governmental Acts, and none of the above shall affect or impair, or prevent the vesting of, any of the LC Bank's rights or powers hereunder. Nothing in the preceding sentence shall relieve the LC Bank from liability for its gross negligence or willful misconduct, as determined by a final non-appealable judgment of a court of competent jurisdiction, in connection with actions or omissions described in such clauses (i) through (viii) of such sentence. In no event shall the Administrator, the LC Bank, any LC Participant, any Conduit Purchaser or their respective Affiliates, be liable to the Seller or any other Person for any indirect, consequential, incidental, punitive, exemplary or special damages or expenses

(including without limitation attorneys' fees), or for any damages resulting from any change in the value of any property relating to a Letter of Credit.

Without limiting the generality of the foregoing, the Administrator, the LC Bank, any LC Participant and any Conduit Purchaser and each of its Affiliates (i) may rely on any written communication believed in good faith by such Person to have been authorized or given by or on behalf of the applicant for a Letter of Credit; (ii) may honor any presentation if the documents presented appear on their face to comply with the terms and conditions of the relevant Letter of Credit; (iii) may honor a previously dishonored presentation under a Letter of Credit, whether such dishonor was pursuant to a court order, to settle or compromise any claim of wrongful dishonor, or otherwise, and shall be entitled to reimbursement to the same extent as if such presentation had initially been honored, together with any interest paid by the LC Bank or its Affiliates; (iv) may honor any drawing that is payable upon presentation of a statement advising negotiation or payment, upon receipt of such statement (even if such statement indicates that a draft or other document is being delivered separately), and shall not be liable for any failure of any such draft or other document to arrive, or to conform in any way with the relevant Letter of Credit; (v) may pay any paying or negotiating bank claiming that it rightfully honored under the laws or practices of the place where such bank is located; and (vi) may settle or adjust any claim or demand made on the Administrator, the LC Bank, any LC Participant, any Conduit Purchaser or their respective Affiliates, in any way related to any order issued at the applicant's request to an air carrier, a letter of guarantee or of indemnity issued to a carrier or any similar document (each an "Order") and may honor any drawing in connection with any Letter of Credit that is the subject of such Order, notwithstanding that any drafts or other documents presented in connection with such Letter of Credit fail to conform in any way with such Letter of Credit.

In furtherance and extension and not in limitation of the specific provisions set forth above, any action taken or omitted by the LC Bank under or in connection with the Letters of Credit issued by it or any documents and certificates delivered thereunder, if taken or omitted in good faith and without gross negligence or willful misconduct, as determined by a final non-appealable judgment of a court of competent jurisdiction, shall not put the LC Bank under any resulting liability to the Seller, any LC Participant or any other Person.

ARTICLE II.
REPRESENTATIONS AND WARRANTIES; COVENANTS; TERMINATION EVENTS

Section 2.1 Representations and Warranties; Covenants.

Each of the Seller and the Servicer hereby makes the representations and warranties, and hereby agrees to perform and observe the covenants, applicable to it set forth in Exhibits III and IV, respectively.

Section 2.2 Termination Events.

If any of the Termination Events set forth in Exhibit V shall occur, the Administrator may, by notice to the Seller, declare the Facility Termination Date to have occurred (in which case the Facility Termination Date shall be deemed to have occurred); provided, that automatically upon the occurrence of any event (without any requirement for the passage of time

or the giving of notice) described in paragraph (f) of Exhibit V, the Facility Termination Date shall occur. Upon any such declaration, occurrence or deemed occurrence of the Facility Termination Date, the Purchasers and the Administrator shall have, in addition to the rights and remedies that they may have under this Agreement, all other rights and remedies provided after default under the applicable UCC and under other applicable law, rules and regulations, which rights and remedies shall be cumulative.

Section 2.3 Tax Treatment.

It is the intention of the parties that the transactions contemplated by this Agreement will create a debt obligation of the Seller for United States federal, state and local income and franchise tax purposes. Unless otherwise required by law, each party to this Agreement, including without limitation any successors and assigns, agrees to treat the transactions accordingly for all such purposes.

ARTICLE III.
INDEMNIFICATION

Section 3.1 Indemnities by the Seller.

Without limiting any other rights that the Administrator, the Purchasers, the Liquidity Providers, any other Program Support Provider or any of their respective Affiliates, employees, officers, directors, agents, counsel, successors, transferees or assigns (each, an "Indemnified Party") may have hereunder or under applicable law, rules or regulations, the Seller hereby agrees to indemnify each Indemnified Party from and against any and all claims, damages, expenses, costs, losses, liabilities and penalties (including Attorney Costs) (all of the foregoing being collectively referred to as "Indemnified Amounts") arising out of or resulting from this Agreement (whether directly or indirectly), the use of proceeds of purchases or reinvestments, the ownership of the Purchased Interest, or any interest therein, or in respect of any Receivable, Related Security or Contract, excluding, however: (a) Indemnified Amounts to the extent resulting from gross negligence or willful misconduct on the part of such Indemnified Party or its employees, officers, directors, agents or counsel, (b) any indemnification which has the effect of recourse for the non-payment of the Receivables to any indemnitor (except as otherwise specifically provided under Section 1.4(e) and this Section 3.1), or (c) overall net income taxes or franchise taxes imposed on such Indemnified Party by the jurisdiction under the laws of which such Indemnified Party is organized or any political subdivision thereof, or in which its principal office is located or in which it is otherwise doing, or has done, business (unless it is doing business, or has done business, solely as a result of such Indemnified Party entering into, receiving any payment under, or enforcing its rights pursuant to, this Agreement). Without limiting or being limited by the foregoing, and subject to the exclusions set forth in the preceding sentence, the Seller shall pay on demand (which demand shall be accompanied by documentation of the Indemnified Amounts, in reasonable detail) to each Indemnified Party any and all amounts necessary to indemnify such Indemnified Party from and against any and all Indemnified Amounts relating to or resulting from any of the following:

(i) the failure of any Receivable included in the calculation of the Net Receivables Pool Balance as an Eligible Receivable to be an Eligible Receivable, the failure of

any information contained in an Information Package to be true and correct, or the failure of any other information provided to any Purchaser or the Administrator with respect to Receivables or this Agreement to be true and correct,

(ii) the failure of any representation, warranty or statement made or deemed made by the Seller (or any of its officers) under or in connection with this Agreement or any other Transaction Document to have been true and correct as of the date made or deemed made in all respects when made,

(iii) the failure by the Seller to comply with any applicable law, rule or regulation with respect to any Pool Receivable or the related Contract, or the failure of any Pool Receivable or the related Contract to conform to any such applicable law, rule or regulation,

(iv) the failure to vest and maintain vested in the Administrator (on behalf of the Purchasers) a valid and enforceable: (i) perfected undivided variable percentage ownership interest, to the extent of the Purchased Interest, in the Receivables in, or purporting to be in, the Receivables Pool and the other Pool Assets, or (ii) first priority perfected security interest in the Pool Assets, in each case, free and clear of any Adverse Claim,

(v) the failure to have filed, or any delay in filing, financing statements or other similar instruments or documents under the UCC of any applicable jurisdiction or other applicable laws with respect to any Receivables in, or purporting to be in, the Receivables Pool and the other Pool Assets, whether at the time of any purchase or reinvestment or at any subsequent time,

(vi) any dispute, claim, offset or defense (other than discharge in bankruptcy of the Obligor) of the Obligor to the payment of any Receivable in, or purporting to be in, the Receivables Pool (including a defense based on such Receivable or the related Contract not being a legal, valid and binding obligation of such Obligor enforceable against it in accordance with its terms), or any other claim resulting from the sale of the goods or services related to such Receivable or the furnishing or failure to furnish such goods or services or relating to collection activities with respect to such Receivable (if such collection activities were performed by the Seller or any of its Affiliates acting as Servicer or by any agent or independent contractor retained by the Seller or any of its Affiliates),

(vii) any failure of the Seller (or any of its Affiliates acting as the Servicer) to perform its duties or obligations in accordance with the provisions hereof or under the Contracts,

(viii) any environmental, products liability or other claim, investigation, litigation or proceeding arising out of or in connection with merchandise, insurance or services that are the subject of any Contract,

(ix) the commingling of Collections at any time with other funds (except as contemplated by Section 2(k) of Exhibit IV to the Agreement),

(x) the use of proceeds of purchases or reinvestments or the issuance of any Letter of Credit by the Seller or Servicer,

(xi) any failure of a Lock-Box Bank to comply with the terms of a related Lock-Box Agreement, or

(xii) any reduction in Capital as a result of the distribution of Collections pursuant to Section 1.4(d), if all or a portion of such distributions shall thereafter be rescinded or otherwise must be returned for any reason.

Section 3.2 Indemnities by the Servicer.

Without limiting any other rights that the Administrator, any Purchasers, any Liquidity Provider, any other Program Support Provider or any other Indemnified Party may have hereunder or under applicable law, rules or regulations, the Servicer hereby agrees to indemnify each Indemnified Party from and against any and all Indemnified Amounts arising out of or resulting from (whether directly or indirectly): (a) the failure of any information contained in an Information Package to be true and correct, or the failure of any other information provided to any such Indemnified Party by, or on behalf of, the Servicer to be true and correct, (b) the failure of any representation, warranty or statement made or deemed made by the Servicer (or any of its officers) under or in connection with this Agreement or any other Transaction Document to which it is a party to have been true and correct as of the date made or deemed made in all respects when made, (c) the failure by the Servicer to comply with any applicable law, rule or regulation with respect to any Pool Receivable or the related Contract, (d) any dispute, claim, offset or defense of the Obligor to the payment of any Receivable in, or purporting to be in, the Receivables Pool resulting from or related to the collection activities with respect to such Receivable, or (e) any failure of the Servicer to perform its duties or obligations in accordance with the provisions hereof or any other Transaction Document to which it is a party.

ARTICLE IV.
ADMINISTRATION AND COLLECTIONS

Section 4.1 Appointment and Authorization of the Servicer.

(a) The servicing, administering and collection of the Pool Receivables shall be conducted by the Person so designated from time to time as the Servicer in accordance with this Section. Until the Administrator gives notice to Strategic Energy (in accordance with this Section) of the designation of a new Servicer, Strategic Energy is hereby designated as, and hereby agrees to perform the duties and obligations of, the Servicer pursuant to the terms hereof. Upon the occurrence of a Termination Event, the Administrator may designate as Servicer any Person (including itself) to succeed Strategic Energy or any successor Servicer, on the condition in each case that any such Person so designated shall agree to perform the duties and obligations of the Servicer pursuant to the terms hereof.

(b) Upon the designation of a successor Servicer as set forth in clause (a), Strategic Energy agrees that it will terminate its activities as Servicer hereunder in a manner that the Administrator determines will facilitate the transition of the performance of such activities to the new Servicer, and Strategic Energy shall cooperate with and assist such new Servicer. Such cooperation shall include access to and transfer of related records and use by the new Servicer of

all licenses (or the obtaining of new licenses), hardware and software necessary or desirable to collect the Pool Receivables and the Related Security.

(c) Strategic Energy acknowledges that, in making its decision to execute and deliver this Agreement, the Administrator and the Conduit Purchasers have relied on Strategic Energy's agreement to act as Servicer hereunder. Accordingly, Strategic Energy agrees that it will not voluntarily resign as Servicer.

(d) The Servicer may delegate its duties and obligations hereunder to the Originators (each a "Sub-Servicer" and collectively, the "Sub-Servicers"); provided, that, in such delegation: (i) each such Sub-Servicer agrees in writing to perform the duties and obligations of the Servicer pursuant to the terms hereof, (ii)the Servicer shall remain primarily liable for the performance of the duties and obligations so delegated, (iii) the Seller, the Administrator and the Conduit Purchasers shall have the right to look solely to the Servicer for performance, and (iv) the terms of any agreement with any Sub-Servicer shall provide that the Administrator may terminate such agreement upon the termination of the Servicer hereunder by giving notice of its desire to terminate such agreement to the Servicer (and the Servicer shall provide appropriate notice to each such Sub-Servicer); provided, however, that if any such delegation is to any Person other than any Originator, the Administrator shall have consented in writing in advance to such delegation.

Section 4.2 Duties of the Servicer.

(a) The Servicer shall take or cause to be taken all such action to administer and collect each Pool Receivable from time to time, all in accordance with this Agreement and all applicable laws, rules and regulations, with reasonable care and diligence, and in accordance with the Credit and Collection Policy. The Servicer shall set aside, for the accounts of the Seller and each Purchaser, the amount of the Collections to which each is entitled in accordance with Article I. The Servicer may, in accordance with the applicable Credit and Collection Policy, extend the maturity of any Pool Receivable and extend the maturity or adjust the Outstanding Balance of any Defaulted Receivable as the Servicer may determine to be appropriate to maximize Collections thereof; provided, however, that: for the purposes of this Agreement, (i) such extension shall not change the number of days such Pool Receivable has remained unpaid from the date of the invoice date related to such Pool Receivable, (ii) such extension or adjustment shall not alter the status of such Pool Receivable as a Delinquent Receivable or a Defaulted Receivable or limit the rights of any Purchaser or the Administrator under this Agreement and (iii) after knowledge by or notice to, the Servicer that a Termination Event has occurred and is continuing and Strategic Energy or an Affiliate thereof is serving as the Servicer, Strategic Energy or such Affiliate may make such extension or adjustment only upon the prior approval of the Administrator. The Seller shall deliver to the Servicer and the Servicer shall hold for the benefit of the Seller and the Administrator (individually and for the benefit of Purchasers), in accordance with their respective interests, all records and documents (including computer tapes or disks) with respect to each Pool Receivable. Notwithstanding anything to the contrary contained herein, following the occurrence and continuation of a Termination Event, the Administrator may direct the Servicer (whether the Servicer is Strategic Energy or any other Person) to commence or settle any legal action to enforce collection of any Pool Receivable or to foreclose upon or repossess any Related Security.

(b) The Servicer shall, as soon as practicable following actual receipt by the Servicer or any Sub-Servicer of collected funds, turn over to the Seller the collections of any indebtedness that is not a Pool Receivable, less, if Strategic Energy or an Affiliate thereof is not the Servicer, all reasonable and appropriate out-of-pocket costs and expenses of such Servicer of servicing, collecting and administering such collections. The Servicer, if other than Strategic Energy or an Affiliate thereof, shall, as soon as practicable upon demand, deliver to the Seller all records in its possession that evidence or relate to any indebtedness that is not a Pool Receivable, and copies of records in its possession that evidence or relate to any indebtedness that is a Pool Receivable.

(c) The Servicer's obligations hereunder shall terminate on the latest of: (i) the Facility Termination Date, (ii) the date on which no Capital of or Discount in respect of the Purchased Interest shall be outstanding, (iii) the date on which an amount equal to 100% of the LC Participation Amount has been deposited in the LC Collateral Account or the Letters of Credit have expired and (iv) the date on which all amounts required to be paid to the Purchasers, the Administrator and any other Indemnified Party or Affected Person hereunder shall have been paid in full.

After such termination, if Strategic Energy or an Affiliate thereof was not the Servicer on the date of such termination, the Servicer shall promptly deliver to the Seller all books, records and related materials that the Seller previously provided to the Servicer, or that have been obtained by the Servicer, in connection with this Agreement.

Section 4.3 Lock-Box Arrangements.

Prior to the initial purchase hereunder, the Seller shall enter into Lock-Box Agreements with all of the Lock-Box Banks and deliver counterparts thereof to the Administrator. Upon the occurrence of a Termination Event, the Administrator may at any time thereafter give notice to each Lock-Box Bank that the Administrator is exercising its rights under the Lock-Box Agreements to do any or all of the following: (a) to have the exclusive ownership and control of the Lock-Box Accounts transferred to the Administrator and to exercise exclusive dominion and control over the funds deposited therein, (b) to have the proceeds that are sent to the respective Lock-Box Accounts redirected pursuant to the Administrator's instructions rather than deposited in the applicable Lock-Box Account, and (c) to take any or all other actions permitted under the applicable Lock-Box Agreement. The Seller hereby agrees that if the Administrator at any time takes any action set forth in the preceding sentence, the Administrator shall have exclusive control of the proceeds (including Collections) of all Pool Receivables and the Seller hereby further agrees to take any other action that the Administrator may reasonably request to transfer such control. Any proceeds of Pool Receivables received by the Seller or the Servicer thereafter shall be sent immediately to the Administrator. The parties hereto hereby acknowledge that if at any time the Administrator takes control of any Lock-Box Account, the Administrator shall not have any rights to the funds therein in excess of the unpaid amounts due to the Administrator, the Purchasers or any other Person hereunder, and the Administrator shall distribute or cause to be distributed such funds in accordance with Section 4.2(b) and Article I (in each case as if such funds were held by the Servicer thereunder). The Administrator hereby agrees that if it exercises its remedies under this Section 4.3, it shall apply the funds over which it exercises exclusive dominion and control to satisfy the liabilities and obligations of the Seller under this Agreement and the other Transaction Documents.

Section 4.4 Enforcement Rights.

(a) At any time following the occurrence of and the continuation of a Termination Event:

(i) the Administrator may direct the Obligors that payment of all amounts payable under any Pool Receivable is to be made directly to the Administrator or its designee,

(ii) the Administrator may instruct the Seller or the Servicer to give notice of the Purchasers' interest in Pool Receivables to each Obligor, which notice shall direct that payments be made directly to the Administrator or its designee, and the Seller or the Servicer, as the case may be, shall give such notice at the expense of the Seller or the Servicer, as the case may be; provided, that if the Seller or the Servicer, as the case may be, fails to so notify each Obligor, the Administrator (at the Seller's or the Servicer's, as the case may be, expense) may so notify the Obligors,

(iii) the Administrator may request the Servicer to, and upon such request the Servicer shall: (A) assemble all of the records necessary or desirable to collect the Pool Receivables and the Related Security, and transfer or license to a successor Servicer the use of all software necessary or desirable to collect the Pool Receivables and the Related Security, and make the same available to the Administrator or its designee at a place selected by the Administrator, and (B) segregate all cash, checks and other instruments received by it from time to time constituting Collections in a manner reasonably acceptable to the Administrator and, promptly upon receipt, remit all such cash, checks and instruments, duly endorsed or with duly executed instruments of transfer, to the Administrator or its designee, and

(iv) the Administrator may collect any amounts due from any Originator under the Sale Agreement.

(b) The Seller hereby authorizes the Administrator, and irrevocably appoints the Administrator as its attorney-in-fact with full power of substitution and with full authority in the place and stead of the Seller, which appointment is coupled with an interest, to take any and all steps in the name of the Seller and on behalf of the Seller necessary or desirable, in the determination of the Administrator, to collect any and all amounts or portions thereof due under any and all Pool Assets, including endorsing the name of the Seller on checks and other instruments representing Collections and enforcing such Pool Assets. The Administrator agrees that it will not take any such steps in the name of the Seller and on behalf of the Seller unless a Termination Event has occurred and is continuing. Notwithstanding anything to the contrary contained in this subsection, none of the powers conferred upon such attorney-in-fact pursuant to the preceding sentence shall subject such attorney-in-fact to any liability if any action taken by it shall prove to be inadequate or invalid, nor shall they confer any obligations upon such attorney-in-fact in any manner whatsoever.

Section 4.5 Responsibilities of the Seller.

(a) Anything herein to the contrary notwithstanding, the Seller shall: (i) perform all of its obligations, if any, under the Contracts related to the Pool Receivables to the same extent as if interests in such Pool Receivables had not been transferred hereunder, and the exercise by

the Administrator or any Purchaser of their respective rights hereunder shall not relieve the Seller from such obligations, and (ii) pay when due any taxes, including any sales taxes payable in connection with the Pool Receivables and their creation and satisfaction. Neither the Administrator nor any Purchaser shall have any obligation or liability with respect to any Pool Asset, nor shall either of them be obligated to perform any of the obligations of the Seller, Strategic Energy or any Originator thereunder.

(b) Strategic Energy hereby irrevocably agrees that if at any time it shall cease to be the Servicer hereunder, it shall act (if the then-current Servicer so requests) as the data-processing agent of the Servicer and, in such capacity, Strategic Energy shall conduct the data-processing functions of the administration of the Receivables and the Collections thereon in substantially the same way that Strategic Energy conducted such data-processing functions while it acted as the Servicer.

Section 4.6 Servicing Fee.

(a) Subject to clause (b), the Servicer shall be paid a fee equal to 1.0% per annum (the "Servicing Fee Rate") of the daily average aggregate Outstanding Balance of the Pool Receivables. The Purchasers' Share of such fee shall be paid through the distributions contemplated by Section 1.4, and the Seller's Share of such fee shall be paid by the Seller on each Monthly Settlement Date.

(b) If the Servicer ceases to be Strategic Energy or an Affiliate thereof, the servicing fee shall be the greater of: (i) the amount calculated pursuant to clause (a), and (ii) an alternative amount specified by the successor Servicer not to exceed 105% of the aggregate reasonable costs and expenses incurred by such successor Servicer in connection with the performance of its obligations as Servicer.

ARTICLE V.
ADMINISTRATOR

Section 5.1 Appointment, Authorization and Action of the Administrator.

(a) Each Purchaser and Purchaser Agent hereby accepts the appointment of and irrevocably designates and appoints PNC as the "Administrator" hereunder and authorizes the Administrator to take such actions and to exercise such powers as are delegated to the Administrator hereby and to exercise such other powers as are reasonably incidental thereto. The Administrator shall hold, in its name, for the benefit of each Purchaser, ratably, the Purchased Interest. The Administrator shall not have any duties other than those expressly set forth herein or any fiduciary relationship with any Purchaser or Purchaser Agent, and no implied obligations or liabilities shall be read into this Agreement, or otherwise exist, against the Administrator. The Administrator does not assume, nor shall it be deemed to have assumed, any obligation to, or relationship of trust or agency with, the Seller or Servicer. Except to the extent provided in Section 5.10 hereof, notwithstanding any provision of this Agreement or any other Transaction Document to the contrary, in no event shall the Administrator ever be required to take any action which exposes the Administrator to personal liability or which is contrary to the provision of any Transaction Document or applicable law, rule or regulation. The appointment

and authority of the Administrator hereunder shall terminate on the date following the Facility Termination Date on which no Capital of or Discount in respect of the Purchased Interest shall be outstanding, all Letters of Credit shall be cancelled or expired and all amounts due to each Person under each of the Transaction Documents shall have been paid in

full.

(b) Each Purchaser hereby irrevocably designates and appoints the respective institution identified as the Purchaser Agent for such Purchaser's Purchaser Group on the signature pages hereto or in the Assumption Agreement pursuant to which such Purchaser becomes a party hereto. Each Purchaser hereby authorizes its Purchaser Agent to take such action on its behalf under the provisions of this Agreement and to exercise such powers and perform such duties as are expressly delegated to such Purchaser Agent by the terms of this Agreement, if any, together with such other powers as are reasonably incidental thereto. Notwithstanding any provision to the contrary elsewhere in this Agreement, no Purchaser Agent shall have any duties or responsibilities, except those expressly set forth herein, or any fiduciary relationship with any Purchaser or other Purchaser Agent or the Administrator, and no implied covenants, functions, responsibilities, duties, obligations or liabilities on the part of such Purchaser Agent shall be read into this Agreement or otherwise exist against such Purchaser Agent.

(c) Except as otherwise specifically provided in this Agreement, the provisions of this Article V are solely for the benefit of the Purchaser Agents, the Administrator and the Purchasers, and none of the Seller or Servicer shall have any rights as a third-party beneficiary or otherwise under any of the provisions of this Article V, except that this Article V shall not affect any obligations which any Purchaser Agent, the Administrator or any Purchaser may have to the Seller or the Servicer under the other provisions of this Agreement. Furthermore, no Purchaser shall have any rights as a third party beneficiary or otherwise under any of the provisions hereof in respect of a Purchaser Agent which is not the Purchaser Agent for such Purchaser.

(d) In performing its functions and duties hereunder, the Administrator shall act solely as the agent of the Purchasers and the Purchaser Agents and does not assume nor shall be deemed to have assumed any obligation or relationship of trust or agency with or for the Seller or Servicer or any of their successors and assigns. In performing its functions and duties hereunder, each Purchaser Agent shall act solely as the agent of its respective Purchaser and does not assume nor shall be deemed to have assumed any obligation or relationship of trust or agency with or for the Seller, the Servicer, any other Purchaser, any other Purchaser Agent or the Administrator, or any of their respective successors and assigns.

Section 5.2 Nature of Administrator's Duties.

(a) The Administrator shall have no duties or responsibilities except those expressly set forth in this Agreement or in the other Transaction Documents. The duties of the Administrator shall be mechanical and administrative in nature. The Administrator shall not have, by reason of this Agreement, a fiduciary relationship in respect of any Purchaser. Nothing in this Agreement or any of the Transaction Documents, express or implied, is intended to or shall be construed to impose upon the Administrator any obligations in respect of this Agreement or any of the Transaction Documents except as expressly set forth herein or therein. The Administrator shall not have any duty or responsibility, either initially or on a continuing basis,

to provide any Purchaser with any credit or other information with respect to the Seller, any Originator or the Servicer, whether coming into its possession before the date hereof or at any time or times thereafter. If the Administrator seeks the consent or approval of the Purchasers or the Purchaser Agents to the taking or refraining from taking any action hereunder, the Administrator shall send notice thereof to each Purchaser and each Purchaser Agent.

(b) The Administrator may execute any of its duties through agents or attorneys-in-fact and shall be entitled to advice of counsel concerning all matters pertaining to such duties. The Administrator shall not be responsible for the negligence or misconduct of any agents or attorneys-in-fact selected by it with reasonable care.

Section 5.3 Exculpatory Provisions.

None of the Purchaser Agents, the Administrator or any of their directors, officers, agents or employees shall be liable for any action taken or omitted (i) with the consent or at the direction of the Majority Purchaser Agents (or in the case of any Purchaser Agent, the Purchasers within its Purchaser Group that have a majority of the Group Commitment of such Purchaser Group) or (ii) in the absence of such Person's gross negligence or willful misconduct. The Administrator shall not be responsible to any Purchaser, Purchaser Agent or other Person for (i) any recitals, representations, warranties or other statements made by the Seller, Servicer, any Originator or any of their Affiliates, (ii) the value, validity, effectiveness, genuineness, enforceability or sufficiency of any Transaction Document, (iii) any failure of the Seller, the Servicer, any Originator or any of their Affiliates to perform any obligation hereunder or under the other Transaction Documents to which it is a party (or under any Contract), or (iv) the satisfaction of any condition specified in Exhibit II. The Administrator shall not have any obligation to any Purchaser or Purchaser Agent to ascertain or inquire about the observance or performance of any agreement contained in any Transaction Document or to inspect the properties, books or records of the Seller, Servicer, any Originator or any of their respective Affiliates.

Section 5.4 Reliance by Administrator.

(a) Each Purchaser Agent and the Administrator shall in all cases be entitled to rely, and shall be fully protected in relying, upon any document or other writing or conversation believed by it to be genuine and correct and to have been signed, sent or made by the proper Person and upon advice and statements of legal counsel (including counsel to the Seller), independent accountants and other experts selected by the Administrator. Each Purchaser Agent and the Administrator shall in all cases be fully justified in failing or refusing to take any action under any Transaction Document unless it shall first receive such advice or concurrence of the Majority Purchaser Agents (or in the case of any Purchaser Agent, the Purchasers within its Purchaser Group that have a majority of the Group Commitment of such Purchaser Group), and assurance of its indemnification, as it deems appropriate.

(b) The Administrator shall in all cases be fully protected in acting, or in refraining from acting, under this Agreement in accordance with a request of the Majority Purchaser Agents (or in the case of any Purchaser Agent, the Purchasers within its Purchaser Group that have a majority of the Group Commitment of such Purchaser Group) and such request and any

action taken or failure to act pursuant thereto shall be binding upon all Purchasers, Purchaser Agents and the Administrator.

(c) The Purchasers within each Purchaser Group with a majority of the Group Commitment of such Purchaser Group shall be entitled to request or direct the related Purchaser Agent to take action, or refrain from taking action, under this Agreement on behalf of such Purchasers. Such Purchaser Agent shall in all cases be fully protected in acting, or in refraining from acting, under this Agreement in accordance with a request of such majority Purchasers, and such request and any action taken or failure to act pursuant thereto shall be binding upon all of such Purchaser Agent's Purchasers.

(d) Unless otherwise advised in writing by a Purchaser Agent or by any Purchaser on whose behalf such Purchaser Agent is purportedly acting, each party to this Agreement may assume that (i) such Purchaser Agent is acting for the benefit of each of the Purchasers in respect of which such Purchaser Agent is identified as being the "Purchaser Agent" in the definition of "Purchaser Agent" hereto, as well as for the benefit of each assignee or other transferee from any such Person, and (ii) each action taken by such Purchaser

Agent has been duly authorized and approved by all necessary action on the part of the Purchasers on whose behalf it is purportedly acting. Each Purchaser Agent and its Purchaser(s) shall agree amongst themselves as to the circumstances and procedures for removal, resignation and replacement of such Purchaser Agent.

Section 5.5 Notice of Termination Events.

Neither any Purchaser Agent nor the Administrator shall be deemed to have knowledge or notice of the occurrence of any Termination Event or Unmatured Termination Event unless the Administrator and the Purchaser Agents have received notice from any Purchaser, the Servicer or the Seller stating that a Termination Event or Unmatured Termination Event has occurred hereunder and describing such Termination Event or Unmatured Termination Event. In the event that the Administrator receives such a notice, it shall promptly give notice thereof to each Purchaser Agent and Seller, whereupon each such Purchaser Agent shall promptly give notice thereof to its Purchasers. In the event that a Purchaser or Purchaser Agent receives such a notice (other than from the Administrator), it shall promptly give notice thereof to the Administrator and Seller. The Administrator shall take such action concerning a Termination Event or Unmatured Termination Event as may be directed by the Majority Purchaser Agents (unless such action otherwise requires the consent of all Purchasers, the LC Bank and/or the Required LC Participants), but until the Administrator receives such directions, the Administrator may (but shall not be obligated to) take such action, or refrain from taking such action, as the Administrator deems advisable and in the best interests of the Purchasers and Purchaser Agents.

Section 5.6 Non-Reliance on Administrator.

Each Purchaser and Purchaser Agent expressly acknowledges that none of the Administrator, the Purchaser Agents nor any of their respective officers, directors, employees, agents, attorneys-in-fact or Affiliates has made any representations or warranties to it and that no act by the Administrator, or any Purchaser Agent hereafter taken, including any review of the

affairs of the Seller, Servicer or any Originator, shall be deemed to constitute any representation or warranty by the Administrator or such Purchaser Agent, as applicable. Each Purchaser and Purchaser Agent represents and warrants to the Administrator, the other Purchasers and Purchaser Agents that it has, independently and without reliance upon the Administrator or any other Purchaser or Purchaser Agent and based on such documents and information as it has deemed appropriate, it has made and will continue to make its own appraisal of and investigation into the business, operations, property, prospects, financial and other conditions and creditworthiness of the Seller, Servicer or the Originators, and the Receivables and it has made and will continue to make its own decision to enter into this Agreement and to take, or omit, action under any Transaction Document. Except for items specifically required to be delivered hereunder, the Administrator shall not have any duty or responsibility to provide any Purchaser or Purchaser Agent with any information concerning the Seller, Servicer or the Originators or any of their Affiliates that comes into the possession of the Administrator or any of its officers, directors, employees, agents, attorneys-in-fact or Affiliates.

Section 5.7 Administrator, Purchasers, Purchaser Agents and Affiliates.

Each of the Purchasers, Purchaser Agents and the Administrator and their respective Affiliates may extend credit to, accept deposits from and generally engage in any kind of banking, trust, debt, equity or other business with the Seller, Servicer or any Originator or any of their respective Affiliates and PNC may exercise or refrain from exercising its rights and powers as if it were not the Administrator. With respect to the acquisition of the Pool Assets pursuant to this Agreement, each of the Purchaser Agents and the Administrator, to the extent they are also a Purchaser, shall have the same rights and powers under this Agreement as any Purchaser and may exercise the same as though it were not the Purchaser Agent or the Administrator, as applicable, and the terms “Purchaser” and “Purchasers” shall include the Purchaser Agent and the Administrator in their individual capacities.

Section 5.8 Indemnification.

Each LC Participant agrees to indemnify and hold harmless the Administrator and the LC Bank and the officers, directors, employees, representatives and agents of the Administrator and the LC Bank (to the extent not reimbursed by the Seller, the Servicer or any Originator and without limiting the obligation of the Seller, the Servicer or any Originator to do so), ratably according to its Pro Rata Share, from and against any and all liabilities, obligations, losses, damages, penalties, actions, judgments, suits, settlements, costs, expenses and disbursements of any kind whatsoever (including in connection with any investigative or threatened proceeding, whether or not the Administrator, the LC Bank or such Person shall be designated a party, thereto) that may at any time be imposed on, incurred by or asserted against the Administrator, the LC Bank or such Person as a result of, or related to, any of the transactions contemplated by the Transaction Documents or the execution, delivery or performance of the Transaction Documents or any other document furnished in connection therewith (but excluding any such liabilities, obligations, losses, damages, penalties, actions, judgments, settlements, suits, costs, expenses or disbursements resulting solely from the Administrator’s or the LC Bank’s gross negligence or willful misconduct, as finally determined by a final non-appealable judgment of a court of competent jurisdiction. Without limiting the generality of the foregoing, each LC Participant agrees to reimburse the Administrator and the LC Bank, ratably according to its Pro

Rata Shares, promptly upon demand, for any out-of-pocket expenses (including reasonable counsel fees) incurred by the Administrator or the LC Bank in connection with the administration, modification, amendment or enforcement (whether through negotiations, legal proceedings or otherwise) of, or legal advice in respect of its rights or responsibilities under, this Agreement.

Section 5.9 Successor Administrator.

The Administrator may, resign at any time by giving thirty (30) Business Days’ notice thereof to the Seller, the Servicer, each Purchaser and each Purchaser Agent. Such resignation shall not become effective until a successor Administrator is appointed by the Majority Purchaser Agents and the LC Bank and has accepted such appointment with the consent of the Seller (such consent not to be unreasonably withheld, conditioned or delayed); provided, however, that the consent of the Seller shall not be required if (i) a Termination Event has occurred and is continuing or (ii) such successor Administrator is any Purchaser Agent or an Affiliate of PNC or a Purchaser Agent. Upon such acceptance of its appointment as Administrator hereunder by a successor Administrator, such successor Administrator shall succeed to and become vested with all the rights and duties of the retiring Administrator, and the retiring Administrator shall be discharged from any further duties and obligations under the Transaction Documents. After any retiring Administrator’s resignation hereunder, the provisions of Sections 3.1, 3.2, 6.4 and this Article V shall inure to its benefit as to any actions taken or omitted to be taken by it while it was the Administrator.

ARTICLE VI.
MISCELLANEOUS

Section 6.1 Amendments, Etc.

No amendment or waiver of any provision of this Agreement or any other Transaction Document, or consent to any departure by the Seller or the Servicer therefrom, shall be effective unless in a writing signed by the Administrator, the LC Bank and the Majority LC Participants and each Conduit Purchaser, and, in the case of any amendment, by the other parties thereto; and then such amendment, waiver or consent shall be effective only in the specific instance and for the specific purpose for which given. No failure on the part of any Purchaser, any Purchaser Agent or the Administrator to exercise, and no delay in exercising any right hereunder shall operate as a waiver thereof, nor shall any single or partial exercise of any right hereunder preclude any other or further exercise thereof or the exercise of any other right.

Section 6.2 Notices, Etc.

All notices and other communications hereunder shall, unless otherwise stated herein, be in writing (which shall include facsimile and email communication) and be sent or delivered to each party hereto at its address set forth under its name on the signature pages hereof (or in any Assumption Agreement pursuant to which it became a party hereto) or at such other address as shall be designated by such party in a written notice to the other parties hereto. Notices and communications by facsimile shall be effective when sent (and shall be followed by hard copy

sent by first class mail), and notices and communications sent by other means shall be effective when received.

Section 6.3 Successors and Assigns; Assignability; Participations.

(a) Whenever in this Agreement any of the parties hereto is referred to, such reference shall be deemed to include the successors and assigns of such party; all covenants, promises and agreements by or on behalf of any parties hereto that are contained in this Agreement shall bind and inure to the benefit of the parties hereto and their respective successors and assigns. Except as otherwise provided herein, none of Strategic Energy, the Seller or the Servicer may assign or transfer any of its rights or obligations or delegate any of its duties hereunder or under any Transaction Document without the prior written consent of the Administrator, the LC Bank, the Majority Purchaser Agents and the Required LC Participants. Each of the LC Participants, with the prior written consent of the Administrator, the LC Bank and, so long as no Termination Event has occurred and is continuing, the Seller (such consent not to be unreasonably withheld, conditioned or delayed), may assign any of its interests, rights and obligations hereunder to an Eligible Assignee; provided, that (i) the Commitment amount to be assigned by any such LC Participant hereunder shall not be less than $5,000,000 and (ii) prior to the effective date of any such assignment, the assignee and assignor shall have executed and delivered to the Administrator and the LC Bank an assignment and acceptance agreement in form and substance satisfactory to the Administrator and the LC Bank. Upon the effectiveness of any such permitted assignment, (i) the assignee thereunder shall, to the extent of the interests assigned to it, be entitled to the interests, rights and obligations of an LC Participant under this Agreement and (ii) the assigning LC Participant shall, to the extent of the interest assigned, be released from any further obligations under this Agreement.

(b) Notwithstanding anything contained in paragraph (a) of this Section 6.3, each of the LC Bank and each LC Participant may sell participations in all or any part of any Funded Purchase made by it to another bank or other entity so long as (i) no such grant of a participation shall, without the consent of the Seller, require the Seller to file a registration statement with the Securities and Exchange Commission and (ii) no holder of any such participation shall be entitled to require such LC Participant to take or omit to take any action hereunder except that it may agree with such participant that, without such participant's consent, it will not consent to an amendment, modification or waiver with respect to (A) the reduction of any Capital, Discount or fee, (B) any extension the Facility Termination Date, (C) any increase in the Purchase Limit or the Commitment related to such participant, (D) any reserve requirements hereunder, (E) Section 1.4 hereof, (F) any issuance terms with respect to Letters of Credit or (G) the release of any collateral secured by this Agreement or any other Transaction Document. Any such participant shall not have any rights hereunder or under the Transaction Documents except that such participant shall have rights under Sections 1.7 and 1.8 (as limited by Section 6.3(i)) and 1.9 hereunder as if it were an LC Participant; provided that no such participant shall be entitled to receive any payment pursuant to such sections which is greater in amount than the payment which the assigning LC Participant would have otherwise been entitled to receive in respect of the participation interest so sold.

(c) This Agreement and any Conduit Purchaser's rights and obligations herein (including ownership of the Purchased Interest or an interest therein) shall be assignable, in

whole or in part, by any Conduit Purchaser and its successors and assigns with the prior written consent of the Administrator and the Seller; provided, however, that such consent by the Seller and the Administrator shall not be unreasonably withheld; and provided further, that no such consent by the Seller shall be required if the assignment is made during the continuance of a Termination Event or to PNC, any Affiliate of PNC (other than a director or officer of PNC), any Purchaser or other Program Support Provider or any Person that is: (i) in the business of issuing Notes and (ii) associated with or administered by PNC or any Affiliate of PNC. Each assignor may, in connection with the assignment, disclose to the applicable assignee (that shall have agreed to be bound by Section 5.6) any information relating to the Servicer, the Seller or the Pool Receivables furnished to such assignor by or on behalf of the Servicer, the Seller, any Conduit Purchaser or the Administrator. Any Conduit Purchaser shall give prior written notice of any assignment of such Conduit Purchaser's rights and obligations (including ownership of the Purchased Interest to any Person other than a Program Support Provider).

(d) Any Conduit Purchaser may at any time grant to one or more Liquidity Providers party to the Liquidity Agreement, or to any other Program Support Provider, participating interests in the Purchased Interest. In the event of any such grant by a Conduit Purchaser of a participating interest to a Liquidity Provider or other Program Support Provider, such Conduit Purchaser shall remain responsible for the performance of its obligations hereunder. Subject to the limitations set forth in Section 6.3(i), the Seller agrees that each Liquidity Provider or other Program Support Provider shall be entitled to the benefits of Sections 1.7 and 1.8.

(e) This Agreement and the rights and obligations of the Administrator, the LC Bank, each LC Participant and the Purchaser Agents hereunder shall be assignable, in whole or in part, by the Administrator, the LC Bank, each LC Participant and the Purchaser Agents, as the case may be, and their respective successors and assigns, with the consent of the Seller; provided, however, that the Seller's consent shall not be required if a Termination Event has occurred and is continuing at the time of such assignment.

(f) Except as provided in Section 4.1(d), none of the Seller, Strategic Energy or the Servicer may assign its rights or delegate its obligations hereunder or any interest herein without the prior written consent of the Administrator.

(g) Without limiting any other rights that may be available under applicable law, rule or regulation, the rights of any Purchaser and each Program Support Provider may be enforced through it or by its Purchaser Agent or, in the case of a Program Support Provider, the Purchaser Agent of the related Purchaser.

(h) If required by the Administrator or any Purchaser Agent or to maintain the ratings of any Conduit Purchaser, each Assumption Agreement or other assignment and acceptance agreement must be accompanied by an opinion of counsel of the assignee as to such matters as the Administrator or such Purchaser Agent may reasonably request.

(i) Notwithstanding anything herein to the contrary, no Affected Person may assign, transfer or otherwise dispose of any or all of its rights or obligations to any person that is not a U.S. person within the meaning of Section 7701(a)(30) of the Internal Revenue Code of 1986, as amended, without the consent of Seller (such consent not to be unreasonably withheld). In the

event that any such assignment, transfer or other disposition is made without the Seller's consent, such assignee, transferee or successor shall not be entitled to any additional amounts for any taxes, as set forth in Section 1.8, from Seller.

Section 6.4 Costs, Expenses and Taxes.

(a) In addition to the rights of indemnification granted under Sections 1.19 and 3.1, the Seller agrees to pay on demand all reasonable costs and expenses in connection with the preparation, execution, delivery and administration (including periodic internal audits of Pool Receivables by the Administrator, or by third parties at the direction of the Administrator, provided that the Seller shall not pay for more than one audit per year unless a Termination Event has occurred and is continuing) of this Agreement, the other Transaction Documents and the other documents and agreements to be delivered hereunder (and all reasonable costs and expenses in connection with any amendment, waiver or modification of any thereof), including: (i) Attorney Costs for the Administrator, the Purchasers and their respective Affiliates and agents with respect thereto and with respect to advising the Administrator, the Purchasers and their respective Affiliates and agents as to their rights and remedies under this Agreement and the other Transaction Documents, and (ii) all reasonable costs and expenses (including Attorney Costs), if any, of the Administrator, the Purchasers and their respective Affiliates and agents in connection with the enforcement of this Agreement and the other Transaction Documents; provided, however, that Attorney Costs incurred other than with respect to clauses (i) or (ii) above shall be limited to such Attorney Costs of only one outside counsel to the Administrator and the Purchaser Groups.

(b) In addition, the Seller shall pay on demand any and all stamp, franchise and other taxes and fees payable in connection with the execution, delivery, filing and recording of this Agreement or the other documents or agreements to be delivered hereunder, and agrees to save each Indemnified Party harmless from and against any liabilities with respect to or resulting from any delay in paying or omission to pay such taxes and fees (it being understood and agreed that this Section 6.4(b) shall exclude taxes imposed on the overall or branch pre-tax net income of each such Person, and franchise taxes imposed on each such Person, by the jurisdiction under the laws of which such Person is organized or otherwise is considered doing, or having done, business (unless such Person would not be considered doing, or having done, business in such jurisdiction, but for having entered into, or engaged in the transactions in connection with, this Agreement or any other Transaction Document) or a political subdivision thereof).

Section 6.5 No Proceedings; Limitation on Payments.

(a) Each of the Seller, Strategic Energy, the Servicer, the Administrator, the LC Bank, each LC Participant, each other Purchaser, each Purchaser Agent and each assignee of any Purchased Interest or any interest therein, and each Person that enters into a commitment to purchase the Purchased Interest or interests therein, hereby covenants and agrees that it will not institute against, or join any other Person in instituting against, any Conduit Purchaser or Purchaser Agent any bankruptcy, reorganization, arrangement, insolvency or liquidation proceeding, or other proceeding under any federal or state bankruptcy or similar law, for one year and one day after the latest maturing Note issued by all Conduit Purchasers is paid in full. Each party hereto agrees that it will not institute against, or join any other Person in instituting

against, the Seller any bankruptcy, reorganization, arrangement, insolvency or liquidation proceeding, or other proceeding under any federal or state bankruptcy or similar law, for one year and one day after which all other indebtedness and other obligations of the Seller hereunder and under each other Transaction Document shall have been paid in full; provided, however, that the Administrator may take any such action with the prior written consent of the Majority Purchaser Agents and the LC Bank.

(b) Notwithstanding any provisions contained in this Agreement to the contrary, no Conduit Purchaser shall pay or be obligated to pay any amount payable by it pursuant to this Agreement or any other Transaction Document unless (i) such Conduit Purchaser has received funds which may be used to make such payment and which are not required to repay the Notes when due and (ii) after giving effect to such payment, either (x) such Conduit Purchaser could issue Notes to refinance all of its outstanding Notes (assuming such outstanding Notes matured at such time) in accordance with the program documents governing such Conduit Purchaser's securitization program or (y) all of its Notes are paid in full. Any amount which such Conduit Purchaser does not pay pursuant to the operation of the preceding sentence shall not constitute a claim (as defined in §101 of the Bankruptcy Code) against or company obligation of such Conduit Purchaser for any such insufficiency unless and until such Conduit Purchaser satisfies the provisions of clauses (i) and (ii) above.

The provisions of this Section 6.5 shall survive any termination of this Agreement.

Section 6.6 Confidentiality.

Each of the Seller and the Servicer agrees to maintain the confidentiality of this Agreement and the other Transaction Documents (and all drafts thereof) and that certain Summary of Terms and Conditions, dated July 30, 2007 in communications with third parties and otherwise; provided, that this Agreement may be disclosed to: (a) any Affiliate of the Seller or the Servicer or any officers, directors, members, managers, employees or outside accountants, auditors or attorneys of such Person if they agree to hold it confidential, (b) any potential financing providers of or investors in the Servicer or any Originator if they agree to hold it confidential pursuant to a written agreement of confidentiality in form and substance reasonably satisfactory to the Administrator, (c) each of Strategic Energy's, the Seller's and the Servicer's legal counsel and auditors if such legal counsel and auditors agree to hold it confidential, and (d) as otherwise required by applicable law, rules or regulations, provided prior notice is given to the Seller. Unless otherwise required by applicable law, rules or regulations, each of the Administrator, the Purchaser Agents and the Purchasers agrees to maintain the confidentiality of non-public financial information regarding Strategic Energy and its Subsidiaries and Affiliates; provided, that such information may be disclosed to: (i) any Affiliate of the Administrator, any Purchaser Agent or any Purchaser or any officers, directors, members, managers, employees or outside accountants, auditors or attorneys of such Person if they agree to hold it confidential, (ii) any potential assignees and participants if they agree to hold it confidential, (iii) legal counsel and auditors of any Purchaser Agent, any Purchaser or the Administrator if they agree to hold it confidential, (iv) the rating agencies rating the Notes, (v) any Program Support Provider or potential Program Support Provider if they agree to hold it confidential, (vi) any placement agent placing the Notes and (vii) any regulatory authorities having jurisdiction over PNC, any Purchaser Agent, any Purchaser, any Program Support Provider or any Purchaser.

Section 6.7 GOVERNING LAW AND JURISDICTION.

(a) THIS AGREEMENT SHALL BE DEEMED TO BE A CONTRACT MADE UNDER AND GOVERNED BY THE LAWS OF THE STATE OF NEW YORK (WITHOUT REGARD TO ANY OTHERWISE APPLICABLE CONFLICTS OF LAW PRINCIPLES (OTHER THAN SECTIONS 5-1401 AND 5-1402 OF THE GENERAL OBLIGATIONS LAW OF THE STATE OF NEW YORK) EXCEPT TO THE EXTENT THAT THE VALIDITY OR PERFECTION OF A SECURITY INTEREST OR REMEDIES HEREUNDER, IN RESPECT OF ANY PARTICULAR COLLATERAL ARE GOVERNED BY THE LAWS OF A JURISDICTION OTHER THAN THE STATE OF NEW YORK.

(b) ANY LEGAL ACTION OR PROCEEDING WITH RESPECT TO THIS AGREEMENT MAY BE BROUGHT IN THE COURTS OF NEW YORK COUNTY, NEW YORK OR OF THE UNITED STATES FOR THE SOUTHERN DISTRICT OF NEW YORK; AND, BY EXECUTION AND DELIVERY OF THIS AGREEMENT, EACH OF THE PARTIES HERETO CONSENTS, FOR ITSELF AND IN RESPECT OF ITS PROPERTY, TO THE NON-EXCLUSIVE JURISDICTION OF THOSE COURTS. EACH OF THE PARTIES HERETO IRREVOCABLY WAIVES, TO THE MAXIMUM EXTENT PERMITTED BY LAW, ANY OBJECTION, INCLUDING ANY OBJECTION TO THE LAYING OF VENUE OR BASED ON THE GROUNDS OF FORUM NON CONVENIENS, THAT IT MAY NOW OR HEREAFTER HAVE TO THE BRINGING OF ANY ACTION OR PROCEEDING IN SUCH JURISDICTION IN RESPECT OF THIS AGREEMENT OR ANY DOCUMENT RELATED HERETO. EACH OF THE PARTIES HERETO WAIVES PERSONAL SERVICE OF ANY SUMMONS, COMPLAINT OR OTHER PROCESS, WHICH SERVICE MAY BE MADE BY ANY OTHER MEANS PERMITTED BY NEW YORK LAW.

Section 6.8 Execution in Counterparts.

This Agreement may be executed in any number of counterparts, each of which, when so executed, shall be deemed to be an original, and all of which, when taken together, shall constitute one and the same agreement.

Section 6.9 Survival of Termination; Non-Waiver.

The provisions of Sections 1.7, 1.8, 1.18, 1.19, 3.1, 3.2, 6.3(i), 6.4, 6.5, 6.6, 6.7, 6.10 and 6.13 shall survive any termination of this Agreement. Neither the Servicer nor any other Person may waive a breach of Exhibit III, Section 1(g) or 1(j) or Exhibit IV, Section 1(d) or 2(i) of this Agreement for so long as the Notes are outstanding.

Section 6.10 WAIVER OF JURY TRIAL.

EACH OF THE PARTIES HERETO WAIVES ITS RESPECTIVE RIGHTS TO A TRIAL BY JURY OF ANY CLAIM OR CAUSE OF ACTION BASED UPON OR ARISING OUT OF OR RELATED TO THIS AGREEMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY IN ANY ACTION, PROCEEDING OR OTHER LITIGATION OF ANY TYPE BROUGHT BY ANY OF THE PARTIES AGAINST ANY OTHER PARTY OR PARTIES, WHETHER WITH RESPECT TO CONTRACT CLAIMS, TORT CLAIMS OR OTHERWISE. EACH OF THE PARTIES HERETO AGREES THAT ANY SUCH CLAIM OR

CAUSE OF ACTION SHALL BE TRIED BY A COURT TRIAL WITHOUT A JURY. WITHOUT LIMITING THE FOREGOING, EACH OF THE PARTIES HERETO FURTHER AGREES THAT ITS RESPECTIVE RIGHT TO A TRIAL BY JURY IS WAIVED BY OPERATION OF THIS SECTION 6.10 AS TO ANY ACTION, COUNTERCLAIM OR OTHER PROCEEDING THAT SEEKS, IN WHOLE OR IN PART, TO CHALLENGE THE VALIDITY OR ENFORCEABILITY OF THIS AGREEMENT OR ANY PROVISION HEREOF. THIS WAIVER SHALL APPLY TO ANY SUBSEQUENT AMENDMENTS, RENEWALS, SUPPLEMENTS OR MODIFICATIONS TO THIS AGREEMENT.

Section 6.11 Entire Agreement.

This Agreement and the other Transaction Documents embody the entire agreement and understanding between the parties hereto, and supersede all prior or contemporaneous agreements and understandings of such Persons, verbal or written, relating to the subject matter hereof and thereof.

Section 6.12 Headings.

The captions and headings of this Agreement and any Exhibit, Schedule or Annex hereto are for convenience of reference only and shall not affect the interpretation hereof or thereof.

Section 6.13 Purchasers' and Purchaser Agents' Liabilities.

The obligations of each Purchaser and Purchaser Agent under the Transaction Documents are solely the obligations of such Purchaser or Purchaser Agent. No recourse shall be had for any obligation or claim arising out of or based upon any Transaction Document against any stockholder, employee, officer, director, organizer or incorporator of any Purchaser or Purchaser Agent; provided, however, that this Section shall not relieve any such Person of any liability it might otherwise have for its own gross negligence or willful misconduct.

Section 6.14 Sharing of Recoveries.

Each Purchaser agrees that if it receives any recovery, through set-off, judicial action or otherwise, on any amount payable or recoverable hereunder in a greater proportion than should have been received hereunder or otherwise inconsistent with the provisions hereof, then the recipient of such recovery shall purchase for cash an interest in amounts owing to the other Purchasers (as return of Capital or otherwise), without representation or warranty except for the representation and warranty that such interest is being sold by each such other Purchaser free and clear of any Adverse Claim created or granted by such other Purchaser, in the amount necessary to create proportional participation by the Purchaser in such recovery. If all or any portion of such amount is thereafter recovered from the recipient, such purchase shall be rescinded and the purchase price restored to the extent of such recovery, but without interest.

Section 6.15 Intercreditor Agreement.

Each of the Purchasers and the Purchaser Agents hereby authorizes the Administrator to enter into the Intercreditor Agreement and agrees to be bound by the provisions thereof. The Administrator shall be authorized to make any amendment, waiver, permit, consent or approval

with respect to the Intercreditor Agreement in its sole discretion, subject to the consent of the Purchaser Agents, and any such amendment, waiver, permit, consent or approval shall be binding upon each of the Purchasers and the Purchaser Agents.

Section 6.16 Payments to Non-Lock-Box Accounts.

Notwithstanding anything to the contrary herein or in the Sale Agreement or the Lock-Box Agreement, solely to the extent that any payments with respect to Receivables (including any Collections or other proceeds of such Receivables) are credited to or deposited into any account set forth on Schedule VII hereto (the "Non-Lock-Box Accounts") within ninety (90) days following the Closing Date, so long as the Seller or the Servicer redirects all such amounts to a Lock-Box Account within one (1) Business Day after the crediting or depositing of such amount into such Non-Lock-Box Account, the Administrator, each Purchaser Agent and each Purchaser hereby consents to the departure from all representations, warranties and covenants by the Seller and the Servicer solely in respect of the credit to or deposit into a Non-Lock-Box Account of any such amounts. The temporary consent to departure from such representations, warranties and covenants by the Seller and the Servicer provided for in this Section 6.16 shall automatically terminate on the 91st day following the Closing Date.

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IN WITNESS WHEREOF, the parties have caused this Agreement to be executed by their respective officers thereunto duly authorized, as of the date first above written.

SELLER: **STRATEGIC RECEIVABLES, LLC**

By: /s/ Andrew J. Washburn
Name: Andrew J. Washburn
Title: President

Address: Two Gateway Center
Pittsburgh, PA 15222-1458
Attention: Andrew J. Washburn
Telephone: (412) 258-2188
Facsimile: (412) 258-2199

INITIAL SERVICER: **STRATEGIC ENERGY, L.L.C.**

By: /s/ Brian M. Begg
Name: Brian M. Begg
Title: VP, Corporate Development & Finance

Address: Two Gateway Center
Pittsburgh, PA 15222-1458
Attention: Brian M. Begg
Telephone: (412) 394-6267
Facsimile: (412) 394-6664

CONDUIT PURCHASERS: **MARKET STREET FUNDING LLC**

By: /s/ Doris J. Hearn
Name: Doris J. Hearn
Title: Vice President

Address: Market Street Funding LLC
c/o AMACAR Group, LLC
6525 Morrison Boulevard, Suite 318
Charlotte, North Carolina 28211
Attention: Doug Johnson
Telephone: 704-365-0569
Facsimile: 704-365-1362

With a copy to:

PNC Bank, National Association
One PNC Plaza, 26th floor
249 Fifth Avenue
Pittsburgh, PA 15222
Attention: Bill Falcon
Telephone: 412-762-5442
Facsimile: 412-762-9184
Commitment: $112,500,000

FIFTH THIRD BANK

By: /s/ Andrew D. Jones
Name: Andrew D. Jones
Title: Assistant Vice President

Address: Fifth Third Bank
38 Fountain Square Plaza,
MD 109047
Cincinnati, Ohio 45263
Attention: Andrew D. Jones
Telephone No.:(513) 534-0836
Facsimile No.: (513) 534-0319

With a copy to its Purchaser Agent

Commitment: $62,500,000

ADMINISTRATOR AND PURCHASER AGENT FOR MARKET STREET:

PNC BANK, NATIONAL ASSOCIATION

By: /s/ William P. Falcon
Name: William P. Falcon
Title: Vice President

Address: PNC Bank, National Association
One PNC Plaza, 26th floor
249 Fifth Avenue
Pittsburgh, PA 15222
Attention: Bill Falcon
Telephone: 412-762-5442
Facsimile: 412-762-9184

PURCHASER AGENT FOR FIFTH THIRD BANK:

FIFTH THIRD BANK

By: /s/ Andrew D. Jones
Name: Andrew D. Jones
Title: Assistant Vice President

Address: Fifth Third Bank
38 Fountain Square Plaza,
MD109047
Cincinnati, Ohio 45263
Attention: Tausha Bush
Telephone: (513) 534-6235
Facsimile: (513) 534-0875

LC BANK/LC PARTICIPANTS:

PNC BANK, NATIONAL ASSOCIATION,
as the LC Bank and as an LC Participant

By: /s/ Thomas A. Majeski
Name: Thomas A. Majeski
Title: Vice President

Address: One PNC Plaza, 26th floor
249 Fifth Avenue
Pittsburgh, PA 15222
Attention: Thomas Majeski
Telephone: 412-762-2431
Facsimile: 412-762-4718

Commitment: $112,500,000
Pro-Rata Share: 64.29%

FIFTH THIRD BANK,
as the LC Bank and as an LC Participant

By: /s/ Andrew D. Jones
Name: Andrew D. Jones
Title: Vice President

Address: 38 Fountain Square Plaza,
MD 109047
Cincinnati, Ohio 45263
Attention: Tausha Bush
Telephone: (513) 534-6235
Facsimile: (513) 534-0875

Commitment: $62,500,000
Pro-Rata Share: 35.71%

EXHIBIT I

DEFINITIONS

As used in the Agreement (including its Exhibits, Schedules and Annexes), the following terms shall have the following meanings (such meanings to be equally applicable to both the singular and plural forms of the terms defined). Unless otherwise indicated, all Section, Annex, Exhibit and Schedule references in this Exhibit are to Sections of and Annexes, Exhibits and Schedules to the Agreement.

"Administrator" has the meaning set forth in the preamble to the Agreement.

"Adverse Claim" means (i) a lien, security interest or other charge or encumbrance, or any other type of preferential arrangement; it being understood that any thereof in favor of, or assigned to, any Purchaser Agent, Purchaser or the Administrator (for the benefit of such Purchaser Agent or Purchaser) or PNC shall not constitute an Adverse Claim, or, (ii) when used in connection with a Receivable or Collections or Related Rights with respect to a Receivable, a claim or contention by or on behalf of a representative of the estate of any Originator which may be created under § 541 of the Bankruptcy Code that a Receivable generated by such Originator (or Collections or Related Rights with respect to such Receivable) which has been purchased or accepted as a contribution by the Seller from such Originator pursuant to the Sale Agreement constitutes property of such estate or that the transfer of such Receivable (or Collections or Related Rights with respect to such Receivable) should be avoided under § 544 or 548 of the Bankruptcy Code.

"Affected Person" has the meaning set forth in Section 1.7 of the Agreement.

"Affiliate" means, as to any Person: (a) any Person that, directly or indirectly, is in control of, is controlled by or is under common control with such Person, or (b) who is a director or officer: (i) of such Person or (ii) of any Person described in clause (a), except that, with respect to any Purchaser, Affiliate shall mean the holder(s) of its capital stock or membership interests, as the case may be; provided, however, that Kansas City Power & Light shall be deemed not to be an Affiliate. For purposes of this definition, control of a Person shall mean the power, direct or indirect: (x) to vote 25% or more of the securities having ordinary voting power for the election of directors or managers of such Person, or (y) to direct or cause the direction of the management and policies of such Person, in either case whether by ownership of securities, contract, proxy or otherwise.

"Agreement" has the meaning set forth in the preamble to the Agreement.

"Assumption Agreement" means an agreement substantially in the form acceptable to the Administrator.

"Alternate Rate" for any Settlement Period for any Portion of Capital of the Purchased Interest means an interest rate per annum equal to: (a) 2.25% per annum above the Euro-Rate for such Settlement Period; provided, however, that if (x) it shall become unlawful for any Purchaser or Program Support Provider to obtain funds in the London interbank eurodollar market in order to make, fund or maintain any Purchased Interest, or if such funds shall not be reasonably available to any Purchaser or Program Support Provider, or (y) there shall not be at least two

Business Days prior to the commencement of an applicable Settlement Period to determine a Euro-Rate in accordance with its terms, then the "Alternate Rate" shall be equal to the Base Rate in effect for each day during the remainder of such Settlement Period or (b) if requested by the Seller the Base Rate for such Settlement Period; provided, however, that the "Alternate Rate" for any day while a Termination Event exists shall be an interest rate equal to 2.00% per annum above the Base Rate in effect on such day.

"Attorney Costs" means and includes all reasonable fees and disbursements of any law firm or other external counsel.

"Bankruptcy Code" means the United States Bankruptcy Reform Act of 1978 (11 U.S.C. § 101, et seq.), as amended from time to time.

"Base Rate" means, for any day, (i) in the case of Market Street, the Market Street Base Rate, and (ii) in the case of each other Conduit Purchaser, the rate set forth as the Base Rate for such Conduit Purchaser in the related Fee Letter.

"Base Rate Portion of Capital" shall mean a Portion of Capital, the Discount with respect to which is calculated at a per annum rate based on the interest rate determined by reference to the Base Rate.

"BBA" means the British Bankers' Association.

"Benefit Plan" means any employee benefit pension plan as defined in Section 3(2) of ERISA in respect of which the Seller, any Originator, Strategic Energy or any ERISA Affiliate is, or at any time during the immediately preceding six years was, an "employer" as defined in Section 3(5) of ERISA.

"Business Day" means any day (other than a Saturday or Sunday) on which: (a) banks are not authorized or required to close in New York City, New York or Pittsburgh, Pennsylvania and (b) if this definition of "Business Day" is utilized in connection with the Euro-Rate, dealings are carried out in the London interbank market.

"Capital" means, with respect to any Purchaser, the aggregate amounts paid to the Seller pursuant to Section 1.1(a) or Section 1.1(b) and the aggregate amount of all unreimbursed draws deemed to be Funded Purchases pursuant to the Agreement (including Section 1.2(e)), or such amount divided or combined in order to determine the Discount applicable to any Portion of Capital, in each case reduced from time to time by Collections distributed and applied on account of such Capital pursuant to Section 1.4(d) of the Agreement; provided, that if such Capital shall have been reduced by any distribution, and thereafter all or a portion of such distribution is rescinded or must otherwise be returned for any reason, such Capital shall be increased by the amount of such rescinded or returned distribution as though it had not been made.

"Change in Control" means that (a) Strategic Energy, ceases to own, directly or indirectly, 100% of the membership interests of the Seller free and clear of all Adverse Claims, or (b) Strategic Energy ceases to own, directly or indirectly, 100% of the membership interests or capital stock, as the case may be, of the Originators, free and clear of all Adverse Claims.

"Closing Date" means October 3, 2007.

"Collections" means, with respect to any Pool Receivable: (a) all funds that are received by any Originator, the Seller or the Servicer in payment of any amounts owed in respect of such Receivable (including purchase price, finance charges, interest and all other charges), or applied to amounts owed in respect of such Receivable (including insurance payments and net proceeds of the sale or other disposition of repossessed goods or other collateral or property of the related Obligor or any other Person directly or indirectly liable for the payment of such Pool Receivable and available to be applied thereon), (b) all amounts deemed to have been received pursuant to Section 1.4(e) of the Agreement and (c) all other proceeds of such Pool Receivable.

"Commitment" shall mean, (i) as to a Conduit Purchaser, that dollar amount set forth as the "Commitment" under its name on the signature pages to the Agreement, (ii) as to any LC Participant, its commitment to make participation advances and/or share in draws, in each case, under Letters of Credit up to that dollar amount set forth as the "Commitment" under its name on the signature pages to the Agreement or in the Assumption Agreement pursuant to which it became a Purchaser, as such amount may be modified in connection with any subsequent assignment and (iii) as to the LC Bank, its commitment to issue or cause the issuance of Letters of Credit up to that dollar amount set forth as the "Commitment" under its name on the signature pages to the Agreement (or, as applicable, set forth in any amendment thereto or set forth in any assignment agreement entered into pursuant to Section 6.3 as such dollar amount may be reduced pursuant to Section 1.1(c) of the Agreement); provided, however, that if any Person is a Conduit Purchaser and an LC Participant, such Person's Commitment shall not exceed the greater of (x) the Commitment set forth under its name on the signature pages to the Agreement in such Person's capacity as Conduit Purchaser and (y) the Commitment set forth under its name on the signature pages to the Agreement in such Person's capacity as LC Participant; provided, further, that the aggregate Commitments of all Purchasers in a Purchaser Group shall not exceed the Commitment set forth under such Purchaser Group's Conduit Purchaser's name on the signature pages to the Agreement; and "Commitments" shall mean the aggregate commitments of the LC Participants to make participating advances in the Letters of Credit up to the Purchase Limit (or, if less, the amount permitted under Section 1.1(b)).

"Company Note" has the meaning set forth in Section 3.1 of the Sale Agreement.

"Concentration Percentage" means: (a) for any Group A Obligor, 10.0%, (b) for any Group B Obligor, 10.0%, (c) for any Group C Obligor 5.0% and (d) for any Group D Obligor, 2.5%.

"Concentration Reserve" means, at any time, the product of: (a) the Capital plus the LC Participation Amount, at such time multiplied by (b)(i) the Concentration Reserve Percentage, divided by (ii) 1 minus the Concentration Reserve Percentage.

"Concentration Reserve Percentage" means, at any time the following expressed as a percentage (as opposed to a fraction), (a) the largest of the following: (i) the sum of four largest Group D Obligor Receivables balances (up to the Concentration Percentage for each Obligor), (ii) the sum of the two largest Group C Obligor Receivables balances (up to the Concentration Percentage for each Obligor) and (iii) the largest Group B Obligor Receivables balances (up to

the Concentration Percentage for each Obligor) or Group A Obligor Receivables balances (up to the Concentration Percentage for each Obligor), divided by (b) Eligible Receivables.

"Conduit Purchaser" has the meaning set forth in the preamble to the Agreement.

"Contract" means, with respect to any Receivable, any and all contracts, instruments, agreements, leases, invoices, notes or other writings pursuant to which such Receivable arises or that evidence such Receivable or under which an Obligor becomes or is obligated to make payment in respect of such Receivable.

"CP Rate" for any Settlement Period for any Portion of Capital means (i) in the case of Market Street, a rate calculated by the Administrator equal to: (a) the rate (or if more than one rate, the weighted average of the rates) at which Notes of Market Street on each day during such period have been outstanding; provided, that if such rate(s) is a discount rate(s), then the CP Rate shall be the rate (or if more than one rate, the weighted average of the rates) resulting from converting such discount rate(s) to an interest-bearing equivalent rate plus (b) the commissions and charges charged by such placement agent or commercial paper dealer with respect to such Notes, expressed as a percentage of the face amount of such Notes and converted to an interest-bearing equivalent rate per annum, and (ii) in the case of each other Conduit Purchaser, the rate set forth as the CP Rate for such Conduit Purchaser in the related Fee Letter. Notwithstanding the foregoing, the "CP Rate" for any day while a Termination Event exists shall be an interest rate equal to 2.00% above the Base Rate in effect on such day.

"Credit Agreement" means that certain Credit Agreement, dated on or about October 3, 2007, among Strategic Energy, the lenders and guarantors party thereto and PNC, as administrative agent thereunder, as amended, restated, supplemented or otherwise modified from time to time.

"Credit and Collection Policy" means, as the context may require, those receivables credit and collection policies and practices of the Originators in effect on the date of the Agreement and described in Schedule I to the Agreement, as modified in compliance with the Agreement.

"Cut-off Date" has the meaning set forth in Section 1.1(a) of the Sale Agreement.

"Days' Sales Outstanding" means, at any time, an amount computed as of the last day of each calendar month equal to: (a) the average of the Outstanding Balance of all Pool Receivables as of the last day of each of the three most recent calendar months ended on the last day of such calendar month divided by (b)(i) the aggregate credit sales made by the Originators during the three calendar months ended on or before the last day of such calendar month divided by (ii) 90.

"Debt" means (a) indebtedness for borrowed money, (b) obligations evidenced by bonds, debentures, notes or other similar instruments, (c) obligations to pay the deferred purchase price of property or services (it being understood that, with respect to the Servicer or any Originator, any such obligation which is less than ninety-one (91) days deferred shall not constitute "Debt"), (d) obligations as lessee under leases that shall have been or should be, in accordance with generally accepted accounting principles, recorded as capital leases, and (e) obligations under

direct or indirect guaranties in respect of, and obligations (contingent or otherwise) to purchase or otherwise acquire, or otherwise to assure a creditor against loss in respect of, indebtedness or obligations of others of the kinds referred to in clauses (a) through (d).

"Default Ratio" means the ratio (expressed as a percentage and rounded to the nearest 1/100 of 1%, with 5/1000th of 1% rounded upward) computed as of the last day of each calendar month by dividing: (a) the aggregate Outstanding Balance of all Pool Receivables that became Defaulted Receivables during such month, by (b) the aggregate credit sales made by the Originators during the month that is seven calendar months before such month.

"Defaulted Receivable" means a Receivable:

(a) as to which any payment, or part thereof, remains unpaid for more than 120 days from the original due date for such payment (which shall be determined without regard to any credit memos or credit balances available to the Obligor), or

(b) without duplication (i) as to which an Insolvency Proceeding shall have occurred with respect to the Obligor thereof or any other Person obligated thereon or owning any Related Security with respect thereto, or (ii) that has been written off the Seller's books as uncollectible.

"Delinquency Ratio" means the ratio (expressed as a percentage and rounded to the nearest 1/100 of 1%, with 5/1000th of 1% rounded upward) computed as of the last day of each calendar month by dividing: (a) the aggregate Outstanding Balance of all Pool Receivables that were Delinquent Receivables on such day by (b) the aggregate Outstanding Balance of all Pool Receivables on such day.

"Delinquent Receivable" means a Receivable as to which any payment, or part thereof, remains unpaid for more than 60 days from the original due date for such payment.

"Dilution Horizon" means, for any calendar month, the ratio (expressed as a percentage and rounded to the nearest 1/100th of 1%, with 5/1000th of 1% rounded upward) computed as of the last day of such calendar month of: (a) the aggregate credit sales made by the Originators during the two most recent calendar months to (b) the Net Receivables Pool Balance at the last day of the most recent calendar month.

"Dilution Ratio" means the ratio (expressed as a percentage and rounded to the nearest 1/100th of 1%, with 5/1000th of 1% rounded upward), computed as of the last day of each calendar month by dividing: (a) the aggregate amount of payments required to be made by the Seller pursuant to Section 1.4(e)(i) of the Agreement during such calendar month by (b) the aggregate credit sales made by the Originators during the month that is one month prior to the current calendar month.

"Dilution Reserve" means, on any date, an amount equal to: (a) the sum of the Capital plus the LC Participation Amount at the close of business of the Seller on such date multiplied by (b) (i) the Dilution Reserve Percentage on such date, divided by (ii) 100% minus the Dilution Reserve Percentage on such date.

"Dilution Reserve Percentage" means on any date, the following expressed as a percentage (as opposed to a fraction): the product of (i) the Dilution Horizon multiplied by (ii) the sum of (x) 2.00 times the average of the Dilution Ratio for the twelve most recent calendar months and (y) the Spike Factor.

"Discount" means with respect to any Purchaser:

(a) for the Portion of Capital for any Settlement Period to the extent such Conduit Purchaser will be funding such Portion of Capital during such Settlement Period through the issuance of Notes:

CPR x C x ED/360

(b) for the Portion of Capital for any Settlement Period to the extent such Purchaser will not be funding such Portion of Capital during such Settlement Period through the issuance of Notes or, if the LC Bank and/or any LC Participant has made or has been deemed to have made a Funded Purchase, in connection with any drawing under a Letter of Credit that has not been reimbursed, which accrues Discount pursuant to Section 1.2(e) of the Agreement:

AR x C x ED/Year + TF

where:

AR = the Alternate Rate for the Portion of Capital for such Settlement Period with respect to such Purchaser,

C = the Portion of Capital during such Settlement Period with respect to such Purchaser,

CPR = the CP Rate for the Portion of Capital for such Settlement Period with respect to such Purchaser,

ED = the actual number of days during such Settlement Period,

Year = if such Portion of Capital is funded based upon: (i) the Euro-Rate, 360 days, and (ii) the Base Rate, 365 or 366 days, as applicable, and

TF = the Termination Fee, if any, for the Portion of Capital for such Settlement Period with respect to such Purchaser;

provided, that no provision of the Agreement shall require the payment or permit the collection of Discount in excess of the maximum permitted by applicable law; and provided further, that Discount for the Portion of Capital shall not be considered paid by any distribution to the extent that at any time all or a portion of such distribution is rescinded or must otherwise be returned for any reason.

"Drawing Date" has the meaning set forth in Section 1.14 of the Agreement.

"Eligible Assignee" means any bank or financial institution whose lending office is in the United States or is doing business in the United States and that is acceptable to the LC Bank and the Administrator.

"Eligible Receivable" means, at any time, a Pool Receivable:

(a) the Obligor of which is (i) a United States resident, (ii) not a government or a governmental subdivision or department, affiliate or agency other than the United States or a governmental subdivision or department, affiliate or agency of the United States, (iii) not subject to any action of the type described in paragraph (f) of Exhibit V to the Agreement and (iv) not an Affiliate of Strategic Energy or any other Originator;

(b) that is denominated and payable only in U. S. dollars in the United States to a Lockbox Account;

(c) that does not have a stated maturity which is more than 45 days after the original invoice date of such Receivable;

(d) that arises under a duly authorized Contract for the sale and delivery of goods or services in the ordinary course of the related Originator's business;

(e) that arises under a duly authorized Contract that is in full force and effect and that is a legal, valid and binding obligation of the related Obligor, enforceable against such Obligor in accordance with its terms;

(f) that conforms in all material respects with all applicable laws, rulings and regulations in effect, and the transfer of which does not violate any applicable law, rule or regulation in effect;

(g) that is not the subject of any default, dispute, offset, hold back defense, Adverse Claim, litigation or other claim;

(h) that satisfies all applicable requirements of the applicable Credit and Collection Policy, (including, without limitation, the origination thereof);

(i) that has not been modified, waived or restructured since its creation, except as permitted pursuant to Section 4.2 of the Agreement;

(j) in which the Seller owns good and marketable title, free and clear of any Adverse Claims (other than Permitted Liens), and that is freely assignable by the Seller (including without any consent of the related Obligor) and the representations and warranties with respect to such Receivable set forth in Section 2.1 and clause (1)(g) of Exhibit III are true;

(k) for which the Administrator, for the benefit of the Purchasers, shall have a valid and enforceable undivided variable percentage ownership or security interest, to the extent of the Purchased Interest, and a valid and enforceable first priority perfected

security interest therein and in the Related Security and Collections with respect thereto, in each case free and clear of any Adverse Claim;

(l) that constitutes an "account" as defined in the UCC, and that is not evidenced by instruments or chattel paper;

(m) that is neither a Defaulted Receivable nor a Delinquent Receivable;

(n) for which neither any Originator thereof, the Seller nor the Servicer has established any offset arrangements with the related Obligor;

(o) that represents amounts earned and payable by the Obligor that are not subject to the performance of any additional services (other than, solely with respect to a Receivable described in clause (p) below, billing for such Receivable) the Originator thereof;

(p) (i) the goods with respect to which have been shipped, (ii) the services with respect to which have been rendered or (iii) the electricity with respect to which has been used by the end-user, but in any case such Receivable has not yet been billed to the related Obligor within 60 days from the date of the such goods shipment or service rendering, as applicable; and

(q) for which the sum of the Outstanding Balances of all Receivables of the related Obligor with respect to which any payment, or part thereof, remains unpaid for more than 60 days from the original due date for such payment do not exceed 50% of the Outstanding Balance of all such Obligor's Receivables,

"ERISA" means the Employee Retirement Income Security Act of 1974, as amended from time to time, and any successor statute of similar import, together with the rulings and regulations thereunder, in each case as in effect from time to time. References to sections of ERISA also refer to any successor statutes.

"ERISA Affiliate" means: (a) any corporation that is a member of the same controlled group of corporations (within the meaning of Section 414(b) of the Internal Revenue Code) as the Seller, any Originator or Strategic Energy, (b) a trade or business (whether or not incorporated) under common control (within the meaning of Section 414(c) of the Internal Revenue Code) with the Seller, any Originator or Strategic Energy, or (c) a member of the same affiliated service group (within the meaning of Section 414(m) of the Internal Revenue Code) as the Seller, any Originator, any corporation described in clause (a) or any trade or business described in clause (b).

"Euro-Rate" means with respect to any Settlement Period the interest rate per annum determined by the Administrator by dividing (the resulting quotient rounded upwards, if necessary, to the nearest 1/100th of 1% per annum) (i) the rate of interest determined by the Administrator in accordance with its usual procedures (which determination shall be conclusive absent manifest error) to be the average of the London interbank market offered rates for U.S. dollars quoted by the BBA as set forth on Dow Jones Markets Service (formerly known as Telerate) (or appropriate successor or, if the BBA or its successor ceases to provide display page

3750 (or such other display page on the Dow Jones Markets Service system as may replace display page 3750) at or about 11:00 a.m. (London time) on the Business Day which is two (2) Business Days prior to the first day of such Settlement Period for an amount comparable to the Portion of Capital to be funded at the Alternate Rate and based upon the Euro-Rate during such Settlement Period by (ii) a number equal to 1.00 minus the Euro-Rate Reserve Percentage. The Euro-Rate may also be expressed by the following formula:

$$\text{Euro-Rate} = \frac{\text{Average of London interbank offered rates quoted by BBA as shown on Dow Jones Markets Service display page 3750 or appropriate successor}}{1.00 - \text{Euro-Rate Reserve Percentage}}$$

where "Euro-Rate Reserve Percentage" means, the maximum effective percentage in effect on such day as prescribed by the Board of Governors of the Federal Reserve System (or any successor) for determining the reserve requirements (including without limitation, supplemental, marginal, and emergency reserve requirements) with respect to eurocurrency funding (currently referred to as "Eurocurrency Liabilities"). The Euro-Rate shall be adjusted with respect to any Portion of Capital funded at the Alternate Rate and based upon the Euro-Rate that is outstanding on the effective date of any change in the Euro-Rate Reserve Percentage as of such effective date. The Administrator shall give prompt notice to the Seller of the Euro-Rate as determined or adjusted in accordance herewith (which determination shall be conclusive absent manifest error).

"Excess Concentration" means the sum of the following amounts:

(i) the sum of the following with respect to each such obligation: the amount by which the Outstanding Balance of Eligible Receivables of each Obligor then in the Receivables Pool exceeds an amount equal to: (a) the Concentration Percentage for such Obligor multiplied by (b) the Outstanding Balance of all Eligible Receivables then in the Receivables Pool that have been allocated by the Administrator, in its sole discretion, to a specific Obligor;

(ii) the amount by which the aggregate Outstanding Balance of all Eligible Receivables then in the Receivables Pool, the Obligor of which is a United States governmental entity, exceeds 2.0% of the aggregate Outstanding Balance of all Eligible Receivables then in the Receivables Pool; and

(iii) the amount by which the sum of all Eligible Receivables classified as "unbilled" for more than 30 days but less than or equal to 60 days exceeds 25.0% of all Eligible Receivables.

"Excluded Receivable" means any indebtedness and other obligations owed to the Seller (as the assignee of the related Originator) or any Originator by, or any right of any Originator to payment from or on behalf of, an Obligor which is a wholesale provider of electricity or an independent system operator, in either case which is listed on Schedule VI hereto, arising from a wholesale Contract between the related Originator and such Obligor, whether constituting an account, chattel paper, instrument or general intangible, arising in connection with the sale of goods, the rendering of services or the sale of electricity by any Originator, and includes the obligation to pay any finance charges, fees and other charges with respect thereto.

"Exiting Notice" has the meaning set forth in Section 1.4(b)(ii) of the Agreement.

"Exiting Purchaser" has the meaning set forth in Section 1.4(b)(ii) of the Agreement.

"Facility Termination Date" means the earliest to occur of: (a) October 1, 2010, (b) the date determined pursuant to Section 2.2 of the Agreement, (c) the date the Purchase Limit reduces to zero pursuant to Section 1.1(c) of the Agreement, (d) the date that the commitments of the Liquidity Providers terminate under the Liquidity Agreements (it being understood that the date set forth in Liquidity Agreement related to Market Street, as Conduit Purchaser, as the scheduled "purchase termination date" shall initially be October 1, 2008), (e) any Conduit Purchaser or any Purchaser Agent shall fail to cause the amendment or modification of any Transaction Document or related opinion as required by Moody's or Standard and Poor's, and such failure shall continue for 30 days after such amendment is initially requested and (f) with respect to the LC Bank, the Scheduled Commitment Termination Date.

"Federal Funds Rate" means, for any day, the per annum rate set forth in the weekly statistical release designated as H.15(519), or any successor publication, published by the Federal Reserve Board (including any such successor, "H.15(519)") for such day opposite the caption "Federal Funds (Effective)." If on any relevant day such rate is not yet published in H. 15(519), the rate for such day will be the rate set forth in the daily statistical release designated as the Composite 3:30 p.m. Quotations for U.S. Government Securities, or any successor publication, published by the Federal Reserve Bank of New York (including any such successor, the "Composite 3:30 p.m. Quotations") for such day under the caption "Federal Funds Effective Rate." If on any relevant day the appropriate rate is not yet published in either H.15(519) or the Composite 3:30 p.m. Quotations, the rate for such day will be the arithmetic mean as determined by the Administrator of the rates for the last transaction in overnight Federal funds arranged before 9:00 a.m. (New York time) on that day by each of three leading brokers of Federal funds transactions in New York City selected by the Administrator.

"Federal Reserve Board" means the Board of Governors of the Federal Reserve System, or any entity succeeding to any of its principal functions.

"Fee Letters" has the meaning set forth in Section 1.5 of the Agreement.

"Funded Purchase" shall mean a purchase or deemed purchase of undivided interests in the Purchased Interest under the Agreement which (i) is paid for in cash (other than through reinvestment of Collections pursuant to Section 1.4(b) of the Agreement) or (ii) treated as a Funded Purchase pursuant to Section 1.2(e) of the Agreement.

"Governmental Acts" has the meaning set forth in Section 1.19 of the Agreement.

"Governmental Authority" means any nation or government, any state or other political subdivision thereof, any central bank (or similar monetary or regulatory authority) thereof, any body or entity exercising executive, legislative, judicial, regulatory or administrative functions of or pertaining to government, including any court, and any Person owned or controlled, through stock or capital ownership or otherwise, by any of the foregoing.

"Group A Obligor" means any Obligor with a short-term rating of at least: (a) "A-l" by Standard & Poor's, or if such Obligor does not have a short-term rating from Standard & Poor's, a rating of "A+" or better by Standard & Poor's on its long-term senior unsecured and uncredit-enhanced debt securities, and (b) "P-1" by Moody's, or if such Obligor does not have a short-term rating from Moody's, "Al" or better by Moody's on its long-term senior unsecured and uncredit-enhanced debt securities.

"Group B Obligor" means an Obligor, not a Group A Obligor, with a short-term rating of at least: (a) "A-2" by Standard & Poor's, or if such Obligor does not have a short-term rating from Standard & Poor's, a rating of "BBB+" to "A" by Standard & Poor's on its long-term senior unsecured and uncredit-enhanced debt securities, and (b) "P-2" by Moody's, or if such Obligor does not have a short-term rating from Moody's, "Baal" to "A2" by Moody's on its long-term senior unsecured and uncredit-enhanced debt securities.

"Group C Obligor" means an Obligor, not a Group A Obligor or a Group B Obligor, with a short-term rating of at least: (a) "A-3" by Standard & Poor's, or if such Obligor does not have a short-term rating from Standard & Poor's, a rating of "BBB-" to "BBB" by Standard & Poor's on its long-term senior unsecured and uncredit-enhanced debt securities, and (b) "P-3" by Moody's, or if such Obligor does not have a short-term rating from Moody's, "Baa3" to "Baa2" by Moody's on its long-term senior unsecured and uncreditenhanced debt securities.

"Group Commitment" means with respect to any Purchaser Group the aggregate of the Commitments of each Purchaser within such Purchaser Group.

"Group D Obligor" means any Obligor that is not a Group A Obligor, a Group B Obligor or a Group C Obligor.

"Indemnified Amounts" has the meaning set forth in Section 3.1 of the Agreement.

"Indemnified Party" has the meaning set forth in Section 3.1 of the Agreement.

"Independent Director" has the meaning set forth in paragraph 3(c) of Exhibit IV to the Agreement.

"Information Package" means a report, in substantially the form of Annex A to the Agreement, furnished to the Administrator pursuant to the Agreement.

"Insolvency Proceeding" means: (a) any case, action or proceeding before any court or other Governmental Authority relating to bankruptcy, reorganization, insolvency, liquidation, receivership, dissolution, winding-up or relief of debtors, or (b) any general assignment for the benefit of creditors of a Person, or any composition, marshalling of assets for creditors of a Person, or other, similar arrangement in respect of its creditors generally or any substantial portion of its creditors, in each of cases (a) and (b) undertaken under U. S. Federal, state or foreign law, including the Bankruptcy Code.

"Intercreditor Agreement" means that certain Intercreditor Agreement, dated on or about October 3, 2007, among Strategic Energy, the Administrator and PNC, as administrative agent

under the Credit Agreement, as amended, restated, supplemented or otherwise modified from time to time.

"Internal Revenue Code" means the Internal Revenue Code of 1986, as amended from time to time, and any successor statute of similar import, together with the regulations thereunder, in each case as in effect from time to time. References to sections of the Internal Revenue Code also refer to any successor sections.

"LC Bank" has the meaning set forth in the preamble to the Agreement.

"LC Collateral Account" means the account designated as the LC Collateral Account established and maintained by the Administrator (for the benefit of the LC Bank and the LC Participants), or such other account as may be so designated as such by the Administrator.

"LC Commitment" means, the "Commitment" of each LC Participant party hereto as set forth under its name on the signature pages to the Agreement or as set forth in any assignment agreement pursuant to which it became a party hereto.

"LC Participant" has the meaning set forth in the preamble to the Agreement.

"LC Participation Amount" shall mean, at any time, the then aggregate undrawn face amount of all outstanding Letters of Credit.

"Letter of Credit" shall mean any stand-by letter of credit issued by the LC Bank for the account of the Seller pursuant to the Agreement.

"Letter of Credit Application" has the meaning set forth in Section 1.12 of the Agreement.

"Liquidity Agent" means each of the banks acting as agent for the various Liquidity Banks under each Liquidity Agreement.

"Liquidity Agreement" means any agreement entered into in connection with this Agreement pursuant to which a Liquidity Provider agrees to make purchases or advances to, or purchase assets from, any Conduit Purchaser in order to provide liquidity for such Conduit Purchaser's Purchases.

"Liquidity Provider" means each bank or other financial institution that provides liquidity support to any Conduit Purchaser pursuant to the terms of a Liquidity Agreement.

"Lock-Box Account" means an account listed on Schedule II to the Agreement, in each case in the name of the Seller and maintained by the Seller at a bank or other financial institution for the purpose of receiving Collections, either by check deposit or wire or ACH transfer.

"Lock-Box Agreement" means an agreement, in form and substance satisfactory to the Administrator, among the Seller, the Servicer, the Administrator, and a Lock-Box Bank, as such agreement may be amended, restated, amended and restated, supplemented or otherwise modified from time to time.

"Lock-Box Bank" means any of the banks or other financial institutions holding one or more Lock-Box Accounts.

"Loss Reserve" means, on any date, an amount equal to: (a) the sum of Capital plus the LC Participation Amount at the close of business of the Seller on such date multiplied by (b)(i) the Loss Reserve Percentage on such date divided by (ii) 100% minus the Loss Reserve Percentage on such date.

"Loss Reserve Percentage" means, on any date, the following expressed as a percentage (as opposed to a fraction):

$$\frac{(2.0) * (ADR) * (ACS)}{\text{Net Receivables Pool Balance}}$$

As used herein:

"ADR" means the highest average of the Default Ratios for any three consecutive calendar months during the twelve most recent calendar months.

"ACS" means the aggregate credit sales made by the Originators (or Receivables of such Originators otherwise created) during the five most recent calendar months and 25% of the aggregate credit sales made by the Originators (or Receivables of such Originators otherwise created) during the calendar month that is five months prior to the most recent calendar month.

"Majority LC Participants" shall mean LC Participants whose Pro Rata Shares aggregate 51% or more.

"Majority Purchaser Agents" means, at any time, the Purchaser Agents whose Group Commitments aggregate 2/3rds or more of the aggregate of the Group Commitments of all Purchaser Groups; provided, however, that so long as any Purchaser Group's Group Commitment is greater than 50% of the aggregate Group Commitments, then "Majority Purchaser Agents" shall mean a minimum of two Purchaser Agents whose Group Commitments aggregate more than 50% of the aggregate Group Commitments.

"Market Street" means Market Street Funding LLC, a Delaware limited liability company.

"Market Street Base Rate" means, for any day, a fluctuating interest rate per annum as shall be in effect from time to time, which rate shall be at all times equal to the higher of:

(a) the rate of interest in effect for such day as publicly announced from time to time by PNC in Pittsburgh, Pennsylvania as its "prime rate." Such "prime rate" is set by PNC based upon various factors, including PNC'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, and

(b) 0.50% per annum above the latest Federal Funds Rate.

"Material Adverse Effect" means, relative to any Person, with respect to any event or circumstance, a material adverse effect on:

(a) the assets, operations, business or financial condition of (i) the Seller or (ii) Strategic Energy or its Subsidiaries,

(b) the ability of any of the Originators, the Servicer or the Seller to perform its obligations under the Agreement or any other Transaction Document to which it is a party,

(c) the validity or enforceability of the Agreement or any other Transaction Document, or the validity, enforceability or collectibility of a material portion of the Pool Receivables, or

(d) the status, perfection, enforceability or priority of the Administrator's or any Purchaser's or the Seller's interest in the Pool Assets.

"Member" shall have the meaning set forth in Schedule A to the Seller's limited liability company agreement.

"Minimum Dilution Reserve" means, on any date, an amount equal to the product of (a) the sum of the Capital plus the LC Participation Amount at the close of business of the Seller on such date multiplied by (b) (i) the Minimum Dilution Reserve Percentage on such date, divided by (ii) 100% minus the Minimum Dilution Reserve Percentage on such date.

"Minimum Dilution Reserve Percentage" means on any date, the following expressed as a percentage (as opposed to a fraction): the product of (x) the Dilution Horizon multiplied by (y) the average of the Dilution Ratios for the twelve most recent calendar months.

"Monthly Settlement Date" means the 23rd day of each calendar month (or the next succeeding Business Day if such day is not a Business Day), beginning October 23, 2007.

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

"Net Receivables Pool Balance" means, at any time: (a) the Outstanding Balance of Eligible Receivables then in the Receivables Pool minus (b) Excess Concentration.

"Notes" means short-term promissory notes issued, or to be issued, by each Conduit Purchaser (or by its related commercial paper issuer if such Conduit Purchaser does not itself issue commercial paper notes) to fund its investments in accounts receivable or other financial assets.

"Obligor" means, with respect to any Receivable, the Person obligated to make payments pursuant to the Contract relating to such Receivable.

"Order" has the meaning set forth in Section 1.20 of the Agreement.

"Originator" and "Originators" have the meaning set forth in the Sale Agreement, as the same may be modified from time to time by adding new Originators or removing Originators, in each case with the prior written consent of the Administrator.

"Originator Assignment Certificate" means the assignment by each Originator to the Seller, in substantially the form of Exhibit C to the Sale Agreement, evidencing Seller's ownership of the Receivables generated by the Originators, as the same may be amended, restated, supplemented, amended and restated, or otherwise modified from time to time in accordance with the Sale Agreement.

"Outstanding Balance" of any Receivable at any time means the then outstanding principal balance thereof.

"Paydown Notice" has the meaning set forth in Section 1.4(f)(i) of the Agreement.

"Payment Date" has the meaning set forth in Section 2.1 of the Sale Agreement.

"Permitted Liens" shall mean the following encumbrances: (a) liens for taxes or assessments or other governmental charges or levies not yet due and payable, (b) inchoate and unperfected workers', mechanics' or suppliers' liens arising in the ordinary course of business; and (c) any judgment lien against any Originator or the Servicer in the aggregate for all such liens not to exceed $1,000,000 to the extent not unstayed, unbonded, unvacated or undischarged for more than 30 days.

"Person" means an individual, partnership, corporation (including a business trust), joint stock company, trust, unincorporated association, joint venture, limited liability company or other entity, or a government or any political subdivision or agency thereof.

"PNC" has the meaning set forth in the preamble to the Agreement.

"Pool Assets" has the meaning set forth in Section 1.2(d) of the Agreement.

"Pool Receivable" means a Receivable in the Receivables Pool.

"Portion of Capital" means with respect to any Purchaser and its related Capital, the portion of such Capital being funded or maintained by such Purchaser(or its successors or permitted assigns) by reference to a particular interest rate basis. In addition, at any time when the Capital of the Purchased Interest is not divided into two or more such portions, "Portion of Capital" means 100% of the Capital.

"Pro Rata Share" shall mean, as to any LC Participant or the LC Bank, a fraction, the numerator of which equals the Commitment of such LC Participant or the LC Bank at such time and the denominator of which equals the aggregate of the Commitments of all LC Participants and the LC Bank at such time.

"Program Support Agreement" means and includes any Liquidity Agreement and any other agreement entered into by any Program Support Provider providing for: (a) the issuance of one or more letters of credit for the account of any Conduit Purchaser in connection with such

Conduit Purchaser's Receivables securitization program, (b) the issuance of one or more surety bonds in connection with such Conduit Purchaser's Receivables securitization program for which any Conduit Purchaser is obligated to reimburse the applicable Program Support Provider for any drawings thereunder, (c) the sale by any Conduit Purchaser to any Program Support Provider of the Purchased Interest (or portions thereof) and/or (d) the making of loans and/or other extensions of credit to any Conduit Purchaser in connection with such Conduit Purchaser's receivables-securitization program contemplated in the Agreement, together with any letter of credit, surety bond or other instrument issued thereunder (but excluding any discretionary advance facility provided by the Administrator).

"Program Support Provider" means and includes any Purchaser, any Liquidity Provider and any other Person (other than any customer of the related Conduit Purchaser) now or hereafter extending credit or having a commitment to extend credit to or for the account of, or to make purchases from, any Conduit Purchaser pursuant to any Program Support Agreement.

"Purchase and Sale Indemnified Amounts" has the meaning set forth in Section 9.1 of the Sale Agreement.

"Purchase and Sale Indemnified Party" has the meaning set forth in Section 9.1 of the Sale Agreement.

"Purchase and Sale Termination Date" has the meaning set forth in Section 1.4 of the Sale Agreement.

"Purchase and Sale Termination Event" has the meaning set forth in Section 8.1 of the Sale Agreement.

"Purchase Facility" has the meaning set forth in Section 1.1 of the Sale Agreement.

"Purchase Limit" means $175,000,000, as such amount may be reduced pursuant to Section 1.1(c) of the Agreement. References to the unused portion of the Purchase Limit shall mean, at any time, the Purchase Limit minus the sum of the then aggregate outstanding Capital plus the LC Participation Amount.

"Purchase Notice" has the meaning set forth in Section 1.2(a) of the Agreement.

"Purchase Price" has the meaning set forth in Section 2.1 of the Sale Agreement.

"Purchase Report" has the meaning set forth in Section 2.1 of the Sale Agreement.

"Purchased Interest" means, at any time, the undivided variable percentage ownership interest of all Purchasers, collectively, in: (a) each and every Pool Receivable now existing or hereafter arising, (b) all Related Security with respect to such Pool Receivables and (c) all Collections with respect to, and other proceeds of, such Pool Receivables and Related Security. Such undivided variable percentage interest shall be computed as:

$$\frac{\text{Capital + LC Participation Amount + Total Reserves}}{\text{Net Receivables Pool Balance}}$$

The Purchased Interest shall be determined from time to time pursuant to Section 1.3 of the Agreement.

"Purchaser Agent" has the meaning set forth in the preamble to the Agreement.

"Purchaser Group" means, for each Conduit Purchaser, such Conduit Purchaser, its related Purchaser Agent and, in the case of Market Street as a Conduit Purchaser, the LC Bank, and in the case of each other Conduit Purchaser, the related LC Participant in addition to itself and Purchaser Agent.

"Purchasers" means each Conduit Purchaser, the LC Bank and each LC Participant.

"Purchasers' Share" of any amount means such amount multiplied by the Purchased Interest at the time of determination.

"Ratable Share" means, for each Purchaser Group, such Purchaser Group's Group Commitment divided by the aggregate Group Commitments of all Purchaser Groups.

"Receivable" means any indebtedness and other obligations owed to the Seller (as the assignee of the related Originator) or any Originator by, or any right of the Seller or any Originator to payment from or on behalf of, an Obligor, whether constituting an account, chattel paper, instrument or general intangible, arising in connection with the sale of goods, the rendering of services or the sale of electricity by any Originator, and includes the obligation to pay any finance charges, fees and other charges with respect thereto. Excluded Receivables shall not constitute Receivables. Indebtedness and other obligations arising from any one transaction, including indebtedness and other obligations represented by an individual invoice or agreement, shall constitute a Receivable separate from a Receivable consisting of the indebtedness and other obligations arising from any other transaction.

"Receivables Pool" means, at any time, all of the then outstanding Receivables purchased by the Seller pursuant to the Sale Agreement prior to the Facility Termination Date.

"Reimbursement Obligation" has the meaning set forth in Section 1.14 of the Agreement.

"Related Rights" has the meaning set forth in Section 1.1 of the Sale Agreement.

"Related Security" means, with respect to any Receivable:

(a) all of the Seller's and each Originator's interest in any goods (including returned goods), and documentation of title evidencing the shipment or storage of any goods (including returned goods), relating to any sale giving rise to such Receivable,

(b) all instruments and chattel paper that may evidence such Receivable,

(c) all other security interests or liens and property subject thereto from time to time purporting to secure payment of such Receivable, whether pursuant to the Contract related to such Receivable or otherwise, together with all UCC financing statements or similar filings relating thereto,

(d) all of the Seller's and each Originator's rights, interests and claims under the Contracts and all guaranties, warranties, indemnities, insurance (and proceeds and premium refunds with respect thereto) and other agreements (including the related Contract) or arrangements of whatever character from time to time supporting or securing payment of such Receivable or otherwise relating to such Receivable, whether pursuant to the Contract related to such Receivable or otherwise, and

(e) all of the Seller's rights, interests and claims under the Sale Agreement and the other Transaction Documents.

"Required LC Participants" shall mean the LC Participants whose Pro Rata Shares aggregate 66⅔% or more.

"Responsible Officer" means, with respect to each Originator, the Servicer and the Seller, any president, vice president, treasurer, assistant treasurer, secretary, assistant secretary, chief financial officer, controller or any other officer of any such Person charged with the responsibility for administration of any Transaction Document.

"Restricted Payments" has the meaning set forth in Section 1(n) of Exhibit IV of the Agreement.

"Sale Agreement" means the Purchase and Sale Agreement, dated as of even date herewith, between the Seller and the Originators, as such agreement may be amended, restated, supplemented or otherwise modified from time to time.

"Scheduled Commitment Termination Date" means with respect to the LC Bank, initially October 1, 2010, as such date may be extended from time to time in the sole discretion of the LC Bank.

"Seller" has the meaning set forth in the preamble to the Agreement.

"Seller's Share" of any amount means the greater of: (a) $0 and (b) such amount minus the Purchasers' Share.

"Servicer" has the meaning set forth in the preamble to the Agreement.

"Servicing Fee" shall mean the fee referred to in Section 4.6 of the Agreement.

"Servicing Fee Rate" shall mean the rate referred to in Section 4.6 of the Agreement.

"Servicer Termination Event" shall mean a Termination Event set forth in any of paragraphs (a), (b), (c), (d), (k) or (m) of Exhibit V to the Agreement with respect to the Servicer.

"Settlement Date" means with respect to any Portion of Capital for any Settlement Period, (i) prior to the Facility Termination Date, the Monthly Settlement Date and (ii) on and after the Facility Termination Date, each day selected from time to time by the Administrator (it

being understood that the Administrator may select such Settlement Date to occur as frequently as daily), or, in the absence of such selection, the Monthly Settlement Date.

"Settlement Period" means: (a) before the Facility Termination Date: (i) initially the period commencing on the date of the initial purchase pursuant to Section 1.2 of the Agreement (or in the case of any fees payable hereunder, commencing on the Closing Date) and ending on (but not including) the next Monthly Settlement Date, and (ii) thereafter, each period commencing on such Monthly Settlement Date and ending on (but not including) the next Monthly Settlement Date, and (b) on and after the Facility Termination Date: such period (including a period of one day) as shall be selected from time to time by the Administrator or, in the absence of any such selection, each period of 30 days from the last day of the preceding Settlement Period.

"Solvent" means, with respect to any Person at any time, a condition under which:

(i) the fair value and present fair saleable value of such Person's total assets is, on the date of determination, greater than such Person's total liabilities (including contingent and unliquidated liabilities) at such time;

(ii) the fair value and present fair saleable value of such Person's assets is greater than the amount that will be required to pay such Person's probable liability on its existing debts as they become absolute and matured ("debts," for this purpose, includes all legal liabilities, whether matured or unmatured, liquidated or unliquidated, absolute, fixed, or contingent);

(iii) such Person is and shall continue to be able to pay all of its liabilities as such liabilities mature; and

(iv) such Person does not have unreasonably small capital with which to engage in its current and in its anticipated business.

For purposes of this definition:

(A) the amount of a Person's contingent or unliquidated liabilities at any time shall be that amount which, in light of all the facts and circumstances then existing, represents the amount which can reasonably be expected to become an actual or matured liability;

(B) the "fair value" of an asset shall be the amount which may be realized within a reasonable time either through collection or sale of such asset at its regular market value;

(C) the "regular market value" of an asset shall be the amount which a capable and diligent business person could obtain for such asset from an interested buyer who is willing to purchase such asset under ordinary selling conditions; and

(D) the "present fair saleable value" of an asset means the amount which can be obtained if such asset is sold with reasonable promptness in an arm's-length transaction in an existing and not theoretical market.

"Special Member" shall have the meaning set forth in Schedule A to the Seller's limited liability company agreement.

"Spike Factor" means, for any calendar month, (a) the positive difference, if any, between: (i) the highest Dilution Ratio for any one calendar month during the twelve most recent calendar months and (ii) the arithmetic average of the Dilution Ratios for such twelve months times (b) (i) the highest Dilution Ratio for any one calendar month during the twelve most recent calendar months divided by (ii) the arithmetic average of the Dilution Ratios for such twelve months.

"Standard & Poor's" means Standard & Poor's Ratings Service, a division of The McGraw-Hill Companies, Inc.

"Strategic Energy" has the meaning set forth in the preamble to the Agreement.

"Subsidiary" means, as to any Person, a corporation, partnership, limited liability company or other entity of which shares of stock of each class or other interests having ordinary voting power (other than stock or other interests having such power only by reason of the happening of a contingency) to elect a majority of the Board of Directors or other managers of such entity are at the time owned, or management of which is otherwise controlled: (a) by such Person, (b) by one or more Subsidiaries of such Person or (c) by such Person and one or more Subsidiaries of such Person.

"Termination Day" means: (a) each day on which the conditions set forth in Section 2 of Exhibit II to the Agreement are not satisfied or (b) each day that occurs on or after the Facility Termination Date.

"Termination Event" has the meaning specified in Exhibit V to the Agreement.

"Termination Fee" means, for any Settlement Period during which a Termination Day occurs, with respect to any Purchaser, the amount, if any, by which: (a) the additional Discount (calculated without taking into account any Termination Fee or any shortened duration of such Settlement Period pursuant to the definition thereof) that would have accrued during such Settlement Period on the reductions of Capital relating to such Settlement Period had such reductions not been made, exceeds (b) the income, if any, received by the Purchasers from investing the proceeds of such reductions of Capital, as determined by the Administrator, which determination shall be binding and conclusive for all purposes, absent manifest error.

"Total Reserves" means, at any time the sum of: (a) the Yield Reserve, plus (b) the greater of (i) the sum of the Loss Reserve plus the Dilution Reserve or (ii) the Minimum Dilution Reserve plus the Concentration Reserve.

"Transaction Documents" means the Agreement, the Lock-Box Agreements, the Fee Letters, the Sale Agreement, the Intercreditor Agreement and all other certificates, instruments, UCC financing statements, reports, notices and agreements executed or delivered under or in connection with the Agreement, in each case as the same may be amended, restated, supplemented or otherwise modified from time to time in accordance with the Agreement.

"Transfer" has the meaning set forth in Section 1.1(a) of the Agreement.

"UCC" means the Uniform Commercial Code as from time to time in effect in the applicable jurisdiction.

"United States" means the United States of America.

"Unmatured Termination Event" means an event that, with the giving of notice or lapse of time, or both, would constitute a Termination Event.

"Yield Reserve" means, on any date, an amount equal to: (a) the sum of the Capital plus the LC Participation Amount at the close of business of the Seller on such date multiplied by (b)(i) the Yield Reserve Percentage on such date divided by (ii) 100% minus the Yield Reserve Percentage on such date.

"Yield Reserve Percentage" means at any time:

$$\frac{(BR+SFR)}{360} \times 1.5 \times DSO$$

where:

BR = the Base Rate computed for the most recent Settlement Period,

DSO = Days' Sales Outstanding, and

SFR = the Servicing Fee Rate

Other Terms. All accounting terms not specifically defined herein shall be construed in accordance with generally accepted accounting principles. All terms used in Article 9 of the UCC in the State of New York, and not specifically defined herein, are used herein as defined in such Article 9. Unless the context otherwise requires, "or" means "and/or," and "including" (and with correlative meaning "include" and "includes") means including without limiting the generality of any description preceding such term.

EXHIBIT II
CONDITIONS OF PURCHASES

1. Conditions Precedent to Effectiveness of the Agreement. The effectiveness of this Agreement is subject to the following conditions precedent that the Administrator shall have received on or before the Closing Date, each in form and substance (including the date thereof) satisfactory to the Administrator:

(a) Each of the counterparts of the Agreement and each other Transaction Document, duly executed by the parties thereto.

(b) Certified copies of: (i) the resolutions of the Board of Directors or members or managers, as applicable, of each of the Seller, Strategic Energy and each Originator authorizing the execution, delivery and performance by the Seller, Strategic Energy and each Originator, as the case may be, of the Agreement and the other Transaction Documents to which it is a party; (ii) all documents evidencing other necessary corporate or organizational action and governmental approvals, if any, with respect to the Agreement and the other Transaction Documents and (iii) the certificate of incorporation or articles of organization and by-laws or limited liability company agreement, as applicable, of the Seller, Strategic Energy and each Originator.

(c) A certificate of the Secretary or Assistant Secretary of the Seller, each Originator and Strategic Energy certifying the names and true signatures of its officers who are authorized to sign the Agreement and the other Transaction Documents to which it is a party. Until the Administrator receives a subsequent incumbency certificate from the Seller, any Originator, or Strategic Energy, as the case may be, the Administrator shall be entitled to rely on the last such certificate delivered to it by the Seller, such Originator, or Strategic Energy, as the case may be.

(d) Proper financing statements (Forms UCC 1 and UCC 3), duly authorized on or before the Closing Date of such initial purchase suitable for filing under the UCC of all jurisdictions that the Administrator may deem necessary in order to perfect the interests of the Seller and the Administrator (for the benefit of the Purchasers) contemplated by the Agreement and the Sale Agreement.

(e) Proper financing statements (Form UCC 3), duly authorized and suitable for filing under the UCC of all jurisdictions that the Administrator may deem necessary to release all security interests and other rights of any Person in the Receivables, Contracts or Related Security previously granted by the Originators, Strategic Energy or the Seller.

(f) Completed search reports from all applicable jurisdictions, dated on or shortly before the Closing Date, listing (i) the financing statements, if any, filed in all applicable jurisdictions that name any of the Originators or the Seller as debtor, and (ii) all judgment, tax, ERISA and other liens against any of the Originators or the Seller, as the Administrator may request, showing no Adverse Claims on any Pool Assets.

(e) Favorable opinions, in form and substance reasonably satisfactory to the Administrator, of Sidley Austin LLP and Babst, Calland, Clements, Zomnir PC, counsel for the Seller, Strategic Energy, the Originators, and the Servicer.

(f) Satisfactory results of a review, field examination and audit (performed by representatives of the Administrator or by third parties at the direction of the Administrator) of the Servicer's collection, operating and reporting systems, the Credit and Collection Policy of the Originators, historical receivables data and accounts, including satisfactory results of a review of the Servicer's operating location(s) and satisfactory review and approval of the Eligible Receivables in existence on the date of the initial purchase under the Agreement.

(g) Evidence of payment by the Seller of all accrued and unpaid fees (including those contemplated by the Fee Letters), costs and expenses to the extent then due and payable on the date thereof, including any such costs, fees and expenses arising under or referenced in Section 6.4 of the Agreement and the Fee Letters.

(h) A pro forma Information Package representing the performance of the Receivables Pool for the calendar month before closing..

(i) Subject to Section 1(s) of Exhibit IV to the Agreement, good standing certificates with respect to each of the Seller, Strategic Energy, each Originator, and the Servicer issued by the Secretary of State (or similar official) of the state of each such Person's organization or formation and principal place of business.

2. Conditions Precedent to All Funded Purchases, Issuances of Letters of Credit. Each Funded Purchase, including the initial Funded Purchase but excluding any deemed Funded Purchases made pursuant to Section 1.2(e) of the Agreement, and the issuance of any Letters of Credit shall be subject to the further conditions precedent that:

(a) in the case of each Funded Purchase and the issuance of any Letters of Credit, the Servicer shall have delivered to the Administrator and each Purchaser Agent on or before such purchase or issuance, as the case may be, in form and substance satisfactory to the Administrator, a completed pro forma Information Package to reflect the level of Capital, the LC Participation Amount and related reserves and the calculation of the Purchased Interest after such subsequent purchase or issuance, as the case may be, and a completed Purchase Notice in the form of Annex B; and

(b) on the date of such Funded Purchase or issuance, as the case may be, the following statements shall be true (and acceptance of the proceeds of such Funded Purchase or issuance shall be deemed a representation and warranty by the Seller that such statements are then true):

(i) the representations and warranties contained in Exhibit III to the Agreement are true and correct in all material respects on and as of the date of such Funded Purchase or issuance as though made on and as of such date except for representations and warranties which apply as to an earlier date (in which case such representations and warranties shall be true and correct as of such earlier date);

(ii) no event has occurred and is continuing, or would result from such Funded Purchase or issuance, that constitutes a Termination Event or an Unmatured Termination Event;

(iii) the sum of the Capital plus the LC Participation Amount, after giving effect to any such Funded Purchase, issuance or reinvestment, as the case may be, shall not exceed the Purchase Limit and the Purchased Interest shall not exceed 100%; and

(iv) the Facility Termination Date has not occurred.

EXHIBIT III
REPRESENTATIONS AND WARRANTIES

1. Representations and Warranties of the Seller. The Seller represents and warrants as follows:

(a) The Seller is a limited liability company duly organized, validly existing and in good standing under the laws of the State of Delaware, and is duly qualified to do business and is in good standing as a foreign limited liability company in every jurisdiction where the nature of its business requires it to be so qualified, except where the failure to be so qualified would not have a Material Adverse Effect.

(b) The execution, delivery and performance by the Seller of the Agreement and the other Transaction Documents to which it is a party, including its use of the proceeds of purchases and reinvestments: (i) are within its organizational powers; (ii) have been duly authorized by all necessary organizational action; (iii) do not contravene or result in a default under or conflict with: (A) its certificate of formation, limited liability company agreement or any other organizational document of the Seller, (B) any law, rule or regulation applicable to it, (C) any indenture, loan agreement, mortgage, deed of trust or other material agreement or instrument to which it is a party or by which it is bound, or (D) any order, writ, judgment, award, injunction or decree binding on or affecting it or any of its property; and (iv) do not result in or require the creation of any Adverse Claim upon or with respect to any of its properties. The Agreement and the other Transaction Documents to which it is a party have been duly executed and delivered by the Seller.

(c) No authorization, approval or other action by, and no notice to or filing with, any Governmental Authority or other Person is required for its due execution, delivery and performance by the Seller of the Agreement or any other Transaction Document to which it is a party, other than the Uniform Commercial Code filings referred to in Exhibit II to the Agreement, all of which shall have been filed on or before the date of the first purchase hereunder.

(d) Each of the Agreement and the other Transaction Documents to which the Seller is a party constitutes its legal, valid and binding obligation enforceable against the Seller in accordance with its terms, except as enforceability may be limited by bankruptcy, insolvency, reorganization or other similar laws from time to time in effect affecting the enforcement of creditors' rights generally and by general principles of equity, regardless of whether such enforceability is considered in a proceeding in equity or at law.

(e) There is no pending or, to Seller's best knowledge, threatened action or proceeding affecting Seller or any of its properties before any Governmental Authority or arbitrator.

(f) No proceeds of any purchase or reinvestment will be used to acquire any equity security of a class that is registered pursuant to Section 12 of the Securities Exchange Act of 1934.

(g) The Seller is the legal and beneficial owner of, and has good and marketable title to, the Pool Receivables, the Lock-Box Accounts (and related lock-boxes) and Related Security, free and clear of any Adverse Claim (other than Permitted Liens solely with respect to the Pool Receivables and Related Security). Upon each purchase or reinvestment, the Administrator or the Purchasers shall acquire valid and enforceable perfected security interests, to the extent of each Purchaser's percentage interest of the Purchased Interest, in each Pool Receivable then existing or thereafter arising and in the Related Security, Collections and other proceeds with respect thereto, free and clear of any Adverse Claim. The Agreement creates a valid and continuing security interest (as defined in the applicable UCC) in favor of the Administrator in the Pool Assets and the Lock-Box Accounts (and related lock-boxes), which security interest is prior to all Adverse Claims, and is enforceable as such against creditors of and purchases from the Seller. The Pool Assets constitute "accounts", "general intangibles" or "tangible chattel paper" within the meaning of the applicable UCC. Each Lock-Box Account constitutes a "deposit account" within the meaning of the applicable UCC. The Seller has caused or will have caused, within ten (10) days, the filing of all appropriate UCC financing statements in the proper filing offices in the appropriate jurisdictions under applicable laws in order to perfect the security interest in the Pool Assets and the Lock-Box Accounts (and related lock-boxes) granted to the Administrator hereunder. Other than the security interest granted to the Administrator pursuant to this Agreement, Seller has not pledged, assigned, sold, granted a security interest in, or otherwise conveyed any of the Pool Assets or the Lock-Box Accounts (and related lock-boxes). Seller has not authorized the filing of and is not aware of any UCC financing statements against Seller that include a description of collateral covering the Pool Assets, other than any UCC financing statement relating to the security interest granted to the Administrator hereunder or that has been terminated. Seller is not aware of any judgment, ERISA or tax lien filings against the Seller. With respect to any Pool Receivable that constitutes "tangible chattel paper", the Servicer is in possession of the original copies of the tangible chattel paper that constitutes or evidences such Pool Receivables, and the Seller has filed or has caused to be filed within ten (10) days after the date hereof the financing statements described in this section above, each of which will contain a statement that "A purchase of or a grant of a security interest in any property described in this financing statement will violate the rights of the Purchasers." The Pool Receivables to the extent they are evidenced by "tangible chattel paper" do not have any marks or notations indicating that they have been pledged, assigned or otherwise conveyed to any Person other than the Seller or the Administrator, for the benefit of the Purchasers.

(h) Each Information Package (if prepared by the Seller or one of its Affiliates, or to the extent that information contained therein is supplied by the Seller or an Affiliate), exhibit, financial statement, document, book, record, report or other information furnished or to be furnished at any time by or on behalf of the Seller to the Administrator in connection with the Agreement or any other Transaction Document to which it is a party, taken as a whole, is or will be complete and accurate in all material respects as of its date or (except as otherwise disclosed to the Administrator at such time) as of the date so furnished; provided, however, that if such Information Package is incomplete or inaccurate solely due to its inclusion of an untrue representation or warranty with respect to any Pool Receivable as set forth in Section 1(g) or (n) of Exhibit III, and such Pool Receivable has been repurchased in accordance with Section 1.4(e)(ii), such incompleteness or inaccuracy shall not effect the completeness and accuracy of such Information Package.

(i) The Seller's principal place of business, chief executive office and state of formation (as such terms are used in the UCC) and the office where it keeps its records concerning the Receivables are located at the address referred to in Sections 1(b) and 2(b) of Exhibit IV to the Agreement.

(j) The names and addresses of all the Lock-Box Banks, together with the account numbers of the Lock-Box Accounts at such Lock-Box Banks, are specified in Schedule II to the Agreement (or at such other Lock-Box Banks and/or with such other Lock-Box Accounts as have been notified to the Administrator in accordance with the Agreement) and all Lock-Box Accounts are subject to Lock-Box Agreements. With respect to all Lock-Box Accounts (and related lock-boxes), the Seller has delivered to the Administrator a fully executed Lock-Box Agreement pursuant to which the applicable Lock-Box Bank has agreed, following the occurrence and continuation of a Termination Event, to comply with all instructions given by the Administrator with respect to all funds on deposit in such Lock-Box Account (and all funds sent to the respective lock-box), without further consent by the Seller or the Servicer. None of the Lock-Box Accounts (and the related lock-boxes) are in the name of any Person other than the Seller or the Administrator (on behalf of the Purchasers). The Seller has not consented to any Lock-Box Bank's complying with instructions of any person other than the Administrator.

(k) The Seller is not in violation of any order of any court, arbitrator or Governmental Authority.

(l) Neither the Seller nor any of its Affiliates has any direct or indirect ownership or other financial interest in any Conduit Purchaser.

(m) The Seller is not engaged in the business of extending credit for the purpose of purchasing or carrying margin stock (within the meaning of Regulations T, U and X, as issued by the Federal Reserve Board), and no proceeds of any purchase or reinvestment hereunder will be used to purchase or carry any margin stock or to extend credit to others for the purpose of purchasing or carrying any margin stock.

(n) Each Pool Receivable included as an Eligible Receivable in the calculation of the Net Receivables Pool Balance is an Eligible Receivable.

(o) No event has occurred and is continuing, or would result from a purchase in respect of, or reinvestment in respect of, the Purchased Interest or from the application of the proceeds therefrom, that constitutes a Termination Event or an Unmatured Termination Event.

(p) The Seller has accounted for each sale of undivided variable percentage ownership interests in Receivables in its books and financial statements as sales, consistent with generally accepted accounting principles.

(q) The Seller has complied in all material respects with the Credit and Collection Policy of the Originators with regard to each Receivable originated by the Originators.

(r) The Seller has complied in all material respects with all of the terms, covenants and agreements contained in the Agreement and the other Transaction Documents that are applicable to it.

(s) The Seller's complete organizational name is set forth in the preamble to the Agreement, and it does not use and has not during the last six years used any other organizational name, trade name, doing-business name or fictitious name, except as set forth on Schedule II to the Agreement and except for names first used after the date of the Agreement and set forth in a notice delivered to the Administrator pursuant to Section 1(1)(iv) of Exhibit IV to the Agreement.

(t) The Seller is not an "investment company," or a company "controlled" by an "investment company" within the meaning of the Investment Company Act of 1940, as amended.

(u) Each remittance of Collections by or on behalf of the Seller or pursuant to the Transaction Documents and any related accounts of amounts owing hereunder in respect of the Funded Purchases will have been (i) in payment of a debt incurred by Seller in the ordinary course of business or financial affairs of the Seller and (ii) made in the ordinary course of business or financial affairs of the Seller.

(v) Since the date of formation of the Seller as set forth in its certificate of formation, no event has occurred that has had a Material Adverse Effect with respect to the Seller.

2. Representations and Warranties of Strategic Energy, as the Servicer. Strategic Energy, as the Servicer, represents and warrants jointly and severally as follows:

(a) Strategic Energy is a limited liability company duly formed, validly existing and in good standing under the laws of the State of Delaware, and is duly qualified to do business and is in good standing as a foreign corporation in every jurisdiction where the nature of its business requires it to be so qualified, except where the failure to be so qualified would not have a Material Adverse Effect.

(b) The execution, delivery and performance by Strategic Energy of its obligations under the Agreement and the other Transaction Documents to which it is a party, including the Servicer's use for the benefit of the Seller of the proceeds of purchases and reinvestments: (i) are within its organizational powers; (ii) have been duly authorized by all necessary organizational action; (iii) do not contravene or result in a default under or conflict with: (A) its certificate of incorporation, formation, limited liability company agreement, by-laws or any other organizational document of Strategic Energy, (B) any law, rule or regulation applicable to it, (C) any indenture, loan agreement, mortgage, deed of trust or other material agreement or instrument to which it is a party or by which it is bound, or (D) any order, writ, judgment, award, injunction or decree binding on or affecting it or any of its property; and (iv) do not result in or require the creation of any Adverse Claim upon or with respect to any of its properties. The Agreement and the other Transaction Documents to which Strategic Energy is a party have been duly executed and delivered by Strategic Energy.

(c) No authorization, approval or other action by, and no notice to or filing with any Governmental Authority or other Person, is required for the due execution, delivery and performance by Strategic Energy of the Agreement or any other Transaction Document to which it is a party.

(d) Each of the Agreement and the other Transaction Documents to which Strategic Energy is a party constitutes the legal, valid and binding obligation of Strategic Energy enforceable against Strategic Energy in accordance with its terms, except as enforceability may be limited by bankruptcy, insolvency, reorganization or other similar laws from time to time in effect affecting the enforcement of creditors' rights generally and by general principles of equity, regardless of whether such enforceability is considered in a proceeding in equity or at law.

(e) The balance sheets of Strategic Energy and its consolidated Subsidiaries as at December 31, 2006, and the related statements of income and retained earnings for the fiscal year then ended, copies of which have been furnished to the Administrator, fairly present the financial condition of Strategic Energy and its consolidated Subsidiaries as at such date and the results of the operations of Strategic Energy and its Subsidiaries for the period ended on such date, all in accordance with generally accepted accounting principles, consistently applied, and since June 30, 2007, there has been no event or circumstances which have had a Material Adverse Effect.

(f) There is no pending or, to its best knowledge, threatened action or proceeding affecting it or any of its Subsidiaries before any Governmental Authority or arbitrator that could be expected to have a Material Adverse Effect.

(g) No proceeds of any purchase or reinvestment will be used to acquire any equity security of a class that is registered pursuant to Section 12 of the Securities Exchange Act of 1934. No proceeds of any purchase or reinvestment will be used for any purpose that violates any applicable law, rule or regulation, including Regulations T, U or X of the Federal Reserve Board.

(h) Each Information Package (if prepared by Strategic Energy or one of its Affiliates, or to the extent that information contained therein is supplied by Strategic Energy or an Affiliate), exhibit, financial statement, document, book, record, report or other information furnished or to be furnished at any time by or on behalf of Strategic Energy to the Administrator in connection with the Agreement, taken as a whole, is or will be complete and accurate in all material respects as of its date or (except as otherwise disclosed to the Administrator at such time) as of the date so furnished; provided, however, that if such Information Package is incomplete or inaccurate solely due to its inclusion of an untrue representation or warranty with respect to any Pool Receivable as set forth in Section 1(g) or (n) of Exhibit III, and such Pool Receivable has been repurchased in accordance with Section 1.4(e)(ii), such incompleteness or inaccuracy shall not effect the completeness and accuracy of such Information Package.

(i) The principal place of business, chief executive office and state of formation (as such terms are used in the UCC) of Strategic Energy and the office where it keeps its records concerning the Receivables are located at the address referred to in Section 2(b) of Exhibit IV to the Agreement.

(j) Strategic Energy is not in violation of any order of any court, arbitrator or Governmental Authority, which is reasonably likely to have a Material Adverse Effect.

(k) Neither Strategic Energy nor any of its Affiliates has any direct or indirect ownership or other financial interest in any Conduit Purchaser.

(l) Strategic Energy has complied in all material respects with the Credit and Collection Policy of the Originators with regard to each Receivable originated by the Originators.

(m) Strategic Energy has complied in all material respects with all of the terms, covenants and agreements contained in the Agreement and the other Transaction Documents that are applicable to it.

(n) Strategic Energy is not an "investment company" or a company "controlled" by an "investment company" within the meaning of the Investment Company Act of 1940, as amended, as amended.

EXHIBIT IV
COVENANTS

1. Covenants of the Seller. Until the latest of (i) the Facility Termination Date, (ii) the date on which no Capital of or Discount in respect of the Purchased Interest shall be outstanding, (iii) the date on which an amount equal to 100% of the LC Participation Amount has been deposited in the LC Collateral Account and all Letters of Credit have expired and (iv) the date all other amounts owed by the Seller under the Agreement to the Purchasers, the Purchaser Agents, the Administrator and any other Indemnified Party or Affected Person shall be paid in full:

(a) Compliance with Laws, Etc. The Seller shall comply with all applicable laws, rules, regulations and orders, and preserve and maintain its organizational existence in good standing, and its rights, franchises, qualifications and privileges, except to the extent that the failure so to comply with such laws, rules, regulations and orders or the failure so to preserve and maintain such rights, franchises, qualifications and privileges would not have a Material Adverse Effect.

(b) Offices, Records and Books of Account, Etc. The Seller: (i) shall keep its principal place of business, chief executive office and state of formation (as such terms or similar terms are used in the UCC) and the office where it keeps its records concerning the Receivables at the address of the Seller set forth on Schedule IV or, pursuant to clause (1)(iv) below, at any other locations in jurisdictions where all actions reasonably requested by the Administrator to protect and perfect the interest of the Administrator in the Receivables and related items (including the Pool Assets) have been taken and completed and (ii) shall provide the Administrator with at least 30 days' written notice before making any change in the Seller's name or making any other change in the Seller's identity or organizational structure (including a Change in Control) that could render any UCC financing statement filed in connection with this Agreement "seriously misleading" as such term (or similar term) is used in the UCC; each notice to the Administrator pursuant to this sentence shall set forth the applicable change and the effective date thereof. The Seller also will maintain and implement (or cause the Servicer to maintain and implement) administrative and operating procedures (including an ability to recreate records evidencing Receivables and related Contracts in the event of the destruction of the originals thereof), and keep and maintain (or cause the Servicer to keep and maintain) all documents, books, records, computer tapes and disks and other information reasonably necessary or advisable for the collection of all Receivables (including records adequate to permit the daily identification of each Receivable and all Collections of and adjustments to each existing Receivable).

(c) Performance and Compliance with Contracts and Credit and Collection Policy. The Seller shall (and shall cause the Servicer to), at its expense, timely and fully perform and comply with all material provisions, covenants and other promises required to be observed by it under the Contracts related to the Receivables, and timely and fully comply in all material respects with the applicable Credit and Collection Policy with regard to each Receivable and the related Contract.

(d) Ownership Interest, Etc. The Seller shall (and shall cause the Servicer to), at its expense, take all action (i) necessary and (ii) desirable to the Administrator (as reasonably requested by the Administrator) to establish and maintain a valid and enforceable undivided variable percentage ownership or security interest, to the extent of the Purchased Interest, in the Pool Receivables, the Related Security and Collections with respect thereto, and a first priority perfected security interest in the Pool Assets, in each case free and clear of any Adverse Claim, in favor of the Administrator (on behalf of each Purchaser), including taking such action to perfect, protect or more fully evidence the interest of each Purchaser as a Purchaser, through the Administrator, may reasonably request. The Seller shall from time to time and within the time limits established by law prepare and present to the Administrator for the Administrator's authorization and approval all financing statements, amendments, continuations or initial financing statements in lieu of a continuation statement, or other filings necessary to continue, maintain and perfect the Administrator's (on behalf of the Purchasers) security interest in the Pool Assets as a first-priority interest. The Administrator's approval of such filings shall authorize the Seller to file such financing statements under the UCC without the signature of the Seller or the Administrator or any Purchaser where allowed by applicable law. Notwithstanding anything else in the Transaction Documents to the contrary, until the date following the Facility Termination Date on which all amounts and other obligations owed pursuant to the Transaction Documents shall have been paid in full, neither the Seller, the Servicer nor any other

Person shall have any authority to file a termination, partial termination, release or partial release or any amendment that deletes the name of a debtor or excludes collateral of any such financing statements without the prior written consent of the Administrator.

(e) Sales, Liens, Etc. The Seller shall not sell, assign (by operation of law or otherwise) or otherwise dispose of, or create or suffer to exist any Adverse Claim (other than Permitted Liens) upon or with respect to, any or all of its right, title or interest in, to or under any Pool Assets (including the Seller's undivided interest in any Receivable, Related Security or Collections, or upon or with respect to any account to which any Collections of any Receivables are sent), or assign any right to receive income in respect of any items contemplated by this paragraph.

(f) Extension or Amendment of Receivables. Except as provided in the Credit and Collection Policy, the Seller shall not, and shall not permit the Servicer to, extend the maturity or adjust the Outstanding Balance or otherwise modify the terms of any Pool Receivable in any material respect, or amend, modify or waive, in any material respect, any term or condition of any related Contract (which term or condition relates to payments under, or the enforcement of, such Contract).

(g) Change in Business or Credit and Collection Policy. The Seller shall not without the prior written consent of the Administrator and each Purchaser Agent make (or permit any Originator to make) any material change in the character of its business or in any Credit and Collection Policy, or any change in any Credit and Collection Policy that could have a Material Adverse Effect with respect to the Receivables. The Seller shall not make (or permit the any Originator to make) any other change to any Credit and Collection Policy without giving 30 days' prior written notice thereof to the Administrator and the Purchaser Agents.

(h) Audits. The Seller shall (and shall cause the Originators to), from time to time during regular business hours as reasonably requested in advance at least 2 days prior to each such audit (unless a Termination Event or Unmatured Termination Event exists) by the Administrator, permit the Administrator, or its agents or representatives: (i) to examine and make copies of and abstracts from all books, records and documents (including computer tapes and disks) in the possession or under the control of the Seller (or the Originators) relating to Receivables and the Related Security, including the related Contracts, (ii) to visit the offices and properties of the Seller and each Originator for the purpose of examining such materials described in clause (i) above, and to discuss matters relating to Receivables and the Related Security or the Seller's, Strategic Energy's or any Originator's performance under the Transaction Documents or under the Contracts with any of the officers, employees, agents or contractors of the Seller, Strategic Energy or any Originator having knowledge of such matters and (iii) without limiting the clauses (i) and (ii) above, to engage certified public accountants or other auditors acceptable to the Seller and the Administrator to conduct, at the Seller's expense, a review of the Seller's books and records with respect to such Receivables, provided, that at any time when no Termination Event exists and is continuing, the Seller shall be required to reimburse the Administrator for only two (2) such audits per year.

(i) Change in Lock-Box Banks, Lock-Box Accounts and Payment Instructions to Obligors. The Seller shall not, and shall not permit the Servicer or any Originator to, add or terminate any bank as a Lock-Box Bank or any account as a Lock-Box Account from those listed in Schedule II to the Agreement, or make any change in its instructions to Obligors regarding payments to be made to the Seller, any Originator, the Servicer or any Lock-Box Account (or related post office box), unless the Administrator shall have consented thereto in writing prior to such termination or instruction and the Administrator shall have received copies of all agreements and documents (including Lock-Box Agreements) that it may request in connection therewith.

(j) Deposits to Lock-Box Accounts. The Seller shall (or shall cause the Servicer to): (i) instruct all Obligors to make payments of all Receivables to one or more Lock-Box Accounts or to post office boxes to which only Lock-Box Banks have access (and shall instruct the Lock-Box Banks to cause all items and amounts relating to such Receivables received in such post office boxes to be removed and deposited into a Lock-Box Account on a daily basis), and (ii) deposit, or cause to be deposited, any Collections received by it, the Servicer or any Originator into Lock-Box Accounts not later than one (1) Business Day after receipt thereof. Each Lock-Box Account shall at all times be subject to a Lock-Box Agreement. The Seller will not (and will not permit the Servicer to) deposit or otherwise credit, or cause or permit to be so deposited or credited, to any Lock-Box Account cash or cash proceeds other than Collections; provided, that, in the event that any cash or cash proceeds related to any Excluded Receivable is deposited or credited to any Lock-Box Account, the Servicer shall cause all such amounts to be redirected to the Person entitled thereto within one (1) Business Day after the crediting or depositing of such amount into such Lock-Box Account.

(k) Marking of Records. At its expense, the Seller shall: (i) identify (or cause the Servicer to mark) its master data processing records relating to Pool Receivables and related Contracts, including with a legend evidencing that the undivided percentage ownership interests with regard to the Purchased Interest related to such Receivables and related Contracts have been

sold in accordance with the Agreement, and (ii) cause each Originator so to mark its master data processing records pursuant to the Sale Agreement.

(l) Reporting Requirements. The Seller will provide to the Administrator and each Purchaser Agent (in multiple copies, if requested by the Administrator or the Purchaser Agent, as applicable) the following:

(i) as soon as available and in any event within 90 days after the end of each fiscal year of the Seller, a copy of the annual report for such year for the Seller, containing unaudited financial statements for such year certified as to accuracy by the chief financial officer or treasurer of the Seller;

(ii) as soon as possible and in any event within three days after the occurrence of each Termination Event or Unmatured Termination Event, a statement of the chief financial officer or treasurer of the Seller setting forth details of such Termination Event or Unmatured Termination Event and the action that the Seller has taken and proposes to take with respect thereto;

(iii) promptly after the filing or receiving thereof, copies of all reports and notices that the Seller, any Affiliate or any ERISA Affiliate files under ERISA with the Internal Revenue Service, the Pension Benefit Guaranty Corporation or the U. S. Department of Labor or that the Seller or any Affiliate receives from any of the foregoing or from any multiemployer plan (within the meaning of Section 400l(a)(3) of ERISA) to which the Seller or any of its Affiliates is or was, within the preceding five years, a contributing employer, in each case in respect of the assessment of withdrawal liability or an event or condition that could, in the aggregate, reasonably be expected to result in the imposition of liability on the Seller and/or any such Affiliate;

(iv) at least thirty days before any change in the Seller's name or any other change requiring the amendment of UCC financing statements, a notice setting forth such changes and the effective date thereof;

(v) promptly after any Responsible Officer of the Seller obtains knowledge thereof, notice of any: (A) material litigation, investigation or proceeding that may exist at any time between the Seller and any Person or (B) material litigation or proceeding relating to any Transaction Document;

(vi) promptly after the occurrence thereof, notice of a material adverse change in the business, operations, property or financial or other condition of the Seller, the Servicer or any Originator;

(vii) promptly after any Responsible Officer of the Seller obtains knowledge thereof, notice of the failure of any representation or warranty to be true (when made or at any time thereafter) with respect to the Receivables included in the Receivables Pool;

(viii) notice that (A) any Person shall obtain an Adverse Claim upon the Pool Receivables or Collections with respect thereto, (B) any Person other than the Seller, the Servicer or the Administrator shall obtain any rights or direct any action with respect to

any Lock-Box Account (or related lock-box or post office box) or (C) any Obligor shall receive any change in payment instructions with respect to Pool Receivable(s) from a Person other than the Servicer or the Administrator; and

(ix) such other information (including non-financial information) respecting the Receivables or the condition or operations, financial or otherwise, of the Seller or any of its Affiliates as the Administrator or any Purchaser Agent may from time to time reasonably request.

(m) Certain Agreements. Without the prior written consent of the Administrator, the Seller will not (and will not permit the Originators to) amend, modify, waive, revoke or terminate any Transaction Document to which it is a party or any provision of Seller's certificate of formation, limited liability company agreement or other organizational document of the Seller.

(n) Restricted Payments.

(i) Except pursuant to clause (ii) below, the Seller will not: (A) purchase or redeem any shares of its capital stock, (B) declare or pay any dividend or set aside any funds for any such purpose, (C) prepay, purchase or redeem any Debt, (D) lend or advance any funds or (E) repay any loans or advances to, for or from any of its Affiliates (the amounts described in clauses (A) through (E) being referred to as "Restricted Payments").

(ii) Subject to the limitations set forth in clause (iii) below, the Seller may make Restricted Payments so long as such Restricted Payments are made only in one or more of the following ways: (A) the Seller may make cash payments (including prepayments) on the Company Notes in accordance with their terms, and (B) if no amounts are then outstanding under the Company Notes, the Seller may declare and pay distributions.

(iii) The Seller may make Restricted Payments only out of the funds it receives pursuant to Sections 1.4(b)(ii) and (iv) and Section 1.4(d) of the Agreement. Furthermore, the Seller shall not pay, make or declare: (A) any distributions if, after giving effect thereto, the Seller's tangible net worth (as determined in accordance with generally accepted accounting principles, consistently applied) would be less than $10,000,000, or (B) any Restricted Payment (including any dividend) if, after giving effect thereto, any Termination Event or Unmatured Termination Event shall have occurred and be continuing.

(o) Other Business. The Seller will not: (i) engage in any business other than the transactions contemplated by the Transaction Documents; (ii) create, incur or permit to exist any Debt of any kind (or cause or permit to be issued for its account any letters of credit or bankers' acceptances) other than pursuant to this Agreement or any Company Note; or (iii) form any Subsidiary or make any investments in any other Person; provided, however, that the Seller shall be permitted to incur minimal obligations to the extent necessary for the day-to-day operations of the Seller (such as expenses for stationery, audits, maintenance of legal status, etc.).

(p) Use of Seller's Share of Collections. The Seller shall apply the Seller's Share of Collections to make payments in the following order of priority: (i) the payment of its expenses (including all obligations payable to the Conduit Purchasers and the Administrator under the Agreement and under the Fee Letters); (ii) the payment of accrued and unpaid interest on the Company Notes; and (iii) other legal and valid organizational purposes.

(q) Tangible Net Worth. The Seller will not permit its tangible net worth (as determined in accordance with generally accepted accounting principles, consistently applied), at any time, to be less than $10,000,000.

(r) Fundamental Changes. The Seller shall not, without the prior written consent of the Administrator and the Majority Purchaser Agents, permit itself (i) to merge or consolidate with or into, or convey, transfer, lease or otherwise dispose of (whether in one transaction or in a series of transactions) all or substantially all of its assets (whether now owned or hereafter acquired) to, any Person or (ii) to be owned directly or indirectly by any Person other than Strategic Energy or an Affiliate thereof and thereby cause Strategic Energy's percentage of ownership or control of the Seller to be reduced.

2. Covenants of Strategic Energy as the Servicer. Until the latest of (i) the Facility Termination Date, (ii) the date on which no Capital of or Discount in respect of the Purchased Interest shall be outstanding, (iii) the date on which an amount equal to 100% of the LC Participation Amount has been deposited in the LC Collateral Account and all Letters of Credit have expired and (iv) the date all other amounts owed by the Seller under the Agreement to the Purchasers, the Administrator and any other Indemnified Party or Affected Person shall be paid in full:

(a) Compliance with Laws, Etc. The Servicer shall comply (and shall cause the Originators to comply) in all material respects with all applicable laws, rules, regulations and orders, and preserve and maintain its organizational existence in good standing, and its rights, franchises, qualifications and privileges, except to the extent that the failure so to comply with such laws, rules, regulations or orders or the failure so to preserve and maintain such existence, rights, franchises, qualifications and privileges would not have a Material Adverse Effect.

(b) Offices, Records and Books of Account, Etc. The Servicer shall keep (and shall cause the Originators to keep) its principal place of business, chief executive office and state of formation (as such terms or similar terms are used in the applicable UCC) and the office where it keeps its records concerning the Receivables at the address(es) set forth on Schedule IV or, upon at least 30 days' prior written notice of a proposed change to the Administrator, at any other locations in jurisdictions where all actions reasonably requested by the Administrator to protect and perfect the interest of the Administrator and the Purchasers in the Receivables and related items (including the Pool Assets) have been taken and completed. The Servicer also will (and will cause the Originators to) maintain and implement administrative and operating procedures (including an ability to recreate records evidencing Receivables and related Contracts in the event of the destruction of the originals thereof), and keep and maintain all documents, books, records, computer tapes and disks and other information reasonably necessary or advisable for the collection of all Receivables (including records adequate to permit the daily identification of each Receivable and all Collections of and adjustments to each existing Receivable).

(c) Performance and Compliance with Contracts and Credit and Collection Policy. The Servicer shall (and shall cause the Originators to), at its expense, timely and fully perform and comply with all material provisions, covenants and other promises required to be observed by it under the Contracts related to the Receivables, and timely and fully comply in all material respects with the Credit and Collection Policy with regard to each Receivable and the related Contract.

(d) Extension or Amendment of Receivables. Except as provided in the Credit and Collection Policy, the Servicer and, to the extent that it ceases to be the Servicer, Strategic Energy, shall not extend (and shall not permit the Originators to extend), the maturity or adjust the Outstanding Balance or otherwise modify the terms of any Pool Receivable in any material respect, or amend, modify or waive, in any material respect, any term or condition of any related Contract (which term or condition relates to payments under, or the enforcement of, such Contract).

(e) Change in Business or Credit and Collection Policy. The Servicer shall not make (and shall not permit the Originators to make) (i) without the prior written consent of the Administrator and each Purchaser Agent, any material change in the character of its business or in any Credit and Collection Policy, or (ii) any change in any Credit and Collection Policy that could have a Material Adverse Effect. The Servicer shall not make (and shall not permit the Originators to make) any other change in any Credit and Collection Policy without giving prior written notice thereof to the Administrator and each Purchaser Agent.

(f) Audits. The Servicer shall (and shall cause the Originators to), from time to time during regular business hours as reasonably requested in advance (unless a Termination Event or Unmatured Termination Event exists) by the Administrator, permit the Administrator, or its agents or representatives: (i) to examine and make copies of and abstracts from all books, records and documents (including computer tapes and disks) in its possession or under its control relating to Receivables and the Related Security, including the related Contracts; (ii) to visit its offices and properties for the purpose of examining such materials described in clause (i) above, and to discuss matters relating to Receivables and the Related Security or its performance hereunder or under the Contracts with any of its officers, employees, agents or contractors having knowledge of such matters and (iii), without limiting the clauses (i) and (ii) above, to engage certified public accountants or other auditors acceptable to the Servicer and the Administrator to conduct, at the Servicer's expense (such review shall not be at the Servicer's expense if the Administrator has previously conducted a review within the current fiscal year unless a Termination Event has occurred and is continuing (in which case such review shall be at the Seller's expense)), a review of the Servicer's books and records with respect to such Receivables.

(g) Change in Lock-Box Banks, Lock-Box Accounts and Payment Instructions to Obligors. The Servicer shall not (and shall not permit any Originators to) add or terminate any bank as a Lock-Box Bank or any account as a Lock-Box Account from those listed in Schedule II to the Agreement, or make any change in its instructions to Obligors regarding payments to be made to the Servicer or any Lock-Box Account (or related post office box), unless the Administrator shall have consented thereto in writing and the Administrator shall have prior to

such termination and instruction received copies of all agreements and documents (including Lock-Box Agreements) that it may request in connection therewith.

(h) Deposits to Lock-Box Accounts. The Servicer shall: (i) instruct all Obligors to make payments of all Receivables to one or more Lock-Box Accounts or to post office boxes to which only Lock-Box Banks have access (and shall instruct the Lock-Box Banks to cause all items and amounts relating to such Receivables received in such post office boxes to be removed and deposited into a Lock-Box Account on a daily basis); and (ii) deposit, or cause to be deposited, any Collections received by it into Lock-Box Accounts not later than one Business Day after receipt thereof. Each Lock-Box Account shall at all times be subject to a Lock-Box Agreement.

(i) Preservation of Security Interest. The Servicer shall (and shall cause the Seller to) take any and all action as the Administrator may require to preserve and maintain the perfection and priority of the security interest of the Administrator in the Pool Assets pursuant to this Agreement.

(j) Marking of Records. At its expense, the Servicer shall mark its master data processing records relating to Pool Receivables and related Contracts with a legend evidencing that the undivided percentage ownership interests with regard to the Purchased Interest related to such Receivables and related Contracts have been sold in accordance with the Agreement.

(k) Excluded Receivable Amounts. In the event that any cash or cash proceeds related to any Excluded Receivable is deposited or credited to any Lock-Box Account, the Servicer, at its expense, shall cause all such amounts to be redirected to the Person entitled thereto within one (1) Business Day after the crediting or depositing of such amount into such Lock-Box Account.

(l) Reporting Requirements. Strategic Energy shall provide to the Administrator and each Purchaser Agent (in multiple copies, if requested by the Administrator or the Purchaser Agents, as applicable) the following:

(i) as soon as available and in any event within 60 days after the end of the first three quarters of each fiscal year of Strategic Energy, balance sheets of Strategic Energy and the consolidated Subsidiaries of Strategic Energy as of the end of such quarter and statements of income, retained earnings and cash flow of Strategic Energy and consolidated Subsidiaries of Strategic Energy for the period commencing at the end of the previous fiscal year and ending with the end of such quarter, certified by the chief financial officer or treasurer of such Person;

(ii) as soon as available and in any event within 90 days after the end of each fiscal year of Strategic Energy, a copy of the annual report for such year for Strategic Energy and its consolidated Subsidiaries, containing financial statements for such year audited by independent certified public accountants of nationally recognized standing;

(iii) together with the financial statements required in (i) and (ii) above, a compliance certificate in substantially the form of Annex D signed by the senior financial

officer or treasurer of the Seller or Strategic Energy, or such other Person as may be acceptable to the Administrator;

(iv) as to the Servicer only, as soon as available and in any event not later than two (2) Business Days prior to the Monthly Settlement Date, an Information Package as of the most recently completed calendar month or, if in the opinion of the Administrator reasonable grounds for insecurity exist with respect to the collectibility of the Pool Receivables or with respect to the Seller or Servicer's performance or ability to perform its obligations under the Agreement, within six (6) Business Days of a

request by the Administrator, supplemental interim information relating to the Receivables to the extent that such information is reasonably obtainable for such periods as is specified by the Administrator (but in no event more frequently than weekly);

(v) as soon as possible and in any event within three days after occurrence of each Termination Event or Unmatured Termination Event, a statement of the chief financial officer of Strategic Energy setting forth details of such Termination Event or Unmatured Termination Event and the action that such Person has taken and proposes to take with respect thereto;

(vi) promptly after the sending or filing thereof, copies of all reports that Strategic Energy sends to any of its security holders, and copies of all reports and registration statements that Strategic Energy or any Subsidiary files with the Securities and Exchange Commission or any national securities exchange; provided, that any filings with the Securities and Exchange Commission that have been granted "confidential" treatment shall be provided promptly after such filings have become publicly available;

(vii) promptly after the filing or receiving thereof notice of and, upon the request of the Administrator, copies of all reports and notices that Strategic Energy or any Affiliate or ERISA Affiliate of Strategic Energy files under ERISA with the Internal Revenue Service, the Pension Benefit Guaranty Corporation or the U. S. Department of Labor or that such Person or any of its Affiliates receives from any of the foregoing or from any multiemployer plan (within the meaning of Section 4001(a)(3) of ERISA) to which such Person or any Affiliate of Strategic Energy is or was, within the preceding five years, a contributing employer, in each case in respect of the assessment of withdrawal liability or an event or condition that would reasonably be expected, in the aggregate, to result in the imposition of material liability on Strategic Energy and/or any such Affiliate;

(viii) at least thirty days before any change in Strategic Energy's or any Originator's name or any other change requiring the amendment of UCC financing statements, a notice setting forth such changes and the effective date thereof;

(ix) promptly after a Responsible Officer of Strategic Energy obtains knowledge thereof, notice of any: (A) litigation, investigation or proceeding that may exist at any time between Strategic Energy or any of its Subsidiaries and any Governmental Authority that, if not cured or if adversely determined, as the case may be, would have a Material Adverse Effect; (B) litigation or proceeding adversely affecting

such Person or any of its Subsidiaries in which the amount involved is $5,000,000 or more or in which injunctive or similar relief is sought; or (C) litigation or proceeding relating to any Transaction Document;

(x) promptly after the occurrence thereof, notice of a material adverse change in the business, operations, property or financial or other condition of Strategic Energy or any of its Subsidiaries or any individual Originator;

(xi) the occurrence of a default or any event of default under any other financing arrangement evidencing $7,500,000 or more of indebtedness pursuant to which Strategic Energy or any Originator is a debtor or an obligor;

(xii) promptly after any Responsible Officer of Strategic Energy obtains knowledge thereof, notice of the failure of any representation or warranty to be true (when made or at any time thereafter) with respect to the Receivables included in the Receivables Pool;

(xiii) notice that (A) any Person shall obtain an Adverse Claim upon the Pool Receivables or Collections with respect thereto, (B) any Person other than the Seller, the Servicer or the Administrator shall obtain any rights or direct any action with respect to any Lock-Box Account (or related lock-box or post office box) or (C) any Obligor shall receive any change in payment instructions with respect to Pool Receivable(s) from a Person other than the Servicer or the Administrator;

(xiv) on or prior to March 31, June 30, September 30 and December 31 of each calendar year, beginning on December 31, 2007, an updated version of Schedule VI hereto; and

(xv) such other information respecting the Receivables or the condition or operations, financial or otherwise, of Strategic Energy or any of its Affiliates as the Administrator may from time to time reasonably request.

3. Separate Existence. Each of the Seller and Strategic Energy hereby acknowledges that the Purchasers, the Conduit Purchasers and the Administrator are entering into the transactions contemplated by this Agreement and the other Transaction Documents in reliance upon the Seller's identity as a legal entity separate from Strategic Energy and its Affiliates. Therefore, from and after the date hereof, each of the Seller and Strategic Energy shall take all steps specifically required by the Agreement or reasonably requested by the Administrator (with reasonable notice to the Seller) to continue the Seller's identity as a separate legal entity and to make it apparent to third Persons that the Seller is an entity with assets and liabilities distinct from those of Strategic Energy and any other Person, and is not a division of Strategic Energy, its Affiliates or any other Person. Without limiting the generality of the foregoing and in addition to and consistent with the other covenants set forth herein, each of the Seller and Strategic Energy shall take such actions as shall be required in order that:

(a) The Seller will be a limited purpose limited liability company whose activities are restricted in its limited liability company agreement to: (i) purchasing or otherwise acquiring from the Originators (or their Affiliates), owning, holding, granting security interests or selling

interests in Pool Assets (or other receivables originated by the Originators or their Affiliates, and certain related assets), (ii) entering into agreements for the selling and servicing of the Receivables Pool (or other receivables pools originated by the Originators or their Affiliates), and (iii) conducting such other activities as are necessary or appropriate to carry out such activities;

(b) The Seller shall not engage in any business or activity except as set forth in this Agreement and the other Transaction Documents nor incur any indebtedness or liability, other than as expressly permitted by the Transaction Documents;

(c) Not less than one member of the Seller's Directors (the "Independent Director") shall be an individual who is not and has not been, within the preceding five (5) years, a direct, indirect or beneficial stockholder, officer, director, employee, affiliate, associate, customer, creditor, consultant or supplier of Strategic Energy or any of its Affiliates. The Seller's limited liability agreement shall provide that: (i) the Seller's Board of Directors shall not approve, or take any other action to cause the filing of, or join in any filing of, a voluntary bankruptcy or insolvency petition, dissolution, liquidation, consolidation, merger, sale of all or substantially all of its assets, assignment for the benefit of

creditors, admit in writing its inability to pay its debts generally as they become due, or to engage in any other business or activity with respect to the Seller unless the Independent Director shall approve the taking of such action in writing before the taking of such action, and (ii) such provision cannot be amended without the prior written consent of the Independent Director;

(d) The Independent Director shall not at any time serve as a trustee in bankruptcy for the Seller, Strategic Energy or any Affiliate thereof;

(e) Any employee, consultant or agent of the Seller will be compensated from the Seller's funds for services provided to the Seller. The Seller will not engage any agents other than its attorneys, auditors and other professionals, and a servicer and any other agent contemplated by the Transaction Documents for the Receivables Pool, which servicer will be fully compensated for its services by payment of the Servicing Fee, and a manager, which manager will be fully compensated from the Seller's funds;

(f) The Seller will contract with the Servicer to perform for the Seller all operations required on a daily basis to service the Receivables Pool. The Seller will pay the Servicer the Servicing Fee pursuant hereto. The Seller will not incur any material indirect or overhead expenses for items shared with Strategic Energy (or any other Affiliate thereof) that are not reflected in the Servicing Fee. To the extent, if any, that the Seller (or any Affiliate thereof) shares items of expenses not reflected in the Servicing Fee or the manager's fee, such as legal, auditing and other professional services, such expenses will be allocated to the extent practical on the basis of actual use or the value of services rendered, and otherwise on a basis reasonably related to the actual use or the value of services rendered; it being understood that Strategic Energy shall pay all expenses relating to the preparation, negotiation, execution and delivery of the Transaction Documents, including legal, agency and other fees;

(g) The Seller's operating expenses will not be paid by Strategic Energy or any other Affiliate thereof;

(h) All of the Seller's business correspondence and other communications shall be conducted in the Seller's own name and on its own separate stationery;

(i) The Seller's books and records will be maintained separately from those of Strategic Energy and any other Affiliate thereof and any other Person;

(j) All financial statements of Strategic Energy or any Affiliate thereof that are consolidated to include Seller will contain detailed notes clearly stating that: (i) a special purpose entity exists as a Subsidiary of Strategic Energy, and (ii) the Originators have sold receivables and other related assets to such special purpose Subsidiary that, in turn, has sold undivided interests therein to certain financial institutions and other entities;

(k) The Seller's assets will be maintained in a manner that facilitates their identification and segregation from those of Strategic Energy or any Affiliate thereof and any other Person;

(l) The Seller will strictly observe organizational formalities in its dealings with Strategic Energy or any Affiliate thereof, and funds or other assets of the Seller will not be commingled with those of Strategic Energy or any Affiliate thereof except as permitted by the Agreement in connection with servicing the Pool Receivables. The Seller shall not maintain joint bank accounts or other depository accounts to which Strategic Energy or any Affiliate thereof or any other Person has independent access (other than the Servicer in such capacity) and the Seller shall use separate invoices and checks from any other Person. The Seller is not named, and has not entered into any agreement to be named, directly or indirectly, as a direct or contingent beneficiary or loss payee on any insurance policy with respect to any loss relating to the property of Strategic Energy or any Subsidiary or other Affiliate of Strategic Energy. The Seller will pay to the appropriate Affiliate the marginal increase or, in the absence of such increase, the market amount of its portion of the premium payable with respect to any insurance policy that covers the Seller and such Affiliate;

(m) The Seller will maintain arm's-length relationships with Strategic Energy (and any Affiliate thereof). Any Person that renders or otherwise furnishes services to the Seller will be compensated by the Seller at market rates for such services it renders or otherwise furnishes to the Seller. Neither the Seller nor Strategic Energy will be or will hold itself out to be responsible for the debts of the other or the decisions or actions respecting the daily business and affairs of the other. The Seller and Strategic Energy will immediately correct any known misrepresentation with respect to the foregoing, and they will not operate or purport to operate as an integrated single economic unit with respect to each other or in their dealing with any other entity;

(n) Strategic Energy shall not pay the salaries of Seller's employees, if any;

(o) The Seller does not and will not hold itself responsible for the obligations of any other Person, and shall not guarantee or become liable for the debts of any other Person;

(p) The Seller will conduct its business in its own name and shall hold itself out as a separate entity from any other Person;

(q) The Seller shall maintain (i) a sufficient number of employees and/or arrange for appropriate contracts with service providers to provide necessary services to the Seller and (ii) adequate capital in light of its contemplated business activities;

(r) The Seller shall not acquire the obligations or securities of any of its shareholders; and

(s) The Seller shall not pledge its assets for the benefit of any other Person or make any loans or advances to any other Person, except pursuant to the Transaction Documents.

EXHIBIT V

TERMINATION EVENTS

Each of the following shall be a "Termination Event":

(a) (i) the Seller, any Originator or the Servicer (if Strategic Energy or any of its Affiliates) shall fail to perform or observe any term, covenant or agreement under the Agreement or any other Transaction Document and, except as otherwise provided herein, such failure shall continue for 10 Business Days after knowledge or notice thereof, (ii) the Seller or the Servicer shall fail to make when due any payment or deposit to be made by it under the Agreement or any other Transaction Document and such failure shall continue unremedied for 2 days or (iii) Strategic Energy shall resign as Servicer, and no successor Servicer reasonably satisfactory, to the Administrator shall have been appointed;

(b) Strategic Energy (or any Affiliate thereof) shall fail to transfer to any successor Servicer when required any rights pursuant to the Agreement that Strategic Energy (or such Affiliate) then has as Servicer;

(c) any representation or warranty made or deemed made by the Seller, the Servicer or any Originator (or any of their respective officers) under or in connection with the Agreement or any other Transaction Document, or any information or report delivered by the Seller, Strategic Energy or Originator or the Servicer pursuant to the Agreement or any other Transaction Document, shall prove to have been incorrect or untrue in any material respect when made or deemed made or delivered and shall remain incorrect or untrue for ten days after knowledge or notice thereof (if the warranty is of a type that is capable of being cured);

(d) the Seller or the Servicer shall fail to deliver the Information Package pursuant to the Agreement, and such failure shall remain unremedied for two Business Days;

(e) the Agreement (and each Lock-Box Agreement, as applicable) or any purchase or reinvestment pursuant to the Agreement shall for any reason other than as a result of an willful or grossly negligent action by the Administrator or any member of a Purchaser Group: (i) cease to create, or the Purchased Interest shall for any reason cease to be, a valid and enforceable perfected undivided variable percentage ownership or security interest to the extent of the Purchased Interest in each Pool Receivable, the Related Security and Collections with respect thereto, free and clear of any Adverse Claim (other than Permitted Liens), or (ii) cease to create with respect to the Pool Assets, or the interest of the Administrator with respect to such Pool Assets shall cease to be, a valid and enforceable first priority perfected security interest, free and clear of any Adverse Claim (other than Permitted Liens);

(f) the Seller or any Originator shall generally not pay its debts as such debts become due, or shall admit in writing its inability to pay its debts generally, or shall make a general assignment for the benefit of creditors; or any proceeding shall be instituted by or against the Seller or any Originator seeking to adjudicate it as bankrupt or insolvent, or seeking liquidation, winding up, reorganization, arrangement, adjustment, protection, relief or composition of it or its debts under any law relating to bankruptcy, insolvency or reorganization or relief of debtors, or seeking the entry of an order for relief or the appointment of a receiver, trustee, custodian or

other similar official for it or for any substantial part of its property and, in the case of any such proceeding instituted against it (but not instituted by it), either such proceeding shall remain undismissed or unstayed for a period of 60 days, or any of the actions sought in such proceeding (including the entry of an order for relief against, or the appointment of a receiver, trustee, custodian or other similar official for, it or for any substantial part of its property) shall occur; or the Seller or any Originator shall take any corporate or organizational action to authorize any of the actions set forth above in this paragraph;

(g) (i) the (A) Default Ratio shall exceed 2.5% or (B) the Delinquency Ratio shall exceed 6.0%, (ii) the average for three consecutive calendar months of: (A) the Default Ratio shall exceed 1.75%, (B) the Delinquency Ratio shall exceed 5.5% or (C) the Dilution Ratio shall exceed 2.5% or (iii) at any time the Day's Sales Outstanding shall exceed 60 days;

(h) [reserved];

(i) a Change in Control shall occur;

(j) at any time (i) the sum of (A) the Capital, plus the LC Participation Amount, plus (B) the Total Reserves, exceeds (ii) the sum of (A) the Net Receivables Pool Balance at such time plus (B) the Purchasers' Share of the amount of Collections then on deposit in the Lock-Box Accounts (other than amounts set aside therein representing Discount and fees), and such circumstance shall not have been cured within two Business Days after knowledge thereof by the Seller, Strategic Energy, the Servicer or any Originator; provided that each month upon the due date for the Information Package, such parties shall be deemed to have knowledge thereof (regardless of whether or not such parties had such knowledge or whether or not the Information Package due to be delivered on such date was delivered to the Administrator);

(k) (i) the Servicer or any Originator shall fail to pay any principal of or premium or interest on any of its Debt that is outstanding in a principal amount of at least $7,500,000 in the aggregate when the same becomes due and payable (whether by scheduled maturity, required prepayment, acceleration, demand or otherwise), and such failure shall continue after the applicable grace period, if any, specified in the agreement, mortgage, indenture or instrument relating to such Debt (and shall have not been waived); or (ii) any other event shall occur or condition shall exist under any agreement, mortgage, indenture or instrument relating to any such Debt and shall continue after the applicable grace period, if any, specified in such agreement, mortgage, indenture or instrument (and shall have not been waived), if, in either case: (a) the effect of such non-payment, event or condition is to give the applicable debtholders the right (whether acted upon or not) to accelerate the maturity of such Debt, or (b) any such Debt shall be declared to be due and payable, or required to be prepaid (other than by a regularly scheduled required prepayment), redeemed, purchased or defeased, or an offer to repay, redeem, purchase or defease such Debt shall be required to be made, in each case before the stated maturity thereof;

(l) either: (i) a contribution failure shall occur with respect to any Benefit Plan sufficient to give rise to a lien on any of the assets of the Seller, any Originator, the Servicer or any ERISA Affiliate under Section 302(f) of ERISA, (ii) the Internal Revenue Service shall file a notice of lien asserting a claim or claims pursuant to the Internal Revenue Code with regard to

any of the assets of (a) the Seller or (b) any Originator, the Servicer or any ERISA Affiliate, and such lien shall have been filed and not released within 10 days, or (iii) the Pension Benefit Guaranty Corporation shall, or shall indicate its intention in writing to the Seller, any Originator, Strategic Energy or any ERISA Affiliate to, either file a notice of lien asserting a claim pursuant to ERISA with regard to any assets of the Seller, any Originator, Strategic Energy or any ERISA Affiliate in an amount in excess of $1,000,000 or terminate any Benefit Plan that has unfunded benefit liabilities, or any steps shall have been taken to terminate any Benefit Plan subject to Title IV of ERISA so as to result in any liability and such lien shall have been filed and not released within 10 days;

(m) if any Transaction Document shall for any reason cease to be effective and valid, binding and enforceable in accordance with its terms or the Seller, any Originator, Strategic Energy, the Servicer or any other party (other than the Administrator or any member of a Purchaser Group) shall, directly or indirectly, contest in any manner such effectiveness, validity, binding nature or enforceability of any Transaction Document; and

(n) the breach or default by any party (other than the Administrator) of its obligations under the Intercreditor Agreement.

SCHEDULE I

CREDIT AND COLLECTION POLICY

(attached)

SCHEDULE II
LOCK-BOX BANKS AND LOCK-BOX ACCOUNTS

Lock-Box Bank	Lock-Boxes	Accounts
PNC Bank, National Association	676863	1019809357
	643249	
	676863	1019809349
	643249	

SCHEDULE III
TRADE NAMES

Organizational Name	Trade Names / Fictitious Names
Strategic Energy, L.L.C.	SEL
	Strategic Energy
	Strategic Energy LTD
	Expert Energy

SCHEDULE IV
OFFICE LOCATIONS

The Principal Place of Business, Chief Executive Office and State of Formation of the Seller is:

Strategic Receivables, LLC

Two Gateway Center

Pittsburgh, PA 15222-1458

Delaware limited liability company

The Seller maintains its master books and records relating to Receivables at:

Strategic Receivables, LLC

Two Gateway Center
Pittsburgh, PA 15222-1458

The Principal Place of Business, Chief Executive Office and State of Formation of the Servicer:

Strategic Energy, L.L.C.

Two Gateway Center
Pittsburgh, PA 15222-1458

Delaware limited liability company

The Servicer maintains its master books and records relating to the Receivables at:

Two Gateway Center
Pittsburgh, PA 15222-1458

SCHEDULE V

EXISTING LETTERS OF CREDIT

SCHEDULE VI
EXCLUDED RECEIVABLE OBLIGORS

(attached)

SCHEDULE VII
NON-LOCK-BOX-ACCOUNTS

Non-Lock-Box Bank	Remittance Addresses	Accounts
JPMorgan Chase Bank, N.A.	PO Box 910152 Dallas, TX 75391-0152	77-717-5304
	PO Box 911945 Dallas, TX 75391-1945	77-717-6076
	PO Box 88066 Chicago, IL 60695-8066	53-095-7515
	PO Box 915039 Dallas, TX 75391-5039	32-340-8885
	PO Box 915028	32-341-2297

	Dallas, TX 75391-5028	
	PO Box 88166 Chicago, IL 60695-8166	32-341-2327
	PO Box 915017 Dallas, TX 75391-5017	32-341-2319
	PO Box 27511 New York, NY 10087-7511	30-415-8941
	PO Box 88996 Chicago, IL 60695-8996	30-415-8968
	PO Box 27643 New York, NY 10087-7643	30-418-0467

LaSalle Bank N.A.	135 S. LaSalle St.	580-033-6066

	Department 6413 Chicago, IL 60674-6413	
	135 S. LaSalle St. Department 2308 Chicago, IL 60674-2038	580-033-6090

ANNEX A

FORM OF INFORMATION PACKAGE

(attached)

ANNEX B

FORM OF PURCHASE NOTICE

_____, [200_]

PNC Bank, National Association, as Administrator and a Purchaser Agent
One PNC Plaza, 26th Floor
249 Fifth Avenue
Pittsburgh, PA 15222-2707

Fifth Third Bank, as a Purchaser Agent
38 Fountain Square Plaza, MD109047
Cincinnati, Ohio 45263

Ladies and Gentlemen:

Reference is hereby made to the Receivables Purchase Agreement, dated as of October 3, 2007 (as heretofore amended, restated, supplemented or otherwise modified, the "Receivables Purchase Agreement"), among Strategic Receivables, LLC, as Seller, Strategic Energy, L.L.C., as Servicer, the Conduit Purchasers from time to time party thereto, the Purchaser Agents from time to time party thereto, PNC Bank, National Association, as Administrator and as LC Bank and the LC Participants from time to time party thereto. Capitalized terms used in this Purchase Notice and not otherwise defined herein shall have the meanings assigned thereto in the Receivables Purchase Agreement.

[This letter constitutes a Purchase Notice pursuant to Section 1.2(a) of the Receivables Purchase Agreement. Seller desires to sell an undivided variable percentage interest in a pool of receivables on _____, [200_], for a purchase price of $_____ ($_____ of which represents the Capital funded by the Purchaser Group for which

Market Street is a member and $_____ of which represents the Capital funded by the Purchaser Group for which [_____] is a member). Subsequent to this purchase, the aggregate outstanding Capital will be $_____. Each Purchaser Group's Share of such purchase and resulting aggregate Capital and LC Participation Amount is set forth on a schedule attached hereto.][1]

[This letter constitutes a notice pursuant to Section 1.12(a) of the Receivables Purchase Agreement. The Seller desires that LC Bank issue a Letter of Credit with a face amount of $_____. Subsequent to this purchase, the LC Amount will be $_____ and the aggregate outstanding Capital will be $_____.][2]

---

[1] In the case of a Borrowing Request.

[2] In the case of a request for an issuance of a Letter of Credit.

Seller hereby represents and warrants as of the date hereof, and as of the date of purchase, as follows:

(i) the representations and warranties contained in Exhibit III of the Receivables Purchase Agreement are correct in all material respects on and as of such dates as though made on and as of such dates and shall be deemed to have been made on such dates, except for representations and warranties which apply as to an earlier date (in which case such representations and warranties shall be true and correct in all material respects as of such earlier date);

(ii) no Termination Event or Unmatured Termination Event has occurred and is continuing, or would result from such purchase;

(iii) after giving effect to the purchase proposed hereby, the Purchased Interest will not exceed 100% and the Capital plus the LC Participation Amount will not exceed the Purchase Limit; and

(iv) the Facility Termination Date shall not have occurred.

IN WITNESS WHEREOF, the undersigned has caused this Purchase Notice to be executed by its duly authorized officer as of the date first above written.

STRATEGIC RECEIVABLES, LLC

By:_____
Name:_____
Title:_____

ANNEX C

FORM OF PAYDOWN NOTICE

_____, _____

PNC Bank, National Association, as Administrator and a Purchaser Agent
One PNC Plaza, 26th Floor
249 Fifth Avenue

Pittsburgh, PA 15222-2707

Fifth Third Bank, as a Purchaser Agent
38 Fountain Square Plaza, MD109047
Cincinnati, Ohio 45263

Ladies and Gentlemen:

Reference is hereby made to the Receivables Purchase Agreement, dated as of October 3, 2007 (as heretofore amended, restated, supplemented or otherwise modified, the "Receivables Purchase Agreement"), among Strategic Receivables, LLC, as Seller, Strategic Energy, L.L.C., as Servicer, the Conduit Purchasers from time to time party thereto, the Purchaser Agents from time to time party thereto, PNC Bank, National Association, as Administrator and as LC Bank and the LC Participants from time to time party thereto. Capitalized terms used in this paydown notice and not otherwise defined herein shall have the meanings assigned thereto in the Receivables Purchase Agreement.

This letter constitutes a paydown notice pursuant to Section 1.4(f)(i) of the Receivables Purchase Agreement. The Seller desires to reduce the Capital on _____, _____[3] by the application of $_____ ($_____ of which shall be applied to the Capital funded by the Purchaser Group for which Market Street is a member and $_____ of which shall be applied to the Capital funded by the Purchaser Group for which [_____] is a member) in cash to pay Capital and Discount to accrue (until such cash can be used to pay commercial paper notes) with respect to such Capital, together with all costs related to such reduction of Capital. Subsequent to this paydown, the aggregate Capital will be $_____. Each Purchaser Group's Share of such reduction and resulting aggregate Capital is set forth on a schedule attached hereto.

---

[3] Notice must be given at least two (2) Business Days' prior to the requested paydown date, subject to the proviso set forth in Section 1.4(f)(i) of the Receivables Purchase Agreement.

IN WITNESS WHEREOF, the undersigned has caused this paydown notice to be executed by its duly authorized officer as of the date first above written

STRATEGIC RECEIVABLES, LLC

By:_____
Name:_____
Title:_____

ANNEX D
to Receivables Purchase Agreement

FORM OF COMPLIANCE CERTIFICATE

To: PNC Bank, National Association, as Administrator

This Compliance Certificate is furnished pursuant to that certain Receivables Purchase Agreement, dated as of October 3, 2007 among Strategic Receivables, LLC, as seller (the "Seller"), Strategic Energy, L.L.C., as servicer (the "Servicer"), the Conduit Purchasers from time to time party thereto, the Purchaser Agents from time to time party thereto, PNC Bank, National Association, as administrator (in such capacity, the "Administrator") and as LC Bank and the LC Participants from time to time party thereto (as amended, restated, supplemented or otherwise modified (the "Agreement"). Capitalized terms used herein and not otherwise defined herein shall have the meanings assigned to them in the Agreement.

THE UNDERSIGNED HEREBY CERTIFIES THAT:

1. I am the duly elected _____ of the Servicer.

2. I have reviewed the terms of the Agreement and I have made, or have caused to be made under my supervision, a detailed review of the transactions and condition of Seller during the accounting period covered by the attached financial statements.

3. The examinations described in paragraph 2 did not disclose, and I have no knowledge of, the existence of any condition or event which constitutes a Termination Event or an Unmatured Termination Event, as each such term is defined under the Agreement, during or at the end of the accounting period covered by the attached financial statements or as of the date of this Certificate, except as set forth in paragraph 5 below.

4. Described below are the exceptions, if any, to paragraph 3 by listing, in detail, the nature of the condition or event, the period during which it has existed and the action which Seller has taken, is taking, or proposes to take with respect to each such condition or event:

The foregoing certifications, together with the computations set forth in Schedule I hereto and the financial statements delivered with this Certificate in support hereof, are made and delivered this ____ day of _____, 20___.

STRATEGIC RECEIVABLES, LLC

By:
Name:
Title:

ANNEX E

FORM OF LETTER OF CREDIT APPLICATION

_____, [200__]

PNC Bank, National Association, as Administrator and a Purchaser Agent
One PNC Plaza, 26th Floor
249 Fifth Avenue
Pittsburgh, PA 15222-2707

Fifth Third Bank, as a Purchaser Agent
38 Fountain Square Plaza, MD109047
Cincinnati, Ohio 45263

Ladies and Gentlemen:

Reference is hereby made to the Receivables Purchase Agreement, dated as of October 3, 2007 (as heretofore amended, restated, supplemented or otherwise modified, the "Receivables Purchase Agreement"), among Strategic Receivables, LLC, as Seller, Strategic Energy, L.L.C., as Servicer, the Conduit Purchasers from time to time party thereto, the Purchaser Agents from time to time party thereto, PNC Bank, National Association, as Administrator and as LC Bank and the LC Participants from time to time party thereto. Capitalized terms used in this Purchase Notice and not otherwise defined herein shall have the meanings assigned thereto in the Receivables Purchase Agreement.

This letter constitutes a notice pursuant to Section 1.12(a) of the Receivables Purchase Agreement. Seller desires that LC Bank issue a Letter of Credit on _____, [20__], with a face amount of $_____. Subsequent to this purchase, the LC Participation Amount will be $_____ and the aggregate outstanding Capital will be $_____. Each Purchaser Group's Share of such purchase and resulting aggregate Capital and LC Participation Amount is set forth on a schedule attached hereto.

Seller hereby represents and warrants as of the date hereof, and as of the date of purchase, as follows:

(i) the representations and warranties contained in Exhibit III of the Receivables Purchase Agreement are correct in all material respects on and as of such dates as though made on and as of such dates and shall be deemed to have been made on such dates, except for representations and warranties which apply as to an earlier date (in which case such representations and warranties shall be true and correct in all material respects as of such earlier date);

(ii) no Termination Event or Unmatured Termination Event has occurred and is continuing, or would result from such purchase;

(iii) after giving effect to the purchase proposed hereby, the Purchased Interest will not exceed 100% and the Capital plus the LC Participation Amount will not exceed the Purchase Limit; and

(iv) the Facility Termination Date shall not have occurred.

IN WITNESS WHEREOF, the undersigned has caused this Letter of Credit Application to be executed by its duly authorized officer as of the date first above written.

STRATEGIC RECEIVABLES, LLC

By:_____
Name:_____
Title:_____

Exhibit 10.1.3

EXECUTION COPY

PURCHASE AND SALE AGREEMENT

Dated as of October 3, 2007

by and among

THE VARIOUS ENTITIES FROM TIME TO TIME PARTY HERETO,

as Originators,

STRATEGIC ENERGY, L.L.C.,

as Servicer,

and

STRATEGIC RECEIVABLES, LLC,

as Buyer

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PURCHASE AND SALE AGREEMENT

THIS PURCHASE AND SALE AGREEMENT (this "Agreement"), dated as of **October 3**, 2007, is among the various entities from time to time party hereto, each as an originator (each, an "Originator" and collectively, the "Originators"), Strategic Energy, L.L.C., ("Strategic Energy"), as servicer under the Receivables Purchase Agreement described below (in such capacity, the "Servicer"), and Strategic Receivables, LLC, a Delaware limited liability company, as buyer (the "Buyer").

Definitions

Unless otherwise indicated, certain terms that are capitalized and used throughout this Agreement are defined in Exhibit I to the Receivables Purchase Agreement of even date herewith (as the same may be amended, restated, amended and restated, supplemented or otherwise modified from time to time, the "Receivables Purchase Agreement") among the Buyer, as Seller, the Servicer, the Conduit Purchasers party thereto, the Purchaser Agents party thereto, the financial institutions from time to time party thereto, as LC Participants and PNC Bank, National Association, as Administrator and as LC Bank. All references herein to months are to calendar months unless otherwise expressly indicated.

Background

(a) The Buyer is a special purpose limited liability company, all of the outstanding membership interests of which are owned by Strategic Energy.

(b) The Originators generate Receivables in the ordinary course of their businesses.

(c) The Originators, in order to finance their business, wish to sell Receivables and the Related Rights to the Buyer, and the Buyer is willing, on the terms and subject to the conditions set forth herein, to purchase Receivables and the Related Rights from the Originators.

(d) The Originators and the Buyer intend this transaction to be a true sale of Receivables and the Related Rights by the Originators to the Buyer, providing the Buyer with the full benefits of ownership of the Receivables and the Related Rights, and the Originators and the Buyer do not intend the transactions hereunder to be, or for any purpose to be, characterized as a loan from the Buyer to the Originators.

(e) The Buyer intends to transfer the Purchased Interest in the Receivables to the Purchasers, pursuant to the Receivables Purchase Agreement.

NOW, THEREFORE, in consideration of the premises and the mutual agreements herein contained, the sufficiency of which is hereby acknowledged, the parties hereto agree as follows:

ARTICLE I

AGREEMENT TO PURCHASE AND SELL

1.1 Agreement To Purchase and Sell.

On the terms and subject to the conditions set forth in this Agreement (including Article IV), each Originator, jointly and severally, agrees to sell to the Buyer, and the Buyer agrees to purchase from each such Originator, from time to time on or after the Closing Date, but before the Purchase and Sale Termination Date, all of each such Originator's right, title and interest in and to:

(a) each Receivable of such Originator that existed and was owing to such Originator at the closing of such Originator's business on September 30, 2007 (the "Cut-off Date") (other than Receivables contributed pursuant to Section 3.1 (the "Contributed Receivables");

(b) each Receivable created by such Originator from and including the Cut-off Date to and including the Purchase and Sale Termination Date;

(c) all rights to, but not the obligations under, all Related Security;

(d) all monies due or to become due with respect to any of the foregoing;

(e) all books and records of such Originator related to any of the foregoing, and all rights, remedies, powers, privileges, title and interest of such Originator in each lock-box and related lock-box address and account (including, without limitation, all related Lock-Box Accounts) to which Collections are sent, all amounts on deposit therein, all certificates and instruments, if any, from time to time evidencing such accounts and amounts on deposit therein, and all related agreements between such Originator and each related account bank and Lock-Box Bank; and

(f) all collections and other products and proceeds (as defined in the applicable UCC) of any of the foregoing that are or were received by such Originator on or after the Cut-off Date, including, without limitation, all funds which either are received by such Originator, the Buyer or the Servicer from or on behalf of the Obligors in payment of any amounts owed (including, without limitation, invoice price, finance charges, interest and all other charges) in respect of Receivables, or are applied to such amounts owed by the Obligors (including, without limitation, insurance payments that such Originator, the Buyer or the Servicer applies in the ordinary course of its business to amounts owed in respect of any Receivable and net proceeds of sale or other disposition of repossessed goods or other collateral or property of the Obligors in respect of Receivables or any other Persons directly or indirectly liable for payment of such Receivables) ((a) through (f), collectively, the "Collateral").

All purchases and contributions hereunder are absolute and irrevocable and shall be made without recourse, but shall be made pursuant to, and in reliance upon, the representations,

warranties and covenants of the Originators set forth in this Agreement and each other Transaction Document. No obligation or liability to any Obligor on any Receivable is intended to be assumed by the Buyer hereunder, and any such assumption is expressly disclaimed. The Buyer's foregoing commitment to purchase Receivables and the proceeds and rights described in clauses (c) through (f) (collectively, the "Related Rights") is herein called the "Purchase Facility."

1.2 Timing of Purchases.

(a) Closing Date Purchases. Each Originator's entire right, title and interest in (i) each Receivable that existed and was owing to such Originator at the Cut-off Date (other than Contributed Receivables), (ii) all Receivables created by such Originator from and including the Cut-off Date, to and including the Closing Date (other than Contributed Receivables) and (iii) all Related Rights automatically shall be deemed to have been sold to the Buyer on the Closing Date.

(b) Regular Purchases. After the Closing Date, until the Purchase and Sale Termination Date, each Receivable (and the Related Rights) created by each Originator shall be, and shall be deemed to have been sold to the Buyer immediately (and without further action) upon the creation of such Receivable.

1.3 Consideration for Purchases.

On the terms and subject to the conditions set forth in this Agreement, the Buyer agrees to make Purchase Price payments to each Originator and to reflect all contributions in accordance with Article III.

1.4 Purchase and Sale Termination Date.

The "Purchase and Sale Termination Date" shall be the earlier to occur of (a) the date of the termination of this Agreement pursuant to Section 8.2 and (b) the Payment Date immediately following the day on which Originators shall have given notice to the Buyer at or prior to 10:00 a.m. (New York City time) that the Originators desire to terminate this Agreement.

1.5 Intention of the Parties.

It is the express intent of the parties hereto that the transfers of the Receivables and Related Rights by each Originator to the Buyer, as contemplated by this Agreement be, and be treated as, sales or contributions, as applicable, and not as loans secured by the Receivables and Related Rights. If, however, notwithstanding the intent of the parties, such transactions are deemed to be loans, each Originator hereby grants to the Buyer a first priority security interest in all of such Originator's right, title and interest in and to (i) the Receivables and the Related Rights now existing and hereafter created by such Originator, (ii) all monies due or to become due and all amounts received with respect thereto, (iii) all books and records of such Originator related to any of the foregoing, and all rights, remedies, powers, privileges, title and interest of such Originator in each lock-box and related lock-box address and account (including, without limitation, all related Lock-Box Accounts) to which Collections are sent, all amounts on deposit

therein, all certificates and instruments, if any, from time to time evidencing such accounts and amounts on deposit therein, and all related agreements between such Originator and each related account bank and Lock-Box Bank and (iv) all proceeds and products of any of the foregoing, to secure all of such Originator's obligations hereunder.

ARTICLE II

CALCULATION OF PURCHASE PRICE

2.1 Calculation of Purchase Price.

On the Closing Date and on each Monthly Settlement Date, the Servicer shall deliver to the Buyer and the Originators a report in substantially the form of Exhibit A (each such report being herein called a "Purchase Report") with respect to the matters set forth therein and the Buyer's purchases of Receivables from the Originators:

(a) that are to be made on the Closing Date (in the case of the Purchase Report to be delivered on the Closing Date), or

(b) that were made during the period commencing on the Monthly Settlement Date immediately preceding such Monthly Settlement Date to (but not including) such Monthly Settlement Date (in the case of each subsequent Purchase Report).

The "Purchase Price" (to be paid to the Originators in accordance with the terms of Article III) for the Receivables and the Related Rights that are purchased hereunder from the Originators shall be determined in accordance with the following formula:

PP = OB x FMVD

where:

PP = Purchase Price for each Receivable as calculated on the relevant Payment Date.

OB = The Outstanding Balance of such Receivable on the relevant Payment Date.

FMVD = Fair Market Value Discount, as measured on such Payment Date, which is equal to the quotient (expressed as percentage) of (a) one divided by (b) the sum of (i) one, plus (ii) the product of (A) the Prime Rate on such Payment Date plus .25% and (B) a fraction, the numerator of which is the Days' Sales Outstanding (calculated as of the last day of the Settlement Period next preceding such Payment Date) and the denominator of which is 365.

"Payment Date" means (i) the Closing Date and (ii) each Business Day thereafter that the Originators are open for business.

"Prime Rate" means a per annum rate equal to the "Prime Rate" as published in the "Money Rates" Section of The Wall Street Journal or, if such rate ceases to be published in The Wall Street Journal, such other publication as determined by the Administrator in its sole discretion.

ARTICLE III

PAYMENT OF PURCHASE PRICE

3.1 Contribution of Receivables and Initial Purchase Price Payment.

(a) On the Closing Date, the Originator Strategic Energy shall, and hereby does, contribute to the capital of the Buyer either cash or Receivables and Related Rights with respect thereto consisting of each Receivable of the Originator Strategic Energy that existed and was owing to it on the Closing Date beginning with the oldest of such Receivables and continuing chronologically thereafter such that the aggregate Outstanding Balance of all such Contributed Receivables and such cash shall be at least equal to $10,000,000. The Buyer shall reflect a capital contribution on its books and records from Strategic Energy, as Originator, contributing such Receivables or cash. The value of any such capital contribution consisting of Receivables and Related Rights shall be calculated using the formula set forth in the Purchase Price.

(b) On the terms and subject to the conditions set forth in this Agreement, the Buyer agrees to pay to each Originator the Purchase Price for the purchase to be made from such Originator on the Closing Date partially in cash (in an amount to be agreed between the Buyer and such Originator and set forth in the initial Purchase Report) and partially by issuing a promissory note in the form of Exhibit B to such Originator with an initial principal balance equal to the remaining Purchase Price (each promissory note, as it may be

amended, supplemented, indorsed or otherwise modified from time to time, together with all promissory notes issued from time to time in substitution therefor or renewal thereof in accordance with the Transaction Documents, herein called a "Company Note") or by causing the LC Bank to issue one or more Letters of Credit pursuant to the terms of this Article III and the Receivables Purchase Agreement, as more fully described below.

3.2 Subsequent Purchase Price Payments.

On each Payment Date subsequent to the Closing Date, on the terms and subject to the conditions set forth in this Agreement, the Buyer shall pay to each Originator the Purchase Price for the Receivables generated by such Originator on such Payment Date:

(a) First, the Purchase Price shall be paid in cash to the extent the Buyer has cash available therefor and/or if requested by such Originator, in consideration for causing the LC Bank to issue one or more Letters of Credit on the terms and subject to the conditions of this Article III and the Receivables Purchase Agreement; and

(b) Second, to the extent any portion of the Purchase Price remains unpaid, the principal amount outstanding under the Company Note issued to such Originator shall be increased by an amount equal to such remaining Purchase Price.

The Servicer shall make all appropriate record keeping entries with respect to the Company Note or otherwise to reflect the foregoing payments and reductions, and the Servicer's books and records shall constitute rebuttable presumptive evidence of the principal amount of, and accrued interest on, the Company Note at any time. Furthermore, the Servicer shall hold each Company Note for the benefit of the relevant Originator. Each Originator hereby irrevocably authorizes the Servicer to mark the Company Note "CANCELLED" and to return such Company Note to the Buyer upon the final payment thereof after the occurrence of the Purchase and Sale Termination Date.

In the event that such Originator requests that any purchases be paid for by issuance of a Letter of Credit, such Originator shall on a timely basis provide the Buyer with such information as is necessary for the Buyer to obtain such Letter of Credit from the LC Bank. Such Originator shall have no reimbursement or recourse obligations in respect of any Letter of Credit.

3.3 Settlement as to Specific Receivables and Dilution.

(a) If, on the day of purchase or contribution of any Receivable from any Originator hereunder, any of the representations or warranties set forth in Sections 5.4 and 5.12 are not true with respect to such Receivable or as a result of any action or inaction of such Originator, on any day, any of such representations or warranties set forth in Sections 5.4 and 5.12 is no longer true with respect to such a Receivable, then the Purchase Price (or in the case of a Contributed Receivable, the Outstanding Balance of such Receivable (the "Contributed Value")), with respect to such Receivable shall be reduced by an amount equal to the Outstanding Balance of such Receivable and shall be accounted to such Originator as provided in subsection (c) below; provided, that if the Buyer thereafter receives payment on account of Collections due with respect to such Receivable, the Buyer shall promptly deliver such funds to such Originator on the next Monthly Settlement Date.

(b) If, on any day, the Outstanding Balance of any Receivable purchased or contributed hereunder is reduced or adjusted as a result of any defective, rejected, returned goods or services, or any discount or other adjustment made by any Originator, the Buyer or the Servicer or any setoff or dispute between any Originator or the Servicer and an Obligor as indicated on the books of the Buyer (or, for periods prior to the Closing Date, the books of any Originator), then the Purchase Price or Contributed Value, as the case may be, with respect to such Receivable shall be reduced by the amount of such net reduction and shall be accounted to such Originator as provided in subsection (c) below.

(c) Any reduction in the Purchase Price (or Contributed Value) of any Receivable pursuant to subsection (a) or (b) above shall be applied on the next Monthly Settlement Date as a credit for the account of the Buyer against the Purchase Price of Receivables subsequently purchased by the Buyer from any Originator hereunder;

provided, however, if there have been no purchases of Receivables from such Originator (or insufficiently large purchases of Receivables) to create a Purchase Price sufficient to so apply such credit against, the amount of such credit

(i) shall be paid in cash to the Buyer by such Originator by depositing in immediately available funds into the relevant Lock-Box Account for application by the Servicer to the same extent as if Collections of the applicable Receivable in such amount had actually been received on such date, or

(ii) shall be deemed to be a payment under, and shall be deducted from the principal amount outstanding under, the Company Note payable to such Originator;

provided, further, that at any time (y) when a Termination Event or Unmatured Termination Event exists under the Receivables Purchase Agreement or (z) on or after the Purchase and Sale Termination Date, the amount of any such credit shall be immediately paid by such Originator to the Buyer by deposit in immediately available funds into the relevant Lock-Box Account for application by the Servicer to the same extent as if Collections of the applicable Receivable in such amount had actually been received on such date.

(d) Each Purchase Report (other than the Purchase Report delivered on the Closing Date) shall include, in respect of the Receivables previously generated by each Originator (including Contributed Receivables), a calculation of the aggregate reductions described in subsection (a) or (b) relating to such Receivables since the last Purchase Report delivered hereunder, as indicated on the books of the Buyer (or, for such period prior to the Closing Date, the books of such Originator).

3.4 Reconveyance of Receivables.

In the event that any Originator has paid to the Buyer the full Outstanding Balance of any Receivable pursuant to Section 3.3, the Buyer shall reconvey such Receivable to such Originator, without representation or warranty, but free and clear of all liens, security interests, charges, and encumbrances created by the Buyer.

3.5 Letters of Credit.

(a) Upon the request of the Servicer (acting as agent for each Originator as described in subsection (b) below) and in accordance with Section 3.2, and on the terms and subject to the conditions for issuing Letters of Credit under the Receivables Purchase Agreement (including any limitations therein on the amount of any such

issuance), the Buyer agrees to cause the LC Bank to issue, on the Payment Dates specified by the Servicer (on behalf of such Originator), Letters of Credit on behalf of the Buyer (and, if applicable, on behalf of, or for the account of, any Originator in favor of such beneficiaries as such Originator may elect). The aggregate stated amount of the Letters of Credit being issued on any Payment Date on behalf of such Originator shall constitute a credit against the aggregate Purchase Price payable by the Buyer to such Originator on such Payment Date pursuant to Section 3.2. To the extent that the aggregate stated

amount of the Letters of Credit being issued on any Payment Date exceeds the aggregate Purchase Price payable by the Buyer on such Payment Date, such excess shall be deemed to be a reduction in the outstanding principal balance of (and, to the extent necessary, the accrued but unpaid interest on) the Company Note payable to such Originator. The aggregate stated amount of Letters of Credit to be issued on any Payment Date shall not exceed the sum of the aggregate Purchase Price payable on such Payment Date to such Originator plus the aggregate outstanding principal balance of and accrued but unpaid interest on the Company Note payable to such Originator on such Payment Date. In the event that any such Letter of Credit issued (i) expires or is cancelled or otherwise terminated with all or any portion of its stated amount undrawn, (ii) has its stated amount decreased (for a reason other than a drawing having been made thereunder) or (iii) the Buyer's Reimbursement Obligation in respect thereof is reduced for any reason other than by virtue of a payment made in respect of a drawing thereunder, then an amount equal to such undrawn amount or such reduction, as the case may be, shall either be paid in cash to such Originator(s) on the next Payment Date or, if the Buyer does not then have cash available therefor, shall be deemed to be added to the outstanding principal amount of the Company Note issued to such Originator. Under no circumstances shall any Originator have any reimbursement or recourse obligations in respect of any Letter of Credit.

(b) Each Originator appoints the Servicer as its agent (on which appointment the Buyer, the Administrator, Purchaser Agents, the LC Participants, the LC Bank and the Conduit Purchasers may rely until such Originator provides contrary written notice to all of such Persons) to act on such Originator's behalf to take all actions and to make all decisions in respect of the issuance, amendment and administration of the Letters of Credit, including, without limitation, requests for the issuance and extension of Letters of Credit and the allocation of the stated amounts of Letters of Credit against Purchase Price owed to particular Originators and against Company Notes issued to particular Originators. In the event that the Servicer requests a Letter of Credit hereunder, the Servicer shall on a timely basis provide the Buyer with such information as is necessary for the Buyer to obtain such Letter of Credit from the LC Bank, and shall notify the relevant Originators, the Buyer and the Administrator of the allocations described in the preceding sentence. Such allocations shall be binding on the Buyer and each Originator.

(c) Each Originator agrees to be bound by the terms of each Letter of Credit Application referenced in the Receivables Purchase Agreement and by the LC Bank's interpretations of any Letter of Credit issued for the Buyer and by the LC Bank's written regulations and customary practices relating to letters of credit.

ARTICLE IV

CONDITIONS OF PURCHASES

4.1 Conditions Precedent to Initial Purchase.

The initial purchase hereunder is subject to the condition precedent that the Buyer shall have received, on or before the Closing Date, the following, each (unless otherwise indicated) dated the Closing Date, and each in form and substance satisfactory to the Buyer:

(a) An Originator Assignment Certificate in the form of Exhibit C from each Originator, duly completed, executed and delivered by each such Originator;

(b) A copy of the resolutions of the Board of Directors or members or managers, as the case may be, of each Originator approving the Transaction Documents to be delivered by it and the transactions contemplated hereby and thereby, certified by the Secretary or Assistant Secretary of each such Originator;

(c) Good standing certificates for each Originator issued as of a recent date acceptable to the Servicer by the Secretary of State (or similar official) of the jurisdiction of each such Originator's organization and the jurisdiction where each such Originator's chief executive office is located;

(d) A certificate of the Secretary or Assistant Secretary of each Originator certifying the names and true signatures of the officers authorized on such Person's behalf to sign the Transaction Documents to be delivered by it (on which certificate the Servicer and the Buyer may conclusively rely until such time as the Servicer shall receive from such Person a revised certificate meeting the requirements of this subsection (d));

(e) The certificate of incorporation or certificate of formation or other organizational document of each Originator (including all amendments and modifications thereto), duly certified by the Secretary of State of the jurisdiction of such Originator's incorporation or organization as of a recent date acceptable to the Administrator and the by-laws or limited liability company agreement (including all amendments and modifications thereto), as applicable, of such Originator, in each case duly certified by the Secretary or an Assistant Secretary of such Originator;

(f) (i) Proper financing statements (Form UCC-1) naming each Originator as the debtor/seller and the Buyer as the secured party/purchaser, and (ii) the proper financing statement amendments (Form UCC-3) which name the Administrator as the assignee of the Buyer, as may be necessary or, in the Servicer's or the Administrator's opinion, desirable, under the UCC of all appropriate jurisdictions to perfect the Buyer's ownership interest in all Receivables and such other rights, accounts, instruments and moneys (including, without limitation, the Related Rights) in which an ownership or security interest may be assigned to it hereunder;

(g) A written search report from a Person satisfactory to the Administrator listing all effective financing statements that name each Originator as debtor or seller and that are filed in all jurisdictions in which filings could be effectively made, together with copies of such financing statements (none of which, except for those (i) described in the foregoing subsection (f), or (ii) as to which proper financing statements (Form UCC-3), duly executed and suitable for filing under the UCC of all jurisdictions that the Administrator may deem necessary or desirable to release all security interests and other rights of any Person in the Receivables or Related Rights granted by such Originator to such Person have been received by the Administrator, shall cover any Receivable or any Related Rights which are to be sold or contributed to the Buyer hereunder), and tax and judgment lien search reports (including, without limitation, ERISA lien searches) from a Person satisfactory to the Administrator showing no evidence of any such liens filed against such Originator;

(h) Favorable opinions of Sidley Austin LLP and Babst, Calland, Clements, Zomnir PC, counsel to the Originators, each in form and substance satisfactory to the Administrator;

(i) A Company Note in favor of each Originator, duly executed by the Buyer; and

(j) A certificate from a Responsible Officer of each Originator to the effect that the Servicer and such Originator have placed on the most recent, and have taken all steps reasonably necessary to ensure that there shall be placed on each subsequent, data processing report that it generates which are of the type that a proposed purchaser or lender would use to evaluate the Receivables, the following legend (or the substantive equivalent thereof): "THE RECEIVABLES DESCRIBED HEREIN HAVE BEEN SOLD TO STRATEGIC RECEIVABLES, LLC PURSUANT TO A PURCHASE AND SALE AGREEMENT, DATED AS OF OCTOBER 3, 2007, AS AMENDED, AMONG THE ORIGINATORS (AS DEFINED THEREIN) AND STRATEGIC RECEIVABLES, LLC; AND AN UNDIVIDED, FRACTIONAL OWNERSHIP INTEREST IN THE RECEIVABLES DESCRIBED HEREIN HAS BEEN SOLD TO CERTAIN PURCHASERS PURSUANT TO A RECEIVABLES PURCHASE AGREEMENT, DATED AS OF OCTOBER 3, 2007, AS AMENDED, AMONG STRATEGIC ENERGY, L.L.C., AS THE SERVICER, STRATEGIC RECEIVABLES, LLC, AS THE SELLER, THE CONDUIT PURCHASERS PARTY THERETO, THE PURCHASER AGENTS PARTY THERETO, THE FINANCIAL INSTITUTIONS FROM TIME TO TIME PARTIES THERETO, AS LC PARTICIPANTS AND PNC BANK, NATIONAL ASSOCIATION, AS ADMINISTRATOR AND AS LC BANK."

4.2 Certification as to Representations and Warranties.

Each Originator, by accepting the Purchase Price related to each purchase of Receivables generated by such Originator, shall be deemed to have certified that the representations and warranties contained in Article V are true and correct on and as of such day, with the same effect as though made on and as of such day.

ARTICLE V

REPRESENTATIONS AND WARRANTIES OF THE ORIGINATORS

In order to induce the Buyer to enter into this Agreement and to make purchases and accept contributions hereunder, each Originator hereby jointly and severally makes, the representations and warranties set forth in this Article V.

5.1 Organization and Good Standing.

Such Originator has been duly organized and is validly existing as a corporation or limited liability company, as the case may be, in good standing under the laws of the state of its organization, with power and authority to own its properties and to conduct its business as such properties are presently owned and such business is presently conducted.

5.2 Due Qualification.

Such Originator is duly licensed and in good standing in the jurisdiction where its chief executive office is located and is qualified to do business as a foreign corporation or limited liability company, as the case may be, in good standing in all other jurisdictions in which the failure to be so licensed or qualified could reasonably be expected to have a Material Adverse Effect.

5.3 Power and Authority; Due Authorization.

Such Originator has (a) all necessary power, authority and legal right (i) to execute and deliver, and perform its obligations under, each Transaction Document (and Joinder Agreement (as defined below), as applicable) to which it is a party and (ii) to generate, own, sell, contribute and assign Receivables on the terms and subject to the conditions herein and in the other Transaction Documents, as applicable, provided; and (b) duly authorized such execution and delivery and such sale, contribution and assignment and the performance of such obligations by all necessary action.

5.4 Valid Sale; Binding Obligations.

Each sale or contribution, as the case may be, made by such Originator pursuant to this Agreement shall constitute a valid sale or contribution, as the case may be, transfer, and assignment of Receivables to the Buyer, enforceable against creditors of, and purchasers from, such Originator; and this Agreement (and a Joinder Agreement, if applicable) constitutes, and each other Transaction Document to be signed by such Originator, when duly executed and delivered, will constitute, a legal, valid, and binding obligation of such Originator, enforceable in accordance with its terms, except as enforceability may be limited by bankruptcy, insolvency, reorganization, or other similar laws affecting the enforcement of creditors' rights generally and by general principles of equity, regardless of whether such enforceability is considered in a proceeding in equity or at law.

5.5 No Violation.

The consummation of the transactions contemplated by this Agreement (and a Joinder Agreement, if applicable) and the other Transaction Documents and the fulfillment of the terms hereof or thereof, will not (a) conflict with, result in any breach of any of the terms and provisions of, or constitute (with or without notice or lapse of time) a default under (i) any of such Originator's certificate of incorporation or articles of incorporation, certificate of formation, by-laws, limited liability company agreement or any other organizational document of such Originator or (ii) any indenture, loan agreement, mortgage, deed of trust, or other material agreement or material instrument to which it is a party or by which it is bound, (b) result in the creation or imposition of any Adverse Claim upon any of its properties pursuant to the terms of any such indenture, loan agreement, mortgage, deed of trust, or other agreement or instrument, other than the Transaction Documents, or (c) violate any law or any order, rule or regulation applicable to it of any court or of any state or foreign regulatory body, administrative agency, or other governmental instrumentality having jurisdiction over it or any of its properties.

5.6 Proceedings.

There is no action, suit, proceeding or investigation pending before any court, regulatory body, arbitrator, administrative agency, or other tribunal or governmental instrumentality (a) asserting the invalidity of this Agreement (and a Joinder Agreement, if applicable) or any other Transaction Document, (b) seeking to prevent (i) the issuance of the related Originator Assignment Certificate or the consummation of any of the transactions contemplated by this Agreement (and a Joinder Agreement, if applicable) or any other

Transaction Document or (ii) such Originator from transferring any Receivable or Related Rights to the Buyer hereunder or (c) seeking any determination or ruling that could be reasonably expected to have a Material Adverse Effect.

5.7 Bulk Sales Acts.

No transaction contemplated hereby requires compliance with, or will be subject to avoidance under, any bulk sales act or similar law.

5.8 Government Approvals.

Except for the filing of the UCC financing statements referred to in Article IV, all of which, at the time required in Article IV, shall have been duly made and are in full force and effect, no authorization or approval or other action by, and no notice to or filing with, any governmental authority or regulatory body is required for such Originator's due execution, delivery and performance of this Agreement (and a Joinder Agreement, if applicable) or any other Transaction Document to which it is a party.

5.9 Financial Condition.

(a) Material Adverse Effect. Since June 30, 2007, no event has occurred that has had, or is reasonably likely to have, a Material Adverse Effect.

(b) Solvent. On the date hereof, and on the date of each purchase hereunder (both before and after giving effect to such purchase) such Originator shall be Solvent.

5.10 Licenses and Labor Controversies.

(a) No Originator has failed to obtain any licenses, permits, franchises or other governmental authorizations necessary to the ownership of its properties or to the conduct of its business, which violation or failure to obtain would be reasonably likely to have a Material Adverse Effect.

(b) There are no labor controversies pending or overtly threatened against such Originator that have or are reasonably likely to have a Material Adverse Effect.

5.11 Margin Regulations.

No use of any funds acquired by any Originator under this Agreement will conflict with or contravene any of Regulations T, U and X promulgated by the Federal Reserve Board from time to time.

5.12 Quality of Title.

(a) Each Receivable of such Originator (together with the Related Rights with respect to such Receivable) which is to be sold to the Buyer hereunder is owned by such Originator, free and clear of any Adverse Claim, except as provided herein and in the Receivables Purchase Agreement. Whenever the Buyer makes a purchase or accepts a contribution hereunder, it shall have acquired and shall continue to have maintained a valid and perfected ownership interest (free and clear of any Adverse Claim) in all Receivables generated by such Originator and all Collections related thereto, and in such Originator's entire right, title and interest in and to the Related Rights with respect thereto.

(b) No effective financing statement or other instrument similar in effect covering any Receivable or any Related Rights is on file in any recording office except such as may be filed in favor of the Buyer or the Administrator, as the case may be, in accordance with this Agreement, or in favor of the Administrator, in accordance with the Receivables Purchase Agreement.

(c) Unless otherwise identified to the Buyer on the date of the purchase or contribution hereunder, each Receivable of such Originator purchased by or contributed to the Buyer hereunder is on the date of purchase or contribution, an Eligible Receivable.

5.13 Accuracy of Information.

All factual written information heretofore or contemporaneously furnished (and prepared) by such Originator to the Buyer, the Administrator, any Purchaser Agent or any Purchaser for purposes of or in connection with this Agreement (and a Joinder Agreement, if applicable), any other Transaction Document or any transaction contemplated hereby or thereby

is, and all other such factual written information hereafter furnished (and prepared) by such Originator to the Buyer, the Administrator, any Purchaser Agent or any Purchaser pursuant to or in connection with this Agreement (and a Joinder Agreement, if applicable) or any Transaction Document will be, taken as a whole, true and accurate in every material respect on the date as of which such information is dated or certified.

5.14 Offices.

Such Originator's principal place of business, chief executive office and jurisdiction of organization is located at the address specified in Exhibit D (or at such other locations, notified to the Servicer and the Administrator in accordance with Section 6. l(f), in jurisdictions where all action required by Section 7.3 has been taken and completed), and the offices where such Originator keeps all its books, records and documents evidencing its Receivables, the related Contracts, the Related Rights and all other agreements related to such Receivables are located at the addresses specified in Exhibit D (or at such other locations, notified to the Servicer and the Administrator in accordance with Section 6. l(f)), in jurisdictions where all action required by Section 7.3 has been taken and completed).

5.15 Trade Names.

Such Originator does not use any trade name other than its actual organizational name and the trade names set forth in Exhibit E (or such other trade names, notified to the Servicer and the Administrator in accordance with Section 6. l(f)). From and after the date that fell five (5) years before the date hereof, except as set forth in Exhibit E (or such

other trade names, notified to the Servicer and the Administrator in accordance with Section 6.1(f), such Originator has not been known by any legal name other than its organizational name as of the date hereof, nor has any Originator been the subject of any merger or other organizational reorganization.

5.16 Taxes.

Such Originator has filed all tax returns and reports required by law to have been filed by it and has paid all taxes and governmental charges thereby shown to be owing, except any such taxes or charges which are being diligently contested in good faith by appropriate proceedings and for which adequate reserves in accordance with generally accepted accounting principles, consistently applied, shall have been set aside on its books.

5.17 Compliance With Applicable Laws.

Such Originator is in compliance with the requirements of all applicable laws, rules, regulations and orders of all governmental authorities, a breach of any of which, individually or in the aggregate, would be reasonably likely to have a Material Adverse Effect.

5.18 Reliance on Separate Legal Identity.

Such Originator acknowledges that the Purchasers and the Administrator are entering into the Receivables Purchase Agreement in reliance upon the Buyer's identity as a legal entity separate from each such Originator.

5.19 Investment Company.

Such Originator is neither an "investment company," nor a company "controlled" by an "investment company" within the meaning of the Investment Company Act of 1940, as amended.

5.20 Security Interest.

As more fully set forth in Section 1.5, it is the express intent of the parties that the transfers of the Receivables and Related Rights by the Originators be treated as sales or contributions, and not as loans secured by the Collateral, but that if, notwithstanding the intent of the parties, such transfers are deemed to be loans, a security interest be granted in such assets. This Agreement accordingly hereby creates a valid and continuing security interest (as defined in the applicable UCC) in the Collateral in favor of the Buyer, which security interest is prior to all other Adverse Claims, and is enforceable as such against creditors of and purchasers from the Originators. The Collateral constitutes "accounts", "general intangibles" or "tangible chattel paper" within the meaning of the applicable UCC and constitutes other assets described in Section 1.1 which do not fall within such quoted terms. The Originators own and have good and marketable title to the Collateral free and clear of any Adverse Claim. The Originators have caused or will have caused, within ten (10) days, the filing of all appropriate UCC financing statements in the proper filing offices in the appropriate jurisdictions under applicable law, rules and regulations in order to perfect the security interest in the Collateral granted to the Buyer hereunder. Other than the transfer made and the security interest granted to the Buyer pursuant to this Agreement, the Originators have not pledged, assigned, sold, granted a security interest in, or otherwise conveyed any of the Collateral. The Originators have not authorized the filing of and the Originators are not aware of any UCC financing statements against them that included a description of collateral covering the Collateral other than any UCC financing statement relating to the transfer made or the security interest granted to the Buyer hereunder or that has been terminated. No Responsible Officer of any of the Originators is aware of any judgment or tax lien filings against any of the Originators.

5.21 Consideration.

With respect to each Receivable contributed to the Buyer hereunder: (i) the Buyer has given reasonably equivalent value to the applicable Originator in consideration, (ii) such contribution was not made for or on account of an antecedent debt, and (iii) such contribution is not voidable under any section of the Bankruptcy Code.

5.22 Valid Contracts.

Each Contract with respect to each Receivable contributed or sold hereunder is effective to create, and has created, a legal, valid and binding obligation of the related Obligor to pay the Outstanding Balance of the Receivable created thereunder and any accrued interest thereon, enforceable against the Obligor in accordance with its terms, except as such enforcement may be limited by applicable bankruptcy, insolvency, reorganization or other similar laws relating to or limiting creditors' rights generally and by general principles of equity (regardless of whether enforcement is sought in a proceeding in equity or at law).

5.23 Ordinary Course of Business.

Each remittance of Collections by or on behalf of each Originator or pursuant to the Transaction Documents and any related accounts of amounts owing hereunder will have been (i) in payment of a debt incurred by such Originator in the ordinary course of business or financial affairs of such Originator and (ii) made in the ordinary course of business or financial affairs of such Originator.

ARTICLE VI

COVENANTS OF THE ORIGINATORS

6.1 Affirmative Covenants.

From the date hereof until the first day following the Purchase and Sale Termination Date, each Originator, jointly and severally agrees as follows, unless the Administrator and the Buyer shall otherwise consent in writing, that it will:

(a) Compliance With Laws, Etc. Comply in all material respects with all applicable laws, rules, regulations and orders with respect to the Receivables generated by it and the Contracts and other agreements related thereto except where the failure to so comply would not materially and adversely affect the collectibility of such Receivables or the rights of the Buyer hereunder.

(b) Preservation of Organizational Existence. Preserve and maintain its existence as a corporation or limited liability company, as the case may be, and all rights, franchises and privileges in the jurisdiction of its formation, and qualify and remain qualified in good standing as a foreign corporation or limited liability company, as the case may be, in each jurisdiction where the failure to preserve and maintain such existence, rights, franchises, privileges and qualification would be reasonably likely to have a Material Adverse Effect, except for mergers, consolidations, sales and other dispositions permitted by Section 6.3(e).

(c) Receivables Reviews. (i) At any time and from time to time during regular business hours and upon reasonable notice, permit the Buyer or the Administrator, or their respective agents, or representatives, (A) to examine and make

copies of and abstracts from all books, records and documents (including, without limitation, computer tapes and disks) in possession or under the control of any Originator relating to the Receivables, including, without limitation, the related Contracts and purchase orders, Related Rights and other agreements related thereto, and (B) to visit the offices and properties of any Originator for the purpose of examining such materials described in clause (i)(A) above and to discuss matters relating to Receivables or the performance hereunder with any of the key officers or employees of any Originator having knowledge of such matters; provided, that at any time when no Termination Event exists and is continuing, the Buyer shall be required to reimburse the Administrator or its respective agents, or representatives for only one (1) such examination and one (1) such visit per year, and (ii) without limiting the foregoing clause (i) above, annually or if a Purchase and Sale Termination Event or Unmatured Purchase and Sale Termination Event exist then from time to time on request of the Administrator, permit certified public accountants or other auditors acceptable to the Originators and Administrator to conduct, at such Originator's expense, a review of such Originator's books and records with respect to such Receivables; provided, that at any time when no Termination Event exists and is continuing, the Buyer shall be required to reimburse the Administrator for only one (1) such review per year.

(d) Keeping of Records and Books of Account. Maintain and implement administrative and operating procedures (including, without limitation, an ability to re-create records evidencing Receivables it generates in the event of the destruction of the originals thereof), and keep and maintain all documents, books, records and other information reasonably necessary or advisable for the collection of such Receivables (including, without limitation, records adequate to permit the daily identification of each new Receivable and all Collections of and adjustments to each existing Receivable).

(e) Performance and Compliance With Receivables and Contracts. Timely and fully perform and comply with all provisions, covenants, responsibilities and other promises required to be observed by it under the Contracts and all other agreements related to the Receivables contributed or purchased hereunder.

(f) Location of Records, Offices; Trade Names. Keep its principal place of business, chief executive office and jurisdiction of organization, and the offices where it keeps its records concerning or related to Receivables, at the address(es) referred to in Exhibit D or, upon 30 days' prior written notice to the Buyer and the Administrator, at such other locations in jurisdictions where all action required by Section 7.3 shall have been taken and completed, and use no trade names other than its actual organizational name and the trade names set forth in Exhibit E or such other trade names as it may have provided to the Servicer and the Administrator upon 30 days' prior written notice.

(g) Credit and Collection Policies. Comply in all material respects with its Credit and Collection Policy in connection with the Receivables that it generates and all Contracts and other agreements related thereto.

(h) Post Office Boxes. On or prior to the date hereof, deliver to the Servicer (on behalf of the Buyer) a certificate from an authorized officer of the Originator to the effect that (i) the name of the renter of all post office boxes into which Collections may from time to time be mailed has been changed to the name of the Buyer (unless such post office boxes are in the name of the relevant Lock-Box Banks) and (ii) all relevant postmasters have been notified that each of the Servicer and, during the continuation of an Termination Event or a Purchase and Sale Termination Event, the Administrator, are authorized to collect mail delivered to such post office boxes (unless such post office boxes are in the name of the relevant Lock-Box Banks).

(i) Preservation of Security Interest. Shall (and shall cause the Servicer to) take any and all action as the Administrator may reasonably require to preserve and maintain the perfection and priority of the security interest of the Purchaser in the Collateral pursuant to this Agreement.

(j) Transaction Documents. Comply in all material respects with the Transaction Documents to which it is a party.

(k) Change Affecting UCC. At least 30 days before any change in such Originator's name or any other change requiring the amendment of UCC financing statements, provide to Buyer and the Servicer notice setting forth such changes and the effective date thereof and, prior to the effectiveness of such change, take all steps necessary to amend such financing statements to reflect such change.

6.2 Reporting Requirements.

From the date hereof until the first day following the Purchase and Sale Termination Date, each Originator will, unless the Servicer shall otherwise consent in writing, furnish to the Buyer and the Administrator:

(a) Purchase and Sale Termination Events. As soon as possible after knowledge of a Responsible Officer of the applicable Originator of the occurrence of, and in any event within three Business Days after knowledge of the occurrence of each Purchase and Sale Termination Event or each Unmatured Purchase and Sale Termination Event in respect of such Originator, the statement of the chief financial officer or chief accounting officer of any Originator describing such Purchase and Sale Termination Event or Unmatured Purchase and Sale Termination Event and the action that such Originator proposes to take with respect thereto, in each case in reasonable detail;

(b) Proceedings. As soon as possible and in any event within ten (10) Business Days after any Originator otherwise has knowledge thereof, written notice of (i) any litigation, investigation or proceeding of the type described in Section 5.6 not previously disclosed to the Buyer and (ii) all material adverse developments that have occurred with respect to any previously disclosed litigation, proceedings and investigations;

(c) Other. Promptly, such other information, documents, records or reports in respect of the Receivables or the conditions or operations, financial or otherwise, of any Originator that the Buyer or the Administrator may from time to time reasonably request in order to protect the interests of the Buyer, the Purchasers or the Administrator under or as contemplated by this Agreement and the other Transaction Documents;

(d) Judgment and Proceedings. Within ten (10) Business Days after any Originator has knowledge thereof, written notice of the entry of any judgment or decree against any Originator or any of its Subsidiaries if the aggregate amount of all judgments and decrees then outstanding against Strategic Energy and its Subsidiaries (other than the Buyer) exceeds $5,000,000 after deducting (A) the amount with respect to which they are insured and with respect to which the insurer has assumed responsibility in writing, and (B) the amount for which they are otherwise indemnified if the terms of such indemnification are satisfactory to Strategic Energy and its assigns; and

(e) Defaults Under Other Agreements. The occurrence of a default or an event of default under any other financing arrangement evidencing $7,500,000 or more of indebtedness pursuant to which any Originator is a debtor or an obligor, the effect of which is to cause, or to permit any Person to cause, the acceleration of Debt evidenced thereby.

6.3 Negative Covenants.

From the date hereof until the date following the Purchase and Sale Termination Date, each Originator agrees that, unless the Servicer and the Administrator shall otherwise consent in writing, it shall not:

(a) Sales, Liens, Etc. Except as otherwise provided herein or in any other Transaction Document, sell, assign (by operation of law or otherwise) or otherwise dispose of, or create or suffer to exist any Adverse Claim upon or with respect to, any Receivable or related Contract or Related Rights, or any interest therein, or any Collections thereon, or assign any right to receive income in respect thereof.

(b) Extension or Amendment of Receivables. Except as otherwise permitted in Section 4.2(a) of the Receivables Purchase Agreement (including, without limitation, in accordance with the Credit and Collection Policy), extend, amend or otherwise modify the terms of any Receivable in any material respect generated by it, or amend, modify or waive, in any material respect, any term or condition of any Contract related thereto (which term or condition relates to payments under, or the enforcement of, such Contract).

(c) Change in Business or Credit and Collection Policy. Make any change in the character of its business or materially alter its Credit and Collection Policy, which change would, in either case, materially change the credit standing required of particular Obligors or potential Obligors or impair, in any material respect, the collectibility of the Receivables generated by it.

(d) Receivables Not to Be Evidenced by Promissory Notes or Chattel Paper. Take any action to cause or permit any Receivable generated by it to become evidenced by any “instrument” or “chattel paper” (as defined in the applicable UCC).

(e) Mergers, Acquisitions, Sales, Etc. Be a party to any merger or consolidation, or directly or indirectly sell, transfer, assign, convey or lease (A) whether in one or a series of transactions, all or substantially all of its assets, or (B) any Receivables or any interest therein (other than pursuant to this Agreement), except a merger or consolidation where any Originator is the surviving entity, or a sale or other disposition of all or substantially all of its assets to any other Originator.

(f) Lock-Box Banks.

Make any changes in its instructions to Obligors regarding Collections or add or terminate any bank as a Lock-Box Bank unless the requirements of paragraph 2(g) of Exhibit IV to the Receivables Purchase Agreement have been met.

(g) Accounting for Purchases.

Account for or treat (whether in financial statements or otherwise) the transactions contemplated hereby in any manner other than as sales or contributions of the Receivables and Related Rights by such Originator to the Buyer.

(h) Transaction Documents.

Enter into, execute, deliver or otherwise become bound by any agreement, instrument, document or other arrangement that restricts the right of such Originator to amend, supplement, amend and restate or otherwise modify, or to extend or renew, or to waive any right under, this Agreement or any other Transaction Documents.

6.4 Substantive Consolidation.

Each Originator hereby acknowledges that this Agreement and the other Transaction Documents are being entered into in reliance upon the Buyer’s identity as a legal entity separate from each Originator. Therefore, from and after the date hereof, each Originator shall take all reasonable steps necessary to make it apparent to third Persons that the Buyer is an entity with assets and liabilities distinct from those of each Originator and any other Person, and is not a division of any other Originator, any Affiliates of the Originators or any other Person. Without limiting the generality of the foregoing and in addition to and consistent with the other covenants set forth herein, each Originator shall take such actions as shall be required in order that:

(a) the Originators shall not be involved in the day-to-day management of the Buyer;

(b) the Originators shall maintain separate organizational records and books of account from the Buyer and otherwise will observe organizational formalities and have a separate area from the Buyer for its business;

(c) the financial statements and books and records of the Originators shall be prepared after the date of creation of the Buyer to reflect and shall reflect the separate existence of the Buyer; provided, that the Buyer's assets and liabilities may be included in a consolidated financial statement issued by an Affiliate of the Buyer; provided, however, that any such consolidated financial statement shall make clear that the Buyer's assets are not available to satisfy the obligations of such affiliate;

(d) except as permitted by the Receivables Purchase Agreement, (i) the Originators shall maintain their assets separately from the assets of the Buyer, (ii) and the Buyer's assets, and records relating thereto, have not been, are not, and shall not be, commingled with those of any Originator;

(e) all of the Buyer's business correspondence and other communications shall be conducted in the Buyer's own name and on its own stationery;

(f) no Originator shall act as an agent for the Buyer, other than Strategic Energy in its capacity as the Servicer and any Originator which acts as a Sub-Servicer pursuant to the Receivables Purchase Agreement, and in connection therewith, shall present itself to the public as an agent for the Buyer and a legal entity separate from the Buyer;

(g) no Originator shall conduct any of the business of the Buyer in its own name;

(h) no Originator shall pay any liabilities of the Buyer out of its own funds or assets;

(i) each Originator shall maintain an arm's-length relationship with the Buyer;

(j) no Originator shall assume or guarantee or become obligated for the debts of the Buyer or hold out its credit as being available to satisfy the obligations of the Buyer;

(k) no Originator shall acquire obligations of the Buyer;

(l) each Originator shall allocate fairly and reasonably overhead or other expenses that are properly shared with the Buyer, including, without limitation, shared office space;

(m) each Originator shall identify and hold itself out as a separate and distinct entity from the Buyer;

(n) each Originator shall correct any known misunderstanding regarding its separate identity from the Buyer; and

(o) no Originator shall pay the salaries of the Buyer's employees, if any.

ARTICLE VII

ADDITIONAL RIGHTS AND OBLIGATIONS IN RESPECT OF THE RECEIVABLES

7.1 Rights of the Buyer.

Each Originator hereby authorizes the Buyer (who may further authorize another Person), the Servicer, or their respective designees to take any and all steps in such Originator's name necessary or desirable, in their respective determination, to collect all amounts due under any and all Receivables, including, without limitation, endorsing the name of such Originator on checks and other instruments representing Collections and enforcing such Receivables and the provisions of the related Contracts that concern payment and/or enforcement of rights to payment.

7.2 Responsibilities of the Originators.

Anything herein to the contrary notwithstanding:

(a) Collection Procedures. Each Originator agrees to direct its respective Obligors to make payments of Receivables directly to a post office box related to the relevant Lock-Box Account at a Lock-Box Bank or directly to such Lock-Box Account. Each Originator further agrees to transfer any Collections that it receives directly to the Servicer (for the Buyer's account) within one (1) Business Day of receipt thereof, and agrees that all such Collections shall be deemed to be received in trust for the Buyer and shall be maintained and segregated separate and apart from all other funds and monies of the Originator until transfer of such Collections to the Servicer.

(b) Each Originator shall perform its obligations hereunder, and the exercise by the Buyer or its designee of its rights hereunder shall not relieve any Originator from such obligations.

(c) None of the Buyer, the Servicer, any Purchaser or the Administrator shall have any obligation or liability to any Obligor or any other third Person with respect to any Receivables, Contracts related thereto or any other related agreements, nor shall the Buyer, the Servicer, any Purchaser Agent, any Purchaser or the Administrator be obligated to perform any of the obligations of any Originator thereunder.

(d) Each Originator hereby grants to the Buyer (who may further grant to another Person (with prior written notice to the Administrator)) an irrevocable power of attorney, with full power of substitution, coupled with an interest, to take in the name of

such Originator all steps necessary or advisable to endorse, negotiate or otherwise realize on any writing or other right of any kind held or transmitted by such Originator or transmitted or received by the Buyer (whether or not from such Originator) in connection with any Receivable.

7.3 Further Action Evidencing Purchases.

Each Originator agrees that from time to time, at its expense, it will promptly execute and deliver all further instruments and documents, and take all further action that the Servicer may reasonably request in order to perfect, protect or more fully evidence the Receivables and Related Rights purchased by or contributed to the Buyer hereunder, or to enable the Buyer to exercise or enforce any of its rights hereunder or under any other Transaction Document. Without limiting the generality of the foregoing, upon the request of the Servicer or the Buyer, each Originator will:

(a) execute and file such financing or continuation statements, or amendments thereto or assignments thereof, and such other instruments or notices, as may be necessary or appropriate; and

(b) mark the master data processing records that evidence or list (i) such Receivables and (ii) related Contracts with the legend set forth in Section 4. l(j).

Each Originator hereby authorizes the Buyer or its designee to file one or more financing or continuation statements, and amendments thereto and assignments thereof, relative to all or any of the Receivables and Related Rights now existing or hereafter generated by such Originator. If any Originator fails to perform any of its agreements or obligations under this Agreement, the Buyer or its designee may (but shall not be required to) itself perform, or cause performance of, such agreement or obligation, and the expenses of the Buyer or its designee incurred in connection therewith shall be payable by such Originator as provided in Section 9.1.

7.4 Application of Collections.

Any payment by an Obligor in respect of any indebtedness owed by it to any Originator shall be, except as otherwise specified by such Obligor or otherwise required by contract or law and unless otherwise instructed by the Buyer (or any other Person to whom the Buyer has assigned such right to instruct) applied as a Collection of any Receivable or Receivables of such Obligor to the extent of any amounts then due and payable thereunder (such application to be made starting with the oldest outstanding Receivable or Receivables) before being applied to any other indebtedness of such Obligor.

ARTICLE VIII

PURCHASE AND SALE TERMINATION EVENTS

8.1 Purchase and Sale Termination Events.

Each of the following events or occurrences described in this Section 8.1 shall constitute a "Purchase and Sale Termination Event":

(a) A Termination Event (as defined in the Receivables Purchase Agreement) shall have occurred and, in the case of a Termination Event (other than one described in paragraph (f) of Exhibit V of the Receivables Purchase Agreement), the Administrator, shall have declared the Facility Termination Date to have occurred; or

(b) Subject to any failure which is cured in accordance with Section 3.3, any Originator shall fail to make any payment or deposit to be made by it hereunder when due and such failure shall remain unremedied for one Business Day;

(c) Any representation or warranty made or deemed to be made by any Originator (or any of its officers) under or in connection with this Agreement, any other Transaction Document, or any other information or report delivered pursuant hereto or thereto shall prove to have been incorrect or untrue in any material respect when made or deemed made;

(d) Any Originator shall fail to perform or observe any other term, covenant or agreement contained in this Agreement (other than those terms, covenants or agreements contained in Sections 6.1(b), and 6.2(c), (d) and (e)) on its part to be performed or observed and such failure shall remain unremedied for 5 Business Days after written notice thereof shall have been given by the Servicer or the Buyer to such Originator; or

(e) Any Originator shall fail to perform or observe any term, covenant or agreement contained in any of Sections 6.1(b), 6.2(c), (d) or (e) of this Agreement on its part to be performed or observed and such failure shall remain unremedied for 10 Business Days after written notice thereof shall have been given by the Servicer or the Buyer to such Originator.

8.2 Remedies.

(a) Optional Termination. Upon the occurrence and during the continuation of a Purchase and Sale Termination Event, the Buyer (and not the Servicer), with the prior written consent of the Administrator, shall have the option, by notice to the Originators (with a copy to the Administrator and the Purchaser Agents), to declare the Purchase and Sale Termination Date to have occurred.

(b) Remedies Cumulative. Upon any termination of the Purchase Facility pursuant to Section 8.2(a), the Buyer shall have, in addition to all other rights and

remedies under this Agreement, all other rights and remedies provided under the UCC of each applicable jurisdiction and other applicable laws, which rights shall be cumulative.

ARTICLE IX

INDEMNIFICATION

9.1 Indemnities by the Originators.

Without limiting any other rights which the Buyer may have hereunder or under applicable law, rules and regulations, each Originator, jointly and severally, hereby agrees to indemnify the Buyer and each of its officers, directors, employees and agents (each of the foregoing Persons being individually called a "Purchase and Sale Indemnified Party"), forthwith on demand, from and against any and all damages, losses, claims, judgments, liabilities and related costs and expenses, including reasonable attorneys' fees and disbursements (all of the foregoing being collectively called "Purchase and Sale Indemnified Amounts") awarded against or incurred by any of them arising out of or as a result of the

failure of any Originator to perform its obligations under this Agreement or any other Transaction Document, or arising out of the claims asserted against a Purchase and Sale Indemnified Party relating to the transactions contemplated herein or therein or the use of proceeds thereof or therefrom, excluding, however, (i) Purchase and Sale Indemnified Amounts to the extent resulting from gross negligence or willful misconduct on the part of such Purchase and Sale Indemnified Party, (ii) any indemnification which has the effect of recourse for non-payment of the Receivables to any indemnitor (except as otherwise specifically provided under this Section 9.1) and (iii) any tax based upon or measured by net income or gross receipts. Without limiting the foregoing, but subject to foregoing clauses (i), (ii) and (iii) above, each Originator, jointly and severally agrees that it shall indemnify each Purchase and Sale Indemnified Party for Purchase and Sale Indemnified Amounts relating to or resulting from:

(a) the transfer by any Originator of an interest in any Receivable to any Person other than the Buyer;

(b) the breach of any representation or warranty made by any Originator (or any of its officers) under or in connection with this Agreement or any other Transaction Document, or any written information or report delivered by any Originator pursuant hereto or thereto, which shall have been false or incorrect in any material respect when made or deemed made;

(c) the failure by any Originator to comply with any applicable law, rule or regulation with respect to any Receivable generated by such Originator or the related Contract, or the nonconformity of any Receivable generated by any Originator or the related Contract with any such applicable law, rule or regulation;

(d) the failure to vest and maintain vested in the Buyer an ownership interest in the Receivables generated by any Originator free and clear of any Adverse Claim,

other than an Adverse Claim arising solely as a result of an act of the Buyer, whether existing at the time of the purchase of such Receivables or at any time thereafter;

(e) the failure to file, or any delay in filing, financing statements or other similar instruments or documents under the UCC of any applicable jurisdiction or other applicable laws with respect to any Receivables or purported Receivables generated by any Originator, whether at the time of any purchase or contribution or at any subsequent time;

(f) any dispute, claim, offset or defense (other than discharge in bankruptcy) of the Obligor to the payment of any Receivable or purported Receivable generated by any Originator (including, without limitation, a defense based on such Receivable's or the related Contract's not being a legal, valid and binding obligation of such Obligor enforceable against it in accordance with its terms), or any other claim resulting from the services related to any such Receivable or the furnishing of or failure to furnish such services;

(g) any product liability claim arising out of or in connection with services that are the subject of any Receivable generated by any Originator; and

(h) any tax or governmental fee or charge (other than any tax excluded pursuant to clause (iii) in the proviso to the preceding sentence), all interest and penalties thereon or with respect thereto, and all out-of-pocket costs and expenses, including the reasonable fees and expenses of counsel in defending against the same, which may arise by reason of the purchase or ownership of the Receivables generated by any Originator or any Related Rights connected with any such Receivables.

If for any reason the indemnification provided above in this Section 9.1 is unavailable to a Purchase and Sale Indemnified Party or is insufficient to hold such Purchase and Sale Indemnified Party harmless, then each Originator jointly and severally agrees that it shall contribute to the amount paid or payable by such Purchase and Sale Indemnified Party to the maximum extent permitted under applicable law, rules or regulations.

ARTICLE X

MISCELLANEOUS

10.1 Amendments, Etc.

(a) The provisions of this Agreement may from time to time be amended, modified or waived, if such amendment, modification or waiver is in writing and consented to by the Buyer, the Originators and the Administrator (with respect to an amendment) or by the Buyer and the Administrator (with respect to a waiver or consent by it).

(b) No failure or delay on the part of the Buyer, the Servicer, the Originators or any third-party beneficiary in exercising any power or right hereunder shall operate as a waiver thereof, nor shall any single or partial exercise of any such power or right preclude any other or further exercise thereof or the exercise of any other power or right. No notice to or demand on the Buyer, the Servicer or the Originators in any case shall entitle it to any notice or demand in similar or other circumstances. No waiver or approval by the Buyer, the Servicer, any Originator or the Administrator under this Agreement shall be, except as may otherwise be stated in such waiver or approval, applicable to subsequent transactions. No waiver or approval under this Agreement shall require any similar or dissimilar waiver or approval thereafter to be granted hereunder.

(c) The Transaction Documents contain a final and complete integration of all prior expressions by the parties hereto with respect to the subject matter thereof and shall constitute the entire agreement among the parties hereto with respect to the subject matter thereof, superseding all prior oral or written understandings.

10.2 Notices, Etc.

All notices and other communications provided for hereunder shall, unless otherwise stated herein, be in writing (including facsimile communication) and shall be personally delivered or sent by certified mail, postage prepaid, or by facsimile, to the intended party at the address or facsimile number of such party set forth under its name on the signature pages hereof or at such other address or facsimile number as shall be designated by such party in a written notice to the other parties hereto (it being understood that the notice information with respect to the Administrator and the Purchasers set forth in the Receivables Purchase Agreement is incorporated herein by reference). All such notices and communications shall be effective (i) if personally delivered, when received, (ii) if sent by certified mail three (3) Business Days after having been deposited in the mail, postage prepaid, and (iii) if transmitted by facsimile, when sent, receipt confirmed by telephone or electronic means.

10.3 No Waiver, Cumulative Remedies.

The remedies herein provided are cumulative and not exclusive of any remedies provided by law, rules or regulations. Without limiting the foregoing, each Originator hereby authorizes the Buyer, at any time and from time to time, to the fullest extent permitted by law, to set off, against any obligations of such Originator to the Buyer arising in connection with the Transaction Documents (including, without limitation, amounts payable pursuant to Section 9.1) that are then due and payable or that are not then due and payable but are accruing in respect of the then current Settlement Period, any and all indebtedness at any time owing by the Buyer to or for the credit or the account of such Originator.

10.4 Binding Effect; Assignability.

This Agreement shall be binding upon and inure to the benefit of the Buyer and the Originators and their respective successors and permitted assigns. The Originators may not assign any of their rights hereunder or any interest herein without the prior written consent of the

Buyer, except as otherwise herein specifically provided. This Agreement shall create and constitute the continuing obligations of the parties hereto in accordance with its terms, and shall remain in full force and effect until such time as the parties hereto shall otherwise agree in writing. The rights and remedies with respect to any breach of any representation and warranty made by the Originators pursuant to Article V and the indemnification and payment provisions of Article IX and Section 10.6 shall be continuing and shall survive any termination of this Agreement. Neither the Buyer nor any other Person may waive a breach of Section 5.20 of this Agreement for so long as the Notes are outstanding.

10.5 Governing Law.

THIS AGREEMENT SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK WITHOUT GIVING EFFECT TO ANY OTHERWISE APPLICABLE CONFLICTS OF LAW PRINCIPLES (OTHER THAN SECTIONS 5-1401 AND 5-1402 OF THE NEW YORK GENERAL OBLIGATIONS LAW).

10.6 Costs, Expenses and Taxes.

In addition to the obligations of the Originators under Article IX, each Originator, jointly and severally agrees to pay on demand:

(a) all reasonable costs and expenses of the Buyer and any third party beneficiary of the Buyer's rights hereunder in connection with the enforcement of this Agreement, the Originator Assignment Certificate and the other Transaction Documents; and

(b) all stamp, franchise and other taxes and fees payable or determined to be payable in connection with the execution, delivery, filing and recording of this Agreement or the other Transaction Documents to be delivered hereunder, and agrees to indemnify each Purchase and Sale Indemnified Party against any liabilities with respect to or resulting from any delay in paying or omission to pay such taxes and fees (but for the avoidance of doubt, excluding taxes covered by clause (c) of Section 3.1 of the Receivables Purchase Agreement).

10.7 Submission to Jurisdiction.

EACH PARTY HERETO HEREBY IRREVOCABLY (a) SUBMITS TO THE NON-EXCLUSIVE JURISDICTION OF THE STATE COURTS OF NEW YORK OR UNITED STATES FEDERAL COURT FOR THE SOUTHERN DISTRICT OF NEW YORK, OVER ANY ACTION OR PROCEEDING ARISING OUT OF OR RELATING TO ANY TRANSACTION DOCUMENT; (b) AGREES THAT ALL CLAIMS IN RESPECT OF SUCH ACTION OR PROCEEDING MAY BE HEARD AND DETERMINED IN SUCH STATE OR UNITED STATES FEDERAL COURT; (c) WAIVES, TO THE FULLEST EXTENT IT MAY EFFECTIVELY DO SO, THE DEFENSE OF AN INCONVENIENT FORUM TO THE MAINTENANCE OF SUCH ACTION OR PROCEEDING; (d) IRREVOCABLY CONSENTS TO THE SERVICE OF ANY AND ALL PROCESS IN ANY SUCH ACTION OR

PROCEEDING BY THE MAILING OF COPIES OF SUCH PROCESS TO SUCH PERSON AT ITS ADDRESS SPECIFIED IN SECTION 10.2; AND (e) AGREES THAT A FINAL JUDGMENT IN ANY SUCH ACTION OR PROCEEDING SHALL BE CONCLUSIVE AND MAY BE ENFORCED IN OTHER JURISDICTIONS BY SUIT ON THE JUDGMENT OR IN ANY OTHER MANNER PROVIDED BY LAW. NOTHING IN THIS SECTION 10.7 SHALL AFFECT THE BUYER'S RIGHT TO SERVE LEGAL PROCESS IN ANY OTHER MANNER PERMITTED BY LAW OR TO BRING ANY ACTION OR PROCEEDING AGAINST ANY ORIGINATOR OR ITS PROPERTY IN THE COURTS OF ANY OTHER JURISDICTIONS.

10.8 Waiver of Jury Trial.

EACH PARTY HERETO WAIVES ANY RIGHT TO A TRIAL BY JURY IN ANY ACTION OR PROCEEDING TO ENFORCE OR DEFEND ANY RIGHTS UNDER OR RELATING TO THIS AGREEMENT, ANY OTHER TRANSACTION DOCUMENT, OR ANY AMENDMENT, INSTRUMENT, DOCUMENT OR AGREEMENT DELIVERED OR WHICH MAY IN THE FUTURE BE DELIVERED IN CONNECTION HEREWITH OR ARISING FROM ANY RELATIONSHIP EXISTING IN CONNECTION WITH THIS AGREEMENT OR ANY OTHER TRANSACTION DOCUMENT, AND AGREES THAT (a) ANY SUCH ACTION OR PROCEEDING SHALL BE TRIED BEFORE A COURT AND NOT BEFORE A JURY AND (b) ANY PARTY HERETO (OR ANY ASSIGNEE OR THIRD-PARTY BENEFICIARY OF THIS AGREEMENT) MAY FILE AN ORIGINAL COUNTERPART OR A COPY OF THIS AGREEMENT WITH ANY COURT AS WRITTEN EVIDENCE OF THE CONSENT OF ANY OTHER PARTY OR PARTIES HERETO TO WAIVER OF ITS OR THEIR RIGHT TO TRIAL BY JURY.

10.9 Captions and Cross-References; Incorporation by Reference.

The various captions (including, without limitation, the table of contents) in this Agreement are included for convenience only and shall not affect the meaning or interpretation of any provision of this Agreement. References in this Agreement to any underscored Section or Exhibit are to such Section or Exhibit of this Agreement, as the case may be. The Exhibits hereto are hereby incorporated by reference into and made a part of this Agreement.

10.10 Execution in Counterparts.

This Agreement may be executed in any number of counterparts and by different parties hereto in separate counterparts, each of which when so executed shall be deemed to be an original and all of which when taken together shall constitute one and the same Agreement.

10.11 Acknowledgment and Agreement.

By execution below, each Originator expressly acknowledges and agrees that all of the Buyer's rights, title, and interests in, to, and under this Agreement (but not its obligations), shall be assigned by the Buyer to the Administrator (for the benefit of the Purchasers) pursuant to the Receivables Purchase Agreement, and each Originator consents to each such assignment. Each of the parties hereto acknowledges and agrees that the Administrator, the Purchaser Agents and the Purchasers are third-party beneficiaries of the rights of the Buyer arising hereunder and

under the other Transaction Documents to which any Originator is a party, and notwithstanding anything to the contrary contained herein or in any other Transaction Document, during the occurrence and continuation of a Termination Event under the Receivables Purchase Agreement, the Administrator, the Purchaser Agents and the Purchasers, as applicable, and not the Buyer, shall have the sole right to exercise all such rights and related remedies.

10.12 No Proceeding.

Each Originator hereby agrees that it will not institute, or join any other Person in instituting, against the Buyer any Insolvency Proceeding so long as any of the Company Notes remains outstanding and for at least one year and one day following the day on which all amounts owed by the Buyer under this Agreement and the other Transaction Documents are paid in full.

10.13 Limited Recourse.

Except as explicitly set forth herein, the obligations of the Buyer and the Originators under this Agreement or any other Transaction Documents to which each is a party are solely the obligations of the Buyer and each such Originator. No recourse under any Transaction Document shall be had against, and no liability shall attach to, any officer, employee, director, or beneficiary, whether directly or indirectly, of the Buyer or any Originator; provided, however, that this Section 10.13 shall not relieve any such Person of any liability it might otherwise have for its own negligence or willful misconduct.

ARTICLE XI

JOINDER OF ADDITIONAL ORIGINATORS

11.1 Addition of New Originators.

Additional Persons may be added as Originators hereunder, with the prior written consent of the Buyer and the Administrator, provided that the following conditions are satisfied on or before the date of such addition:

(a) The Servicer shall have given the Administrator and the Buyer at least sixty (60) days' prior written notice of such proposed addition and the identity of each such proposed additional Originator and shall have provided such other information with respect to such proposed additional Originator as the Administrator may reasonably request;

(b) each such proposed additional Originator has executed and delivered to the Buyer and the Administrator an agreement substantially in the form attached hereto as Exhibit F (a "Joinder Agreement");

(c) such proposed additional Originator has delivered to the Buyer and the Administrator each of the documents with respect to such Originator described in Sections 4.1 and 4.2; and

(d) the Purchase and Sale Termination Date shall not have occurred.

[SIGNATURE PAGES FOLLOW]

IN WITNESS WHEREOF, the parties have caused this Agreement to be executed by their respective officers thereunto duly authorized as of the date first above written.

STRATEGIC RECEIVABLES, LLC,

as Buyer

By: /s/ Andrew J. Washburn
Name: Andrew J. Washburn
Title: President
Address: Two Gateway Center
Pittsburgh, PA 15222-1458
Attention: Andrew J. Washburn
Telephone: (412) 258-2188
Facsimile: (412) 258-2199

STRATEGIC ENERGY, L.L.C.,
as Originator and as Servicer

By: /s/ Brian M. Begg
Name: Brian M. Begg
Title: VP, Corporate Development & Finance

Address: Two Gateway Center
Pittsburgh, PA 15222-1458

Attention: Brian M. Begg
Telephone: (412) 394-6467
Facsimile: (412) 294-6664

Exhibit A
to Purchase and Sale Agreement

FORM OF PURCHASE REPORT

ORIGINATOR: _____
PURCHASER: STRATEGIC RECEIVABLES, LLC
DATE: _____
I. OUTSTANDING BALANCE OF RECEIVABLES PURCHASED: _____
II. FAIR MARKET VALUE DISCOUNT:
1/(1 + ((Prime Rate + .25%) X Days' Sales Outstanding/365))
Prime Rate = _____
Days' Sales Outstanding = _____
III. PURCHASE PRICE (I X II) = $_____

Exhibit B
to Purchase and Sale Agreement

FORM OF COMPANY NOTE

Exhibit C
to Purchase and Sale Agreement

FORM OF ORIGINATOR ASSIGNMENT CERTIFICATE

Exhibit D
to Purchase and Sale Agreement

OFFICE LOCATIONS

Each Originator maintains books and records relating to Receivables at:

(1) Strategic Energy, L.L.C., Two Gateway Center, Pittsburgh, PA 15222-1458

The Principal Place of Business, Chief Executive Office and jurisdiction of formation each of Originator is:

(1) Strategic Energy, L.L.C. is a Delaware limited liability company

principal place of business and chief executive office:

Two Gateway Center, Pittsburgh, PA 15222-1458

Exhibit E
to Purchase and Sale Agreement

TRADE NAMES

SEL

Strategic Energy

Strategic Energy LTD

Expert Energy

Exhibit F
to Purchase and Sale Agreement

FORM OF JOINDER AGREEMENT

THIS JOINDER AGREEMENT is executed and delivered by _____, a _____ ("New Originator") in favor of Strategic Receivables, LLC, a Delaware limited liability company, as purchaser ("Strategic"), with respect to that certain Purchase and Sale Agreement, dated as of October 3, 2007, by and among the various originators from time to time party thereto (the "Originators") and Strategic (as amended, restated, supplemented, joined, restated and/or otherwise modified from time to time, the "Sale Agreement"). Capitalized terms used and not otherwise defined are used with the meanings attributed thereto in the Sale Agreement.

Subject to receipt of counterparts hereof signed by the signatories below, by its signature below, New Originator hereby absolutely and unconditionally agrees to become a party to the Sale Agreement as an Originator thereunder and to be bound by the provisions thereof including, without limitation, the provisions of Article IX thereof.

Attached hereto are amended and restated versions of Exhibits D and E to the Sale Agreement. After giving effect to the amendments and restatements embodied therein, each of the representations and warranties contained in Article V of the Sale Agreement will be true and correct as to New Originator.

Delivered herewith are each of the documents, certificates and opinions required to be delivered by New Originator pursuant to Articles IV and VII of the Sale Agreement.

The provisions of Article X of the Sale Agreement are incorporated in this Joinder Agreement by this reference with the same force and effect as if set forth in full herein except that references in such Article X to "this Agreement" shall be deemed to refer to "this Joinder Agreement and to the Sale Agreement as modified by this Joinder Agreement."

Please acknowledge your consent to New Originator's joinder to the Sale Agreement by signing the enclosed copy hereof in the appropriate space provided below.

[signature pages follow]

IN WITNESS WHEREOF, New Originator has executed this Joinder Agreement as of the _____ day of _____.

[NEW ORIGINATOR] :

By:
_____
Name:
Title:

Each of the undersigned hereby consents

to New Originator's joinder to the Sale Agreement:

PNC BANK, NATIONAL ASSOCIATION,

as Administrator

By: _____
Name:
Title:

STRATEGIC RECEIVABLES, LLC

By: _____
Name:
Title:

Exhibit 10.1.4

[On Aquila, Inc. Letterhead]

August 31, 2007

Steven Helmers, Esq.
Black Hills Corporation
625 Ninth Street
Rapid City, SD 57709

Mark English, Esq.
Great Plains Energy Incorporated
1201 Walnut
Kansas City, MO 64106

Re: Partnership Interests Purchase Agreement and Asset Purchase Agreement (collectively, the "Agreements") by and among Aquila, Inc. ("Aquila"), Black Hills Corporation ("Black Hills"), Great Plains Energy Incorporated ("Great Plains") and Gregory Acquisition Corp. ("Gregory")

Dear Steve and Mark:

Under the terms of the Agreements, as modified by that certain letter dated as of June 29, 2007, Black Hills and Great Plains are to attach schedules setting forth Retained Agreements and Shared Agreements prior to September 1, 2007. We recognize that this deadline may be implausible and therefore propose extending the date set forth under section 2.2(1) and 8.5(d) of the Agreements to October 1, 2007. Of course we will work to assist you in the identification process.

If you are in agreement, please sign below on the attached signature page where indicated and return a copy of this letter to me by fax or e-mail.

Very truly yours,

AQUILA, INC.

By: /s/ Christopher M. Reitz

Name: Christopher M. Reitz
Title: General Counse

l

Signature Page to August 31, 2007 Letter Agreement

ACKNOWLEDGED, CONSENTED TO, AND ACCEPTED BY:

BLACK HILLS CORPORATION

By: /s/ Steven J. Helmers

Name: Steven J. Helmers
Title: General Counsel

GREAT PLAINS ENERGY INCORPORATED

By: /s/ Terry Bassham

Name: Terry Bassham
Title: Executive Vice President – Finance and Strategic Development and CFO

GREGORY ACQUISITION CORP.

By: /s/ Mark G. English

Name: Mark G. English
Title: Secretary and Treasurer

Exhibit 10.1.5

[On Aquila, Inc. Letterhead]

September 28, 2007

Steven Helmers, Esq.
Black Hills Corporation
625 Ninth Street
Rapid City, SD 57709

Mark English, Esq.
Great Plains Energy Incorporated
1201 Walnut
Kansas City, MO 64106

Re: Partnership Interests Purchase Agreement and Asset Purchase Agreement (collectively, the "Agreements") by and among Aquila, Inc. ("Aquila"), Black Hills Corporation ("Black Hills"), Great Plains Energy Incorporated ("Great Plains") and Gregory Acquisition Corp. ("Gregory")

Dear Steve and Mark:

Under the terms of the Agreements, as modified by that certain letter dated as of June 29, 2007, Black Hills and Great Plains are to attach schedules setting forth Retained Agreements and Shared Agreements prior to October 1, 2007. We recognize that this deadline may be implausible and therefore propose extending the date set forth under section 2.2(1) and 8.5(d) of the Agreements to November 30, 2007. Of course we will work to assist you in the identification process.

If you are in agreement, please sign below on the attached signature page where indicated and return a copy of this letter to me by fax or e-mail.

Very truly yours,

AQUILA, INC.

By: /s/ Christopher M. Reitz

Name: Christopher M. Reitz
Title: General Counse

Signature Page to August 31, 2007 Letter Agreement

ACKNOWLEDGED, CONSENTED TO, AND ACCEPTED BY:

BLACK HILLS CORPORATION

By: /s/ Steven J. Helmers

Name: Steven J. Helmers
Title: General Counsel

GREAT PLAINS ENERGY INCORPORATED

By: /s/ Mark G. English

Name: Mark G. English
Title: General Counsel and Assistant Secretary

GREGORY ACQUISITION CORP.

By: /s/ Mark G. English

Name: Mark G. English
Title: Secretary and Treasurer

Exhibit 10.1.6

[On Black Hills Corporation Letterhead]

October 3, 2007

Michael Chesser
Chairman and Chief Executive Officer
Great Plains Energy Incorporated
1201 Walnut Street
Kansas City, Missouri 64106

Richard C. Green
Chairman, President and Chief Executive Officer
Aquila, Inc.
20 West 9th
Kansas City, Missouri 64105

Dear Mr. Chesser and Mr. Green:

In connection with the Agreement and Plan of Merger, the Asset Purchase Agreement and the Partnership Interests Purchase Agreement, each dated as of February 6, 2007, by and among Aquila, Inc. and its wholly-owned subsidiary Aquila Colorado, LLC (together "Aquila"), Great Plains Energy Incorporated and its wholly-owned subsidiary, Gregory Acquisition Corp. (together "Great Plains"), and Black Hills Corporation ("Black Hills"), the parties, in an attempt to clarify certain issues that have arisen under such agreements, hereby agree as follows:

1) With respect to the office building located at 1815 Capital Avenue, Omaha, Nebraska, upon closing of the transactions contemplated by the Asset Purchase Agreement, Aquila shall assign to Black Hills, and Black Hills shall assume, the Office Lease dated June 15, 1987, as amended, between Aquila and MZ Nebraska Partners, and any subleases relating to such leased office space, as a part of the Purchased Assets and Assumed Obligations (as those terms are defined in the Asset Purchase Agreement). Aquila shall retain all of its equity interests in its subsidiary, UtilCo Group Inc., a general partner in MZ Nebraska Partners.

2) With respect to an approximately fourteen mile long, 12" pipeline known as the "Linc Line" or "PNG pipeline," which is an intrastate natural gas pipeline connecting from an interstate natural gas pipeline to the Lincoln, Nebraska gas distribution system, at the closing of the transactions contemplated by the Asset Purchase Agreement, Aquila shall cause its subsidiary that owns such pipeline to wind-up and dissolve, and Aquila shall assign to Black Hills all of its right, title and interest in and to the PNG pipeline and all related easements, rights-of-way, franchises and equipment as a part of the Purchased Assets and Assumed Obligations (as those terms are defined in the Asset Purchase Agreement).

---

3) With respect to Natural/Peoples Limited Liability Company, a Wyoming limited liability company owning a compressed natural gas fueling station in Castle Rock, Colorado in which Aquila has a 50% interest, at the closing of the transactions contemplated by the Partnership Interests Purchase Agreement, Aquila shall cause such interest to be assigned as part of the Purchased Assets and Assumed Obligations (as those terms are defined in the Partnership Interests Purchase Agreement).

4) With respect to approximately $2.8 million in insurance proceeds available to Aquila from AEGIS for the reimbursement of future costs of remediation of environmental impacts relating to certain manufactured gas plants currently or formerly owned by Aquila (or its predecessors in interest), including manufactured gas plant sites to be acquired by Black Hills and Great Plains, each of Black Hills and Great Plains hereby acknowledges receipt of a SEC 96-1 Estimated Costs of MGP Liability as of 12/31/06 of Aquila ("MGP Spreadsheet"). Based on the probable costs identified for each site listed in such MGP Spreadsheet, Aquila and Great Plains agree to maintain and make available $980,000 of such amount for reimbursement of remediation costs, if any, incurred by Black Hills after the date of closing of the Asset Purchase Agreement associated with the manufactured gas plants identified in the MGP Spreadsheet and located in Kansas or Iowa. This amount would be reduced by any spending on the sites in these two states that is submitted to and paid by AEGIS prior to closing. Any contributions from other potentially responsible parties received prior to the date of closing of the Asset Purchase Agreement for remediation costs for the manufactured gas plants identified in the MGP Spreadsheet shall be allocated to, and paid to, Black Hills, if located in Nebraska, Kansas or Iowa, and allocated to, and retained by, Aquila, if located in Missouri, upon the date of closing of the Asset Purchase Agreement. Any contributions from other potentially responsible parties received after the date of closing of the Asset Purchase Agreement for the sites in Nebraska, Kansas or Iowa, shall be allocated to, and paid to, Black Hills, and for the sites in Missouri, shall be allocated to, and retained by, Aquila.

5) With respect to certain software applications for which Aquila holds licenses from third parties, and without waiving or releasing any claims that any of the parties may have under the Asset Purchase Agreement or Partnership Interests Purchase Agreement, Black Hills, Aquila and Great Plains agree to work collaboratively to identify the software applications subject to licenses with third parties, and to use commercially reasonable efforts (which shall not, however, require Great Plains, Black Hills or Aquila to make any payments to licensors) to obtain the consent or approval of the licensors of such software applications toenable transfer at closing of the Asset Purchase Agreement of licenses from Aquila to Black Hills that are not contemplated to be utilized by Great Plains after the closing of the Asset Purchase Agreement.

* * *

If the foregoing meets with your approval, please indicate your acceptance and agreement by signing and returning the accompanying copy of this letter.

Very truly yours,

BLACK HILLS CORPORATION

/s/ Steven J. Helmers

Steven J. Helmers

Signature Page to October 3, 2007 Letter Agreement

ACCEPTED AND AGREED:

GREAT PLAINS ENERGY INCORPORATED

By: /s/ Terry Bassham
Name: Terry Bassham
Title: Executive Vice President - Finance and Strategic Development and CFO

GREGORY ACQUISITION CORP.

By: /s/ Mark G. English
Name: Mark G. English
Title: Secretary and Treasurer

AQUILA, INC.

By: /s/ Richard C. Green
Name: Richard C. Green
Title: Chairman and Chief Executive Officer

AQUILA COLORADO, LLC

By: /s/ Mike Cole
Name: Mike Cole
Title: President

November 2, 2007

Dear_____:

This letter regards your Nonqualified Stock Option Agreement dated August 5, 2003 (the "Agreement") issued to you pursuant to the Great Plains Energy Incorporated Long-Term Incentive Plan (the "Plan").

Generally, the Agreement provides you with certain dividend equivalents which accrue quarterly (in a notional account) and then are to be paid to you (in proportion to the portion of the Option you are exercising) at the time you exercise the Option. (No payment would be made under the Agreement if you were exercising the Option at a time when the Option's exercise price exceeded the current market value of the underlying stock.)

Unfortunately, due to certain recent changes in the tax laws, this dividend payment arrangement can no longer continue without causing you to incur significant tax penalties. Additional information about these new tax laws is provided in the attached Q&A.

Accordingly, we are writing to provide you an opportunity to avoid the imposition of tax penalties by electing to receive your dividend equivalents after the Options have expired.

By signing and returning this letter agreement to us no later than December 28, 2007, you will amend the current dividend equivalent payment arrangement such that dividend equivalents will continue to accrue and potentially be paid to you as follows:

- Dividend equivalent payments will continue to be credited to your notional account based on the number of shares underlying each unexercised portion of the Option covered by the Agreement. Once an Option (or portion thereof) is exercised and you own the stock, no additional dividend equivalent will accrue with respect to those shares.

- In the event of a Change in Control of Great Plains Energy (assuming such Change in Control constitutes a change in control payment event under Section 409A of the Internal Revenue Code) prior to July 1st of the first tax year following the year the Option would have originally expired, you will be paid, in a lump-sum, an amount equal to the balance in your notional dividend equivalent account, regardless of whether you have exercised your Options.

- On the earlier of (1) the first anniversary of your separation from service with the company or (2) July 1st of the year containing the 11th anniversary of the Option's date of grant (i.e., the year after the Option's 10-year term will have expired), you will be paid, in a lump-sum, an amount equal to the balance in your notional dividend equivalent account.

- No interest will accrue on amounts credited to the notional account.

Transition relief provided by the Internal Revenue Service allows you the opportunity to change the dividend equivalent payment feature. We strongly encourage and recommend that you take advantage of the modification election. If you do not elect to change when dividends equivalents may be paid, the current income deferral element associated with the Options subject to the Agreement will be immediately recognized as taxable income and an additional 20% income tax will be imposed by the federal government (in addition to the ordinary tax rates).

If you wish to make this change to the payment of the dividends under your Agreement, to that which is described above, please sign and date below, and return this entire letter to the Corporate Secretary's Office. **You must respond by December 28, 2007, if you intend to make this change.**

If you have any questions about this letter and its contents, please contact me.

Sincerely,

Barbara B. Curry
Senior Vice President-Corporate
Services and Corporate Secretary

- -

I hereby elect to postpone payment of any dividend equivalent payment provided in my Agreement until (1) a Change of Control of the company (assuming such Change in Control constitutes a change in control payment event under Section 409A of the Internal Revenue Code) or (2) the earlier of (a) the first anniversary of my separation from service with the company or (b) July 1st of the year containing the 11th anniversary of the Option's date of grant.

_____

Signed Date

Questions and Answers Relating to Dividend Equivalent Payments Paid on Stock Options.

- What change in the law occurred which is necessitating this change?

In 2004, Congress added Section 409A to the Internal Revenue Code (the "Code"), which changes the treatment of nonqualified deferred compensation plans. Code Section 409A defines nonqualified deferred compensation generally as any arrangement that establishes a legally binding right to compensation in a future tax year.

Section 409A substantially restricts the right of employers and employees to change the terms of nonqualified deferred compensation arrangements, especially changes to (i) the ***time or event*** at which benefits are paid; and (ii) the ***form*** in which benefits are paid (such as lump sum or installment payments).

Plans may be amended to avoid violations of Code Section 409A, subject to certain limitations.

Stock options generally are considered nonqualified deferred compensation. However, guidance issued by the Internal Revenue Service provides an exemption from Code Section 409A for stock options that meet certain requirements. A stock option that does not meet these requirements must comply with Code Section 409A to avoid penalty taxes.

Among other requirements, the exercise price of an exempt stock option must equal or exceed the fair market value of the underlying stock at the time of grant. The dividend equivalent rights granted to you are considered by the Internal Revenue Service as an offset to the exercise price, (thus causing you to be deemed to have a "discounted" stock option) which would subject your stock option to Code Section 409A. However, we can correct this by allowing you to receive the dividend amounts independent of exercising the stock option.

· What happens if I elect not to change how dividends are paid?

If you do not change how your dividends are paid, your stock option will be subject to Code Section 409A. However, the Agreement would violate Code Section 409A(a)(2)(A) because it allows you to exercise your stock option over a term that extends over multiple years. As a result, the compensation you could receive from your stock option will be subject to a 20% penalty tax, in addition to normal tax rates upon compensation. Depending upon the year you are deemed to have received this compensation, interest penalties can apply as well.

GREAT PLAINS ENERGY INCORPORATED

SUPPLEMENTAL EXECUTIVE RETIREMENT PLAN

(As Amended and Restated for I.R.C. § 409A)

GREAT PLAINS ENERGY INCORPORATED

SUPPLEMENTAL EXECUTIVE RETIREMENT PLAN

(As Amended and Restated for I.R.C. § 409A)

BACKGROUND AND PURPOSE

Kansas City Power & Light Company ("KCPL") adopted the Kansas City Power & Light Supplemental Executive Retirement and Deferred Compensation Plan effective November 2, 1993 (the "Original Plan"), to provide opportunities for selected employees and members of KCPL's Board of Directors to defer the receipt of their compensation. The Original Plan was divided into two separate plans effective as of April 1, 2000, the "Great Plains Energy Incorporated Nonqualified Deferred Compensation Plan" (the "Frozen NQDC Plan") and the Great Plains Energy Incorporated Supplemental Executive Retirement Plan (as amended and restated effective as of November 1, 2000, October 1, 2001 and October 1, 2003 (the "Frozen SERP").

As a result of the enactment of the American Jobs Creation Act of 2004, which, in part, created a new Section of the Internal Revenue Code ("Code Section 409A") governing and requiring changes to non-qualified deferred compensation plans, Great Plains Energy Incorporated has taken two actions which affect the Frozen SERP.

- First, the Frozen SERP has been frozen as of December 31, 2004 such that no new participants will enter such Plan and no new amounts will accrue under the Frozen SERP after December 31, 2004. Except to the extent to reflect that the Frozen SERP has been frozen, no material modifications have been made to the Frozen SERP. The Frozen SERP will continue to operate as a "frozen" plan in accordance with its terms and with respect to all accrued amounts as of December 31, 2004. A copy of the Frozen SERP is attached as Appendix C to this Plan.

- Second, this plan, the "Great Plains Energy Incorporated Supplemental Executive Retirement Plan (as Amended and Restated for I.R.C. § 409A)" (the "Plan") is adopted effective generally as of January 1, 2005. This Plan governs the payment of benefits accrued after December 31, 2004 and, except as specifically provided otherwise, is effective generally January 1, 2005. Certain operations of the Plan between December 31, 2004 and December 31, 2007, including those operations in 2005 memorialized in Appendix B, were completed in accordance with IRS Notice 2005-1 and in "good faith" compliance with the proposed Treasury Regulations issued under Code Section 409A. In addition, this Plan provides for different benefit formulas for employees (1) hired by Great Plains Energy Incorporated (or one of its affiliates) before September 1, 2007, to reflect the choice employees were allowed to make between maintaining their existing benefit structure or receiving a slightly lower pension benefit but eligible to receive a larger employer contribution under the Great Plains Energy 401(k) Plan and (2) employees hired by Great Plains Energy Incorporated (or one of its affiliates) on or after September 1, 2007.

There is to be no duplication of benefits under the Frozen SERP and this Plan.

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ARTICLE I

DEFINITIONS

1.1 Definitions. For purposes of this Plan, the following terms have the following meanings:

"Active Participant" means, with respect to a Plan Year, any employee of the Company (i) who is an officer of the Company, or (ii) who is an assistant officer of the Company and designated by the Board to be an Active Participant.

"Basic Plan" means the Great Plains Energy Incorporated Management Pension Plan, as amended. Except as otherwise provided in this Plan, the following terms will have the same meaning as in the Basic Plan:

- Actuarial Equivalent
- Base Compensation
- Early Retirement Date
- Normal Retirement Date
- Plan Year
- Single Life Pension
- Years of Credited Service

"Board" means the Board of Directors of Great Plains Energy Incorporated.

"Code" means the Internal Revenue Code of 1986, as amended.

"Committee" means the Compensation and Development Committee (or successor to such Committee) of the Board.

"Company" means Great Plains Energy Incorporated or its successor and any wholly-owned subsidiary that has adopted, and whose employees participate in, the Basic Plan; provided, however, that for purposes of Section 6.4, "Company" shall mean Great Plains Energy Incorporated or its successor.

"Converted Participant" means a Participant who was hired by the Company before September 1, 2007 and elected in 2007 to receive a reduced future rate of benefit accrual under the Basic Plan.

"Frozen SERP" means the Great Plains Energy Incorporated Frozen Supplemental Executive Retirement Plan attached hereto as Appendix C.

"Original Plan" means the Kansas City Power & Light Supplemental Executive Retirement and Deferred Compensation Plan effective November 2, 1993.

"Participant" means an individual who is or has been an Active Participant and who has not received his entire benefit under this Plan. A Participant can be a Converted Participant, a Post-2007 Participant or a Stationary Participant. Individuals who were continuing to accrue a benefit under the Frozen SERP as of December 31, 2004 are also Participants in this Plan.

"Plan" means this Great Plains Energy Incorporated Supplemental Executive Retirement Plan (as Amended and Restated for I.R.C. § 409A).

"Post-2007 Participant" means a Participant that is hired by the Company on or after September 1, 2007.

"Separation from Service" or "Separates from Service" means a Participant's death, retirement or other termination of employment with the Company. A Separation from Service will not occur if a Participant is on military leave, sick leave or other bona fide leave of

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absence (such as temporary employment by the government) if the period of such leave does not exceed six months, or if longer, as long as the Participant has a right (either by contract or by statute) to reemployment with the Company. "Separation from Service" will be interpreted in a manner consistent with Code Section 409A(a)(2)(A)(i).

"**Specified Employee**" means a Participant that would be a "specified employee" as defined in Code Section 409A(a)(2)(B)(i) and Department of Treasury regulations and other interpretive guidance issued thereunder. Effective January 1, 2008, for purposes of this definition, the "specified employee effective date" and the "specified employee identification date" for purposes of identifying each Specified Employee are established and memorialized in the Company's "I.R.C. § 409A Specified Employee Policy" as the same may be modified from time to time in accordance with the rules and regulations of Code Section 409A.

"**Stationary Participant**" means a Participant who was hired by the Company before September 1, 2007 and elected in 2007 to maintain his current level of benefits under the Basic Plan.

"**Surviving Spouse**" means a Participant's surviving spouse who is eligible to receive a surviving spouse's benefit under the Basic Plan.

"**Years of Benefit Service**" means, except as otherwise provided in Sections 3.3 and 3.6, the sum of:

(i) the Years of Credited Service (including fractions thereof) an Active Participant is credited with under the Basic Plan except that any Years of Credited Service incurred after a Participant ceases to be an Active Participant due to the Participant having ceased to remain an Officer or Assistant Officer of the

Company will not be counted under this Plan unless such Participant again becomes an Active Participant; and

(ii) where a Participant receives benefits under the Company's Long-Term Disability Plan for a period of time but returns as an Active Participant before his Normal Retirement Date, the Years of Credited Service the Participant would have incurred under the Basic Plan had he been an Active Participant and been working on a full-time basis during such period of disability.

For example and for illustration purposes only, assume (1) an individual has been employed by the Company for fifteen years and, in the sixteenth year of the individual's employment, the individual becomes an officer of the Company, (2) the individual works for an additional five years as an officer of the Company, and (3) the individual ceases to be an officer (or an assistant officer) of the Company and works for an additional five years. For purposes of this Plan, the individual will have 20 Years of Benefit Service.

1.2 General Interpretive Principles. (a) Words in the singular include the plural and vice versa, and words of one gender include the other gender, in each case, as the context requires; (b) references to Sections are references to the Sections of this Plan unless otherwise specified; (c) the word "including" and words of similar import when used in this Plan mean "including, without limitation," unless otherwise specified; and (d) any reference to any U.S. federal, state, or local statute or law will be deemed to also refer to all amendments or successor provisions thereto, as well as all rules and regulations promulgated under such statute or law, unless the context otherwise requires.

ARTICLE II

ELIGIBILITY FOR BENEFITS

2.1 Except as provided in Section 2.2, each Participant will receive a supplemental retirement benefit in accordance with the terms of this Plan.

2.2 Notwithstanding any provision of this Plan to the contrary,

(a) this Plan will not affect the rights and benefits of any person who was not an employee of the Company on or after April 1, 2000, as such person's rights and benefits, if any, or the rights and benefits of such person's spouse or beneficiaries will be governed by the Original Plan; and

(b) this Plan will not affect the rights and benefits of any person who was an employee on or after April 1, 2000 but not an employee after December 31, 2004, as such person's rights and benefits, if any, or the rights and benefits of such person's spouse or beneficiaries will be governed by the Frozen SERP.

ARTICLE III

AMOUNT AND FORM OF RETIREMENT BENEFITS

3.1 Normal Retirement. A Participant's monthly supplemental retirement benefit payable under the Plan as a Single Life Pension at the Participant's Normal Retirement Date will depend on whether the Participant is a "Stationary Participant," a "Converted Participant" or a "Post-2007 Participant."

3.1.1 Normal Retirement – Stationary Participant. A Stationary Participant's monthly supplemental retirement benefit payable under the Plan as a Single Life Pension at the Stationary Participant's Normal Retirement Date will be equal to (1) the sum of two

portions, the first of which is described in Paragraph (a) and the second of which is described in Paragraph (b) of this Section 3.1.1 reduced by (2) the amount determined in Paragraph (c) of this Section 3.1.1.

(a) The first of those portions will make up for the difference between an accrual rate of 2% and an accrual rate of 1 2/3% under the Basic Plan for each of the Stationary Participant's Years of Benefit Service.

(b) The second portion will make up for the benefit otherwise lost to the Stationary Participant under the Basic Plan due to:

(i) compensation deferred under the Great Plains Energy Incorporated Nonqualified Deferred Compensation Plan (as Amended and Restated for I.R.C. § 409A), the Frozen NQDC Plan, or under Section VI of the Original Plan,

(ii) any amounts disregarded under the Basic Plan pursuant to the provisions of Code Sections 401(a)(17), 415, or similar provisions restricting the amount of compensation or benefits that may be considered under plans qualified pursuant to Code Section 401(a), and

(iii) any forfeiture of benefits under the Basic Plan due to lack of vesting, but only in the event that the forfeiture of benefit under the Basic Plan due to the lack of vesting is not otherwise paid to the Stationary Participant under Subparagraph (a)(iii) of Section 3 of the Change in Control Severance Agreement (or any equivalent provision in a successor document) entered into by the Company and the Stationary Participant.

(c) The sum of the amount determined in (a) and (b) will be reduced by the amount of the Stationary Participant's monthly supplemental retirement benefit he or she

is entitled to receive under the Frozen SERP, payable under the Frozen SERP as a Single Life Pension at the Participant's Normal Retirement Date. If a Stationary Participant was a former employee of the Company (and an Active Participant in the Plan) and then rehired by the Company, the sum of the amount determined in (a) and (b) will be further reduced by any amounts the Stationary Participant received under this Plan in connection with such Participant's earlier Separation from Service.

3.1.2 Normal Retirement – Converted Participant. A Converted Participant's monthly supplemental retirement benefit payable under the Plan as a Single Life Pension at the Converted Participant's Normal Retirement Date will be equal to (1) the sum of two portions, the first of which is described in Paragraph (a) and which further consists of a "Pre-2008 Benefit" and a "Post-2008 Benefit" and the second of which is described in Paragraph (b) of this Section 3.1.2, reduced by (2) the amount determined in Paragraph (c) of this Section 3.1.2.

(a) The first of those portions will make up for the difference between the accrual rates under this Plan (both before and after the Converted Participant elected to change future benefit accruals under the Basic Plan) and the accrual rate under the Basic Plan for each of the Converted Participant's Years of Benefit Service. For all of a Converted Participant's Years of Benefit Service accrued as of December 31, 2007, this Section 3.1.2(a) will make up for the difference between an accrual rate of 2% and an accrual rate of 1-2/3% under the Basic Plan (the "Pre-2008 Benefit"). For all of a Converted Participant's Years of Benefit Service after December 31, 2007, this Section 3.1.2(a) will make up for the difference between an accrual rate of 1.58% and an accrual rate of 1.25% under the Basic Plan (the "Post-2008 Benefit").

(b) The second portion will make up for the benefit otherwise lost to the Converted Participant under the Basic Plan due to:

(i) compensation deferred under the Great Plains Energy Incorporated Nonqualified Deferred Compensation Plan (as Amended and Restated for I.R.C. § 409A), the Frozen NQDC Plan, or under Section VI of the Original Plan,

(ii) any amounts disregarded under the Basic Plan pursuant to the provisions of Code Sections 401(a)(17), 415, or similar provisions restricting the amount of compensation or benefits that may be considered under plans qualified pursuant to Code Section 401(a), and

(iii) any forfeiture of benefits under the Basic Plan due to lack of vesting, but only in the event that the forfeiture of benefit under the Basic Plan due to the lack of vesting is not otherwise paid to the Converted Participant under Subparagraph (a)(iii) of Section 3 of the Change in Control Severance Agreement (or any equivalent provision in a successor document) entered into by the Company and the Converted Participant.

(c) The sum of the amount determined in (a) and (b) will be reduced by the amount of the Converted Participant's monthly supplemental retirement benefit he or she is entitled to receive under the Frozen SERP, as if it were paid under the Frozen SERP as a Single Life Pension at the Converted Participant's Normal Retirement Date. If a Converted Participant was a former employee of the Company (and an Active Participant in the Plan) and then rehired by the Company, the sum of the amount determined in (a) and (b) will be further reduced by any amounts the Converted Participant received under this Plan in connection with such Participant's earlier Separation from Service.

3.1.3 Normal Retirement – Post-2007 Participant. A Post-2007 Participant's monthly supplemental retirement benefit payable under the Plan as a Single Life Pension at the Post-2007 Participant's Normal Retirement Date will be equal to (1) the sum of two portions, the first of which is described in Paragraph (a) of this Section 3.1.3 and the second of which is described in Paragraph (b) of this Section 3.1.3, reduced by (2) any amount described in Paragraph (c) of this Section 3.1.3.

(a) The first of those portions will make up for the difference between an accrual rate of 1.58% and an accrual rate of 1.25% under the Basic Plan for each of the Participant's Years of Benefit Service.

(b) The second portion will make up for the benefit otherwise lost to the Post-2007 Participant under the Basic Plan due to:

(i) compensation deferred under the Great Plains Energy Incorporated Nonqualified Deferred Compensation Plan (as Amended and Restated for I.R.C. § 409A),

(ii) any amounts disregarded under the Basic Plan pursuant to the provisions of Code Sections 401(a)(17), 415, or similar provisions restricting the amount of compensation or benefits that may be considered under plans qualified pursuant to Code Section 401(a), and

(iii) any forfeiture of benefits under the Basic Plan due to lack of vesting, but only in the event that the forfeiture of benefit under the Basic Plan due to the lack of vesting is not otherwise paid to the Post-2007 Participant under Subparagraph (a)(iii) of Section 3 of the Change in Control Severance Agreement

(or any equivalent provision in a successor document) entered into by the Company and the Post-2007 Participant.

(c) If a Post-2007 Participant was a former employee of the Company (and an Active Participant in the Plan) and then rehired by the Company, the sum of the amount determined in (a) and (b) will be further reduced by any amounts the Post-2007 Participant received under this Plan in connection with such Participant's earlier Separation from Service.

3.2 Benefits Payable Prior to Normal Retirement Date.

3.2.1 Stationary Participant. In the event a Stationary Participant terminates employment with the Company before reaching his Normal Retirement Date, the monthly supplemental retirement benefit payable under the Plan will be determined by computing the monthly retirement benefit necessary to make up for the difference in accrual rates described in Paragraph 3.1.1(a), for the benefit otherwise lost to the Stationary Participant due to the factors described in Paragraph 3.1.1(b), and, for the difference between computations of monthly salary using computation periods of more than 36 consecutive months rather than of 36 consecutive months, reduced to

reflect the Frozen SERP benefit described in Paragraph 3.1.1(c), and then, if the Stationary Participant is receiving his supplemental retirement benefit prior to age 62, further reduced to reflect the early payment of the benefit and the Participant's younger age in the same circumstances and to the same extent as the Single Life Pension under the Basic Plan is reduced to reflect these factors. The result of the above calculation is that subparagraph (a) or (b), below, whichever is applicable, will apply:

(a) There will be no early retirement reduction factor applied to the retirement benefit of a Stationary Participant who has satisfied all of the requirements set forth in the Basic Plan for the Rule of 85 early retirement benefit.

(b) The Basic Plan's early retirement reduction factor of .25% per month will apply to the retirement benefit of a Stationary Participant who does not satisfy all of the requirements set forth in the Basic Plan for the Rule of 85 early retirement benefit, and whose employment with the Company terminates before his 62nd birthday.

3.2.2 Converted Participant. In the event a Converted Participant terminates employment with the Company before reaching his Normal Retirement Date, the monthly supplemental retirement benefit payable under the Plan will be determined by computing the monthly retirement benefit necessary to make up for the difference in accrual rates described in Paragraph 3.1.2(a), for the benefit otherwise lost to the Participant due to the factors described in Paragraph 3.1.2(b), and for the difference between computations of monthly salary using computation periods of more than 36 consecutive months rather than of 36 consecutive months, reduced to reflect the Frozen SERP benefit described in Paragraph 3.1.2(c), and then, if the Converted Participant is receiving his supplemental retirement benefit prior to age 62, further reduced to reflect the early payment of the benefit and the Converted Participant's younger age in the same circumstances and to the same extent as the Single Life Pension under the Basic Plan is reduced to reflect these factors. The result of the above calculation is that subparagraph (a)(i) or (ii) below, whichever is applicable, will apply to the Converted Participant's Pre-2008 Benefit and that subparagraph (b)(i) or (ii) below, whichever is applicable, will apply to the Converted Participant's Post-2008 Benefit:

(a) The Converted Participant's Pre-2008 Benefit will be subject to (i) or (ii) below:

(i) There will be no early retirement reduction factor applied to a Converted Participant's Pre-2008 Benefit who has satisfied all of the requirements set forth in the Basic Plan for the Rule of 85 early retirement benefit.

(ii) The Basic Plan's early retirement reduction factor of .25% per month will apply to a Converted Participant's Pre-2008 Benefit who does not satisfy all of the requirements set forth in the Basic Plan for the Rule of 85 early retirement benefit, and whose employment with the Company terminates before his 62nd birthday.

(b) The Converted Participant's Post-2008 Benefit will be subject to (i) or (ii) below:

(i) For a Converted Participant whose benefit commences before age 62, the Post-2008 Benefit will be reduced by .41666% per month for each month before the Participant's 62nd birthday the benefit commences.

(ii) For a Participant whose benefit commences on or after age 62, there will be no early retirement reduction factor.

3.2.3 Post-2007 Participant. In the event a Post-2007 Participant terminates employment with the Company before reaching his Normal Retirement Date, the monthly supplemental retirement benefit payable under the Plan will be determined by computing the monthly retirement benefit necessary to make up for the difference in accrual rates described in Paragraph 3.1.3(a), for the benefit otherwise lost to the Post-2007 Participant due to the factors described in Paragraph 3.1.3(b), and for the difference between

computations of monthly salary using computation periods of more than 36 consecutive months rather than of 36 consecutive months, and, if the Post-2007 Participant's benefit commences before the Participant's 62nd birthday, reduced by .41666% per month for each month before the Participant's 62nd birthday the benefit commences.

3.3 Disability Retirement. A Participant who Separates from Service due to a total disability for which the Participant is eligible to receive benefits under the Company's Long-Term Disability Plan and who is not otherwise eligible for benefits under this Plan on account of returning to status as an Active Participant will be eligible for a supplemental retirement benefit. The supplemental retirement benefit will commence on the Participant's Normal Retirement Date and the amount of benefit will be determined either in accordance with Section 3.1.1, 3.1.2 or 3.1.3 (as the case may be depending on whether the Participant was a Stationary Participant, a Converted Participant or Post-2007 Participant, respectively, at the time of the Participant's Separation from Service on account of Disability) except that his or her Years of Benefit Service will include the period from the date of Disability to the Participant's Normal Retirement Date. With respect to a Stationary Participant, in no event will Years of Credited Service or Years of Benefit Service in excess of 30 be considered.

3.4 Form of Payment. The Participant may elect the form in which benefits under the Plan are to be paid from the forms set forth in this Section, the value of each of which will be the Actuarial Equivalent of the value of each of the others. Except as provided in Section 4.1, payment will be made, in the case of a lump sum payment, or will begin, in the case of a pension, in accordance with the Participant's election made as provided in Section 3.5.

(a) Lump Sum Payment. This form provides the Participant with a one-time, single sum payment of the Participant's entire benefit under the Plan.

(b) Installment Annuity Payments. This form provides the Participant with a series of installment payments over the life of the Participant or, if elected by a Participant, the joint lives of the Participant and his spouse. To the full extent that each of the below forms of annuity payments constitutes a "life annuity" as defined in Treasury Regulations § 1.409A-2(b)(2)(ii), a participant's change in designated beneficiary or a change in the form of payment from one type of life annuity to another will not be considered a change in the time and form of payment provided that any such change is made before any annuity payment has commenced and provided further that the annuities are actuarially equivalent applying reasonable actuarial methods and assumptions. The forms of annuity payments are as follows:

(i) Single Life Pension. A Single Life Pension pays the Participant a monthly pension only for as long as the Participant lives.

(ii) Single Life Pension with 60 Months Guaranteed. A Single Life Pension with 60 Months Guaranteed pays a monthly benefit for as long as the Participant lives. If the Participant dies before receiving 60 monthly payments, the Participant's beneficiary receives them for the remainder of the 60 months that were guaranteed.

(iii) Single Life Pension with 120 Months Guaranteed. A Single Life Pension with 120 Months Guaranteed pays the Participant a monthly benefit for as long as the Participant lives. If the Participant dies before receiving 120 monthly payments, the Participant's beneficiary receives them for the remainder of the 120 months that were guaranteed.

(c) 100%, 75%, 50% and 25% Joint Pensions. A 100%, 75%, 50% or 25% Joint Pension pays the Participant a monthly benefit for as long as the Participant lives. If the Participant's spouse is living when the Participant dies, he or she receives a monthly pension equal to 100%, 75%, 50% or 25%, respectively, of the monthly pension the Participant received, for as long as he or she lives. If the Participant is not married as of the date the Participant's pension commences, it will be paid to the Participant as a Single Life Pension. The term "spouse," as used in this form, means the person to whom the Participant is married on the date the Participant's pension commences.

3.5 Election of Form and Timing.

(a) Existing Election. Unless otherwise amended under Section 3.5(c) below, an Active Participant's existing election on January 1, 2005 relating to both timing and form of payment will continue to apply under this Plan.

(b) Initial Election. A new Active Participant in the Plan must, within 30 days of the date he or she becomes a Participant, elect the form his benefit under the Plan will be paid, and whether, subject to Sections 4.2, payment is to be made on the Participant's Normal Retirement Date, upon the Participant's Separation from Service, on a specified anniversary of the Participant's Separation from Service or a specific age.

(c) Section 409A Transition Election. During 2008, all Active Participants will be provided the opportunity to amend their existing election as to both when benefits under the Plan will be made or commence and the form that payments under the Plan will be made. In no event may an election in 2008 be effective to the extent such election (i) postpones the payment(s) of benefits that otherwise could have commenced in 2008, (ii)

accelerates into 2008 the payment(s) of benefits that otherwise would have been paid in 2009 or beyond.

(d) Elections for Converted Participants. A Converted Participant's election applies for both the Pre-2008 Benefit and any Post 2008 Benefit.

3.6 Chief Executive Officer Benefits. Notwithstanding any provision of this Plan to the contrary, those individuals listed on Appendix A to this Plan will be credited with 2 Years of Benefit Service for each Year of Credited Service (including fractions thereof) during which that person is an Active Participant. However, to the extent an individual listed on Appendix A is a Stationary Participant, in no event will the number of Years of Benefit Service taken into account under this Plan exceed 30.

ARTICLE IV

PAYMENT OF RETIREMENT BENEFITS

4.1 Form of Payment.

(a) Notwithstanding anything else in the Plan to the contrary, including a Participant's benefit election, if a Participant Separates from Service before the Participant attains age 50, the Participant's supplemental retirement benefit payable in accordance with Article III will be made in a lump sum payment.

(b) For Participants who Separate from Service after age 50, the supplemental retirement benefits payable in accordance with Article III will commence in the form elected by the Participant in his election form as provided in Section 3.5. In the event no valid election has been made, a Participant's supplemental retirement benefits will be paid in the form of a Single Life Pension commencing as soon as reasonably practicable following the Participant's Separation from Service.

4.2 Timing of Payment of Retirement Benefits.

(a) Retirement Benefits. Notwithstanding anything else in the Plan to the contrary except if the Participant is a Specified Employee (in which case the payment will be delayed as provided below in Section 4.2(c)), including a Participant's benefit election, if a Participant Separates from Service before the Participant attains age 50, the Participant's lump sum supplemental retirement benefit payable in accordance with Article III will be made as soon as administratively practicable following the Participant's Separation from Service but in no event later than 2 ½ months following the end of the year the Participant Separates from Service. All other Participant's benefits under this Plan will commence at the time specified on the Participant's election. In the event no election has been timely made, a Participant's retirement benefits will commence as soon as reasonably practicable following his Separation from Service.

(b) Disability Benefits. All benefits that a Participant is entitled to receive under this Plan due to the Participant having Separated from Service on account of a total disability will commence on the Participant's Normal Retirement Date and will be paid in the form elected by the Participant.

(c) Delay for Specified Employees. Notwithstanding any other provision of the Plan to the contrary, with respect to any payment to be made to a Participant who is a Specified Employee on account of the Specified Employee's Separation from Service (other than on account of the Participant's death), that payment must not be made (in the case of a lump sum payment) or must not commence (in the case of a series of installment payments) until the first business day of the 7th month following the month in which the Specified Employee Separates from Service.

(d) Surviving Spouse Benefit. If a Participant dies before supplemental retirement benefit payments commence under the Plan, the surviving spouse's benefit provided under Section 5.1 shall be paid as soon as administratively practicable following the Participant's death.

ARTICLE V

DEATH BENEFITS

5.1 Payment to Surviving Spouse. If a Participant dies before supplemental retirement benefit payments commence under this Plan, the Participant's Surviving Spouse will receive a lump-sum payment equal to the Actuarial Equivalent of the pre-retirement survivor annuity payable under the Plan. For purposes of calculating the lump-sum value, the amount of the pre-retirement survivor annuity payable under this Plan will be equal to the amount of the qualified pre-retirement survivor annuity determined under the Basic Plan, but calculated by substituting the amount of the Participant's supplemental retirement benefit determined under Article III (based on whether the Participant was a Stationary Participant, Converted Participant or a Post-2007 Participant) for the amount of the Participant's benefit under the Basic Plan.

5.2 Form and Timing of Payment to Surviving Spouse. A Surviving Spouse's benefit under Section 5.1 will be payable in a lump sum.

5.3 Frozen Plan Offset. For the avoidance of doubt, any death benefit the Participant's Surviving Spouse is eligible to receive under this Article V will be reduced by the death benefit, if any, the Participant's Surviving Spouse is eligible to receive under the Frozen SERP.

ARTICLE VI

MISCELLANEOUS

6.1 Plan Amendment and Termination The Board of Directors may, in its sole discretion, terminate, suspend, or amend this Plan at any time or from time-to-time, in whole or in part. However, no amendment or suspension of the Plan may affect a Participant's right or the right of a Surviving Spouse to benefits accrued up to the date of any amendment or termination, payable at least as quickly as is consistent with the Participant's election made as provided in Section 3.5, nor will any amendment that inadvertently results in any Participant becoming liable for any excise tax imposed under Code Section 409A be effective. In the event the Plan is terminated, the Committee will continue to administer the Plan until all amounts accrued have been paid. In no event may the termination of the Plan result in the distributions of benefits under the Plan unless the distribution on account of Plan termination would otherwise be permissible under Code Section 409A.

6.2 No Right to Employment. Nothing contained herein will confer upon any Participant the right to be retained in the service of the Company, nor may it interfere with the right of the Company to discharge or otherwise deal with Participants without regard to the existence of this Plan.

6.3 No Administrator Liability. Neither the Committee nor any member of the Board nor any officer or employee of the Company may be liable to any person for any action taken or omitted in connection with the administration of the Plan unless attributable to his own fraud or willful misconduct; nor may the Company be liable to any person for any such action unless attributable to fraud or willful misconduct on the part of a director, officer or employee of the Company.

6.4 Unfunded Plan. This Plan is unfunded, and constitutes a mere promise by the Company to make benefit payments in the future. The right of any Participant or Surviving Spouse to receive a distribution under this Plan will be an unsecured claim against the general assets of the Company. The Company may choose to establish a separate trust (the "Trust"), and to contribute to the Trust from time to time assets that will be held therein, subject to the claims of the Company's creditors in the event of the Company's insolvency, until paid to Plan Participants and Surviving Spouses in such manner and at such times as specified in the Plan. It is the intention of the Company that such Trust, if established, will constitute an unfunded arrangement, and will not affect the status of the Plan as an unfunded Plan for purposes of Title I of the Employee Retirement Income Security Act of 1974, as amended. The Trustee of the Trust may invest the Trust assets, unless the Committee, in its sole discretion, chooses either to instruct the Trustee as to the investment of Trust assets or to appoint one or more investment managers to do so.

6.5 Nontransferability. To the maximum extent permitted by law, no benefit under the Plan may be assignable or subject in any manner to alienation, sale, transfer, claims of creditors, pledge, attachment, or encumbrances of any kind.

6.6 I.R.C. § 409A. This Plan is intended to meet the requirements of Section 409A of the Code and may be administered in a manner that is intended to meet those requirements and will be construed and interpreted in accordance with such intent. All payments hereunder are subject to Section 409A of the Code and will be paid in a manner that will meet the requirements of Section 409A of the Code, including regulations or other guidance issued with respect thereto, such that the payment will not be subject to the excise tax applicable under Section 409A of the Code. Any provision of this Plan that would cause the payment to fail to

satisfy Section 409A of the Code will be amended (in a manner that as closely as practicable achieves the original intent of this Plan) to comply with Section 409A of the Code on a timely basis, which may be made on a retroactive basis, in accordance with regulations and other guidance issued under Section 409A of the Code.

6.7 Participant's Incapacity. Any amounts payable hereunder to any person under legal disability or who, in the judgment of the Committee, is unable properly to manage his financial affairs, may be paid to the legal representative of such person or may be applied for the benefit of such person in any manner which the Committee may select.

6.8 Plan Administrator. The Plan will be administered by the Committee or its designee, which may adopt rules and regulations to assist it in the administration of the Plan.

6.9 Claims Procedures. A request for a Plan benefit may be filed with the Chairperson of the Committee or his designee, on a form prescribed by the Committee. Such a request, hereinafter referred to as a "claim," will be deemed filed when the executed claim form is received by the Chairperson of the Committee or his designee.

The Chairperson of the Committee or his designee will decide such a claim within a reasonable time after it is received. If a claim is wholly or partially denied, the claimant will be furnished a written notice setting forth, in a manner calculated to be understood by the claimant:

(a) The specific reason or reasons for the denial;

(b) A specific reference to pertinent Plan provisions on which the denial is based;

(c) A description of any additional material or information necessary for the claimant to perfect the claim, along with an explanation of why such material or information is necessary; and

(d) Appropriate information as to the steps to be taken if the claimant wishes to appeal his claim, including the period in which the appeal must be filed and the period in which it will be decided.

The notice will be furnished to the claimant within 90 days after receipt of the claim by the Chairperson of the Committee or his designee, unless special circumstances require an extension of time for processing the claim. No extension may be for more than 90 days after the end of the initial 90-day period. If an extension of time for processing is required, written notice of the extension will be furnished to the claimant before the end of the initial 90-day period. The extension notice will indicate the special circumstances requiring an extension of time and the date by which a final decision will be rendered.

If a claim is denied, in whole or in part, the claimant may appeal the denial to the full Committee, upon written notice to the Chairperson thereof. The claimant may review documents pertinent to the appeal and may submit issues and comments in writing to the Committee. No appeal will be considered unless it is received by the Committee within 90 days after receipt by the claimant of written notification of denial of the claim. The Committee will decide the appeal within 60 days after it is received. However, if special circumstances require an extension of time for processing, a decision will be rendered as soon as possible, but not later than 120 days after the appeal is received. If such an extension of time for deciding the appeal is required, written notice of the extension will be furnished to the claimant prior to the commencement of the extension. The Committee's decision will be in writing and will include specific reasons for the decision, written in a manner calculated to be understood by the claimant, and specific references to the pertinent Plan provisions upon which the decision is based.

6.10 Deliverables. Each Participant will receive a copy of the Plan and, if a Trust is established pursuant to Section 6.4, the Trust, and the Company will make available for inspection by any Participant a copy of any rules and regulations used in administering the Plan.

6.11 Disputes. If any contest or dispute arises as to amounts due to a Participant under this Plan, the Company will reimburse the Participant, on a current basis, all legal fees and expenses incurred by the Participant in connection with such contest or dispute; provided, however, that in the event the resolution of any such contest or dispute includes a finding denying the Participant's claims, the Participant will be required immediately to reimburse the Company for all sums advanced to the Participant hereunder.

6.12 Binding Effect. This Plan is binding on the Company and will bind with equal force any successor of the Company, whether by way of purchase, merger, consolidation or otherwise.

6.13 Severability. If a court of competent jurisdiction holds any provision of this Plan to be invalid or unenforceable, the remaining provisions of the Plan shall continue to be fully effective.

6.14 Governing Law. To the extent not superseded by the laws of the United States, this Plan will be construed according to the laws of the State of Missouri.

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This Plan is hereby adopted on this 30th day of October, 2007, by a duly authorized officer of the Company and is except as otherwise indicated, effective as of January 1, 2005.

GREAT PLAINS ENERGY INCORPORATED

By: /s/ Michael J. Chesser

Title: Chairman of the Board and Chief Executive Officer

APPENDIX A

ADDENDUM TO SECTION 3.6(c)

As referenced and subject to the terms of Section 3.6(c) of the Plan, the following individuals will be credited with 2 Years of Benefit Service for each Year of Credited Service (including fractions thereof) during which the person is an Active Participant:

(1) Michael J. Chesser

(2) John Marshall

APPENDIX B

DISTRIBUTIONS FOR PARTICIPANTS TERMINATING IN 2005

Notwithstanding any other provision of this Plan or any election that may have been made by a Participant to the contrary, if a Participant who Separates from Service in 2005 elected to receive either a one-time, single-sum payment of the Participant's entire account or an annuity or series of payments, (i) all amounts credited to the Participant's account before 2005 are to be paid in accordance with such election, and (ii) all amounts credited to the Participant's account during 2005 will be paid in one-time, single-sum payment in 2005.

GREAT PLAINS ENERGY INCORPORATED

FROZEN SUPPLEMENTAL EXECUTIVE RETIREMENT PLAN

Amended and Restated November 1, 2000 and Frozen effective December 31, 2004.

Appendix C

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Appendix C

GREAT PLAINS ENERGY INCORPORATED

FROZEN SUPPLEMENTAL EXECUTIVE RETIREMENT PLAN

PREAMBLE

The principal objective of this Frozen Supplemental Executive Retirement Plan is to ensure the payment of a competitive level of retirement income in order to attract, retain, and motivate selected executives, and to restore benefits accrued before December 31, 2004 which cannot be paid under the Company's Qualified Pension Plan due to restrictions on benefits, contributions, compensation, or the like imposed under that plan. The Company may, but is not required to, set aside funds from time to time to provide such benefits, and such funds may be held in a separate trust established for such purpose. This Plan is a successor to the supplemental executive retirement component of the Company's former Supplemental Executive Retirement and Deferred Compensation Plan (the "Prior Plan"), which was effective on November 2, 1993. It shall be effective as to each Participant on the date he or she becomes a Participant hereunder; provided, however, that the benefits of those individuals whose employment with the Company or any of its affiliates terminated prior to April 1, 2000, shall continue to be governed by the terms of the Prior Plan, and not the terms of this Plan. This Plan superseded the supplemental executive retirement component of the Prior Plan and all similar non-qualified supplemental executive retirement plans that were in existence as of November 1, 2000.

Effective December 31, 2004, this Plan was "frozen" such that (1) no person may become a Participant under this Plan after December 31, 2004, and (2) no additional benefits shall accrue under this Plan after December 31, 2004. All new participants eligible to participate in the Great Plains Energy Supplemental Executive Retirement Plan as of

January 1, 2005 will participate in the "Great Plains Energy Incorporated Supplemental Executive Retirement Plan (as Amended and Restated for I.R.C. § 409A), and all accruals after December 31, 2004 will accrue under such amended and restated Plan.

ARTICLE I
DEFINITIONS

1.1 "**Active Participant**" means, with respect to a Plan Year, any employee of the Company (i) who is an officer appointed by the Board of Directors, or (ii) whose annualized Base Compensation exceeds the limitation imposed by Internal Revenue Code Section 401(a)(17) and regulations promulgated thereunder, as adjusted from time to time. For purposes of determining Years of Benefit Service pursuant to Section 1.10 of this Plan, an employee shall be deemed to have been an Active Participant with respect to any Plan Year in which he or she was a Participant for purposes of Sections II, III, IV, and V of the Prior Plan. After December 31, 2004, no employee may become an Active Participant in this Plan.

1.3 "**Basic Plan**" means the Great Plains Energy Incorporated Management Pension Plan. Except as amended below, the following terms shall have the same meaning as set forth in the Basic Plan, as amended from time-to-time:

- Actuarial Equivalent
- Base Compensation
- Early Retirement Date
- Normal Retirement Date
- Plan Year
- Single Life Pension
- Years of Credited Service

Notwithstanding the above, the term "Base Compensation" only includes compensation recognized through December 31, 2004.

Appendix C

1.4 "**Board of Directors**" means the Board of Directors of Great Plains Energy Incorporated.

1.5 "**Committee**" means the Nominating & Compensation Committee (or successor to such Committee) of the Board of Directors.

1.6 "**Company**" means Great Plains Energy Incorporated or its successor and any wholly-owned subsidiary that has adopted, and whose employees participate in, the Basic Plan.

1.7 "**Participant**" means an individual who has become an Active Participant and who has not received his or her entire benefit under this Plan; provided, however, that individuals who were Participants for purposes of Sections II, III, IV, and V of the Prior Plan as of April 1, 2000, and whose employment with the Company had not terminated as of that date, shall be Participants in this Plan on that date.

1.8 "**Plan**" means this Great Plains Energy Company Frozen Supplemental Executive Retirement Plan.

1.9 "**Surviving Spouse**" means a Participant's surviving spouse who is eligible to receive a surviving spouse's benefit under the Basic Plan.

1.10 "**Years of Benefit Service**" means Years of Credited Service (including fractions thereof) during which an employee is an Active Participant. "Years of Benefit Service" shall include only a Participant's Years of Credited Service recognized through December 31, 2004.

ARTICLE II

ELIGIBILITY FOR BENEFITS

2.1 Except as provided in Sections 2.2 and 3.4, below, each Participant shall be eligible to receive a supplemental retirement benefit under this Plan beginning as soon as is practicable after the Participant terminates employment with the Company.

2.2 Notwithstanding any provision of this Plan to the contrary, the terms of this Plan and all subsequent amendments hereto shall not affect the rights and benefits of any person who is not an employee of the Company on or after April 1, 2000. The rights and benefits, if any, of such former employees (or spouses or beneficiaries of said former employees) shall continue to be governed by the terms of the Prior Plan as in effect on their date of termination, death, total disability, or retirement, whichever first shall have occurred.

ARTICLE III

AMOUNT AND FORM OF RETIREMENT BENEFITS

3.1 Normal Retirement. A Participant's monthly supplemental retirement benefit payable under the Plan as a Single Life Pension at the Participant's Normal Retirement Date shall be made up of the sum of two portions, the first of which is described in Paragraph (a) and the second of which is described in Paragraph (b) of this Section.

(a) The first of those portions shall make up for the difference between an accrual rate of two percent (2%) and an accrual rate of one and two-thirds percent (1 2/3%) for each of an Active Participant's Years of Benefit Service.

(b) The second portion shall make up for the benefit otherwise lost to an Active Participant under the Basic Plan due to:

(i) compensation deferred under the Great Plains Energy Incorporated Nonqualified Deferred Compensation Plan, or under Section VI of the Prior Plan,

(ii) any amounts disregarded under the Basic Plan pursuant to the provisions of Internal Revenue Code Sections 401(a)(17), 415, or similar provisions restricting the amount of compensation or benefits that may be considered under plans qualified pursuant to Internal Revenue Code Section 401(a), and

(iii) any forfeiture of benefits under the Basic Plan due to lack of vesting, but only to the extent the forfeiture reduces the amount to be paid under Subparagraph (b)(1) of Section 3 of the Restated Severance Agreement entered into by the Company and the Active Participant.

3.2 Benefits Payable Prior to Normal Retirement Date. In the event a Participant terminates employment with the Company before he or she reaches Normal Retirement Date, the monthly supplemental retirement benefit payable under the Plan shall be determined by computing the monthly retirement benefit necessary to make up for the difference in accrual rates described in Section 3.1(a), for the benefit otherwise lost to the Participant due to the factors described in Paragraph 3.1(b) and (c), and for the difference between computations of monthly salary using computation periods of more than thirty-six (36) consecutive months rather than of thirty-six (36) consecutive months, reduced to reflect the early payment of the benefit and the Participant's younger age in the same circumstances and to the same extent as the Single Life Pension under the Basic Plan is reduced to reflect these factors. The result is that:

(a) There shall be no early retirement reduction factor applied to the retirement benefit of a Participant who has satisfied all of the requirements set forth in the Basic Plan for the Rule of 85 early retirement benefit,

(b) The Basic Plan's early retirement reduction factor of one quarter of one-percent (.25%) per month shall apply to the retirement benefit of a Participant who does not satisfy all of the requirements set forth in the Basic Plan for the Rule of 85 early retirement benefit, and whose employment with the Company terminates on or after his or her Early Retirement Date, and

(c) For the retirement benefit of a Participant who terminates employment with the Company before his or her Early Retirement Date, and without satisfying all of the requirements set forth in the Basic Plan for the Rule of 85 early retirement benefit, no early retirement subsidy of any kind shall apply.

3.3 Disability Retirement. A Participant whose employment with the Company terminates due to a total disability for which the Participant is eligible to receive benefits under the Company's Long-Term Disability Plan shall then be eligible for a supplemental retirement benefit. The supplemental retirement benefit shall be determined in accordance with Sections 3.1 and 3.2, except that his or her Years of Benefit Service shall include the period from the date of disability to the Participant's Normal Retirement Date. In no event shall Years of Credited Service or Benefit Service in excess of 30 be considered.

3.4 Form of Payment. The Participant may elect the form in which benefits under the Plan are to be paid from the forms set forth in this Section, the value of each of which shall be the Actuarial Equivalent of the value of each of the others. Payment shall be made, in the case of a lump sum payment, or shall begin, in the case of a pension, in accordance with the Participant's election made as provided in Section 3.5.

(a) Lump Sum Payment. This form provides the Participant with a one-time, single sum payment of the Participant's entire benefit under the Plan.

(b) Single Life Pension. A Single Life Pension pays the Participant a monthly pension only for as long as the Participant lives.

(c) Single Life Pension with 60 Months Guaranteed. A Single Life Pension with 60 Months Guaranteed pays a monthly benefit for as long as the Participant lives. If the Participant dies before receiving 60 monthly payments, the Participant's beneficiary receives them for the remainder of the 60 months that were guaranteed.

(d) Single Life Pension with 120 Months Guaranteed. A Single Life Pension with 120 Months Guaranteed pays the Participant a monthly benefit for as long as the Participant lives. If the Participant dies before receiving 120 monthly payments, the Participant's beneficiary receives them for the remainder of the 120 months that were guaranteed.

(e) 100%, 75%, 66 2/3%, 50%, 33 1/3% and 25% Joint Pensions. A 100%, 75%, 66 2/3%, 50%, 33 1/3% or 25% Joint Pension pays the Participant a monthly benefit for as long as the Participant lives. If the Participant's spouse is living when the Participant dies, he or she receives a monthly pension equal to 100%, 75%, 66 2/3%, 50%, 33 1/3% or 25%, respectively, of the monthly pension the Participant received, for as long as he or she lives. If the Participant is not married as of the date the Participant's pension commences, it will be paid to the Participant as a Single Life Pension. The term "spouse," as used in this form, means the person to whom the Participant is married on the date the Participant's pension commences.

3.5 Election of Form and Timing. A new Active Participant in the Plan shall, within sixty (60) days of the date he or she becomes a Participant, elect the form in which he or she wishes the benefit under the Plan to be paid, and whether payment is to be made as soon as is practicable after termination of employment with the Company and, if not, the anniversary of termination when payment is to be made. A Participant in the Plan as of April 1, 2000, shall make these elections no later than April 15, 2000. If such a Participant terminates employment with the Company within one (1) year of the date the election form is filed with the Company, the election shall have no effect, and the

Participant's benefit under the Plan will be paid in the form of a Single Life Pension, if the Participant is then single, or in the form of a 50% Joint Pension, with the Participant's spouse as the survivor, if the Participant is then married.

3.6 Chief Executive Officer. In the case of a person who has served at least ten (10) years in the position of Chief Executive Officer of the Company, the two percent (2%) accrual rate referred to in Paragraph 3.1(a) shall be three percent (3%), and no early retirement reduction factor shall be applied. In no event shall the sum of the accrual rates used to determine a Participant's retirement benefits under the Basic Plan and this Plan exceed sixty percent (60%), so for a participant who is eligible for the special benefit for Chief Executive Officers described in the first sentence of this paragraph, the maximum number of Years of Benefit Service taken into account shall be twenty (20).

ARTICLE IV

PAYMENT OF RETIREMENT BENEFITS

4.1 Supplemental retirement benefits payable in accordance with Article III shall commence as provided in Section 2.1, and shall continue to be paid as required by the form in which the Participant's benefit is paid.

ARTICLE V

DEATH BENEFITS

5.1 If a Participant dies before supplemental retirement benefit payments commence under this Plan, the Participant's Surviving Spouse shall receive a pre-retirement survivor annuity under the Plan. The amount of the pre-retirement survivor annuity payable under this Plan shall be equal to the amount of the qualified pre-retirement survivor annuity determined under the Basic Plan, but calculated by substituting the amount of the Participant's supplemental retirement benefit determined under Article III for the amount of the Participant's benefit under the Basic Plan.

5.2 A Surviving Spouse's benefit under Section 5.1 shall be payable monthly; its duration shall be the same as that of the qualified pre-retirement survivor annuity payable under the Basic Plan.

ARTICLE VI

MISCELLANEOUS

6.1 The Board of Directors may, in its sole discretion, terminate, suspend, or amend this Plan at any time or from time-to-time, in whole or in part. However, no amendment or suspension of the Plan shall affect a Participant's right or the right of a Surviving Spouse to benefits accrued up to the date of any amendment or termination, payable at least as quickly as is consistent with the Participant's election made as provided in Section 3.5. In the event the Plan is terminated, the Committee will continue to administer the Plan until all amounts accrued have been paid.

6.2 Nothing contained herein shall confer upon any Participant the right to be retained in the service of the Company, nor shall it interfere with the right of the Company to discharge or otherwise deal with Participants without regard to the existence of this Plan.

6.3 Neither the Committee nor any member of the Board of Directors nor any officer or employee of the Company shall be liable to any person for any action taken or omitted in connection with the administration of the Plan unless attributable to his or her own fraud or willful misconduct; nor shall the Company be liable to any person for any such action unless attributable to fraud or willful misconduct on the part of a director, officer or employee of the Company.

6.4 This Plan is unfunded, and constitutes a mere promise by the Company to make benefit payments in the future. The right of any Participant or Surviving Spouse to receive a distribution under this Plan shall be an unsecured claim against the general assets of the Company. The Company may choose to establish a separate trust (the "Trust"),

and to contribute to the Trust from time to time assets that shall be held therein, subject to the claims of the Company's creditors in the event of the Company's insolvency, until paid to Plan Participants and Surviving Spouses in such manner and at such times as specified in the Plan. It is the intention of the Company that such Trust, if established, shall constitute an unfunded arrangement, and shall not affect the status of the Plan as an unfunded Plan for purposes of Title I of the Employee Retirement Income Security Act of 1974, as amended. The Trustee of the Trust shall invest the Trust assets, unless the Committee, in its sole discretion, chooses either to instruct the Trustee as to the investment of Trust assets or to appoint one or more investment managers to do so.

6.5 To the maximum extent permitted by law, no benefit under the Plan shall be assignable or subject in any manner to alienation, sale, transfer, claims of creditors, pledge, attachment, or encumbrances of any kind.

6.6 Any amounts payable hereunder to any person under legal disability or who, in the judgment of the Committee, is unable properly to manage his or her financial affairs, may be paid to the legal representative of such person or may be applied for the benefit of such person in any manner which the Committee may select.

6.7 The Plan shall be administered by the Committee or its designee, which may adopt rules and regulations to assist it in the administration of the Plan.

6.8 A request for a Plan benefit shall be filed with the Chairperson of the Committee or his or her designee, on a form prescribed by the Committee. Such a request, hereinafter referred to as a "claim," shall be deemed filed when the executed claim form is received by the Chairperson of the Committee or his or her designee.

The Chairperson of the Committee or his or her designee shall decide such a claim within a reasonable time after it is received. If a claim is wholly or partially denied, the claimant shall be furnished a written notice setting forth, in a manner calculated to be understood by the claimant:

(a) The specific reason or reasons for the denial;

(b) A specific reference to pertinent Plan provisions on which the denial is based;

(c) A description of any additional material or information necessary for the claimant to perfect the claim, along with an explanation of why such material or information is necessary; and

(d) Appropriate information as to the steps to be taken if the claimant wishes to appeal his or her claim, including the period in which the appeal must be filed and the period in which it will be decided.

The notice shall be furnished to the claimant within 90 days after receipt of the claim by the Chairperson of the Committee or his or her designee, unless special circumstances require an extension of time for processing the claim. No extension shall be for more than 90 days after the end of the initial 90-day period. If an extension of time for processing is required, written notice of the extension shall be furnished to the claimant before the end of the initial 90-day period. The extension notice shall indicate the special circumstances requiring an extension of time and the date by which a final decision will be rendered.

If a claim is denied, in whole or in part, the claimant may appeal the denial to the full Committee, upon written notice to the Chairperson thereof. The claimant may review documents pertinent to the appeal and may submit issues and comments in writing to the Committee. No appeal shall be considered unless it is received by the Committee within 90 days after receipt by the claimant of written notification of denial of the claim. The Committee shall decide the appeal within 60 days after it is received. However, if special circumstances require an extension of time for processing, a decision shall be rendered as soon as possible, but not later than 120 days after the appeal is received. If such an extension of time for deciding the appeal is required, written notice of the extension shall be furnished to the claimant prior to the commencement of the extension. The Committee's decision shall be in writing and shall include specific reasons for the decision, written in a manner calculated to be understood by the claimant, and specific references to the pertinent Plan provisions upon which the decision is based.

6.9 Each Participant shall receive a copy of the Plan and, if a Trust is established pursuant to Section 6.4, the Trust, and the Company shall make available for inspection by any Participant a copy of any rules and regulations used in administering the Plan.

6.10 If any contest or dispute shall arise as to amounts due to a Participant under this Plan, the Company shall reimburse the Participant, on a current basis, all legal fees and expenses incurred by the Participant in connection with such contest or dispute; provided, however, that in the event the resolution of any such contest or dispute includes a finding denying the Participant's claims, the Participant shall be required immediately to reimburse the Company for all sums advanced to the Participant hereunder.

6.11 This Plan is binding on the Company and will bind with equal force any successor of the Company, whether by way of purchase, merger, consolidation or otherwise.

6.12 If a court of competent jurisdiction holds any provision of this Plan to be invalid or unenforceable, the remaining provisions of the Plan shall continue to be fully effective.

6.13 To the extent not superseded by the laws of the United States, this Plan shall be construed according to the laws of the State of Missouri.

GREAT PLAINS ENERGY INCORPORATED

NONQUALIFIED DEFERRED COMPENSATION PLAN

(As Amended and Restated for I.R.C. § 409A)

GREAT PLAINS ENERGY INCORPORATED

NONQUALIFIED DEFERRED COMPENSATION PLAN

(As Amended and Restated for I.R.C. § 409A)

Background and Purpose

Kansas City Power & Light Company ("KCPL") adopted the Kansas City Power & Light Supplemental Executive Retirement and Deferred Compensation Plan effective November 2, 1993 (the "Original Plan"), to provide opportunities for selected employees and members of KCPL's Board of Directors to defer the receipt of compensation. As part of a corporate restructuring and effective as of October 1, 2001, the Original Plan was divided into two separate plans, the "Great Plains Energy Incorporated Nonqualified Deferred Compensation Plan" (the "Frozen NQDC Plan") and the Great Plains Energy Incorporated Supplemental Executive Retirement Plan (the "Frozen SERP").

As a result of the enactment of the American Jobs Creation Act of 2004, which, in part, created a new Section of the Internal Revenue Code ("Code Section 409A") governing and requiring changes to nonqualified deferred compensation plans, Great Plains Energy Incorporated has taken two actions which affect the Frozen NQDC Plan.

- First, the Frozen NQDC Plan has been frozen as of December 31, 2004 such that no new participants will enter the Plan and no new amounts (other than Earnings) will accrue under the Plan after December 31, 2004. Except to the extent to reflect that the Frozen NQDC Plan has been frozen, no material modifications have been made to the Frozen NQDC Plan. The Frozen NQDC Plan will continue to operate as a "frozen" plan in accordance with its terms and with respect to all amounts which were both accrued and vested as of December 31, 2004. A copy of the Frozen NQDC Plan is attached as Appendix B.

- Second, this Plan, the "Great Plains Energy Incorporated Nonqualified Deferred Compensation Plan (As Amended and Restated for I.R.C. § 409A)" (the "Plan") is adopted and, except for those changes required by Code Section 409A generally mirrors the Frozen NQDC Plan. The Plan governs the payment of, and all administrative aspects related to amounts that (1) were not accrued and vested as of December 31, 2004 under the Frozen NQDC Plan and (2) have been or are contributed to the Frozen NQDC Plan and this Plan on or after January 1, 2005. Certain operations of the Plan between December 31, 2004 and December 31, 2007, including those operations in 2005 memorialized in Appendix A, however, were completed in accordance with IRS Notice 2005-1 and in "good faith" compliance with the proposed Treasury Regulations issued under Code Section 409A. Generally, this Plan was amended and restated effective January 1, 2005. However, several features, terms and conditions are effective January 1, 2008. These include: (1) the definition of Specified Employees; (2) the removal of the vesting schedule applicable to Company matching contributions; and (3) the changes made to Article III, relating to the Capital Accumulation Excess Benefit Provision.

No duplication of benefits are to result from the freeze of the Frozen NQDC Plan and the creation of this Plan.

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ARTICLE I

DEFINITIONS

1.1 Definitions. For purposes of this Plan, the following terms have the following meanings:

"**Base Salary**" means the annual salary, excluding Incentive Awards, paid by the Company to the Participant. A Participant's Base Salary for any year will not be limited by the provisions of Code Sections 401(a)(17), 401(k)(3)(A)(ii), 401(m)(2), 402(g)(1), 415, or similar provisions restricting the amount of compensation that may be considered, deferred, or matched under plans qualified pursuant to Code Section 401(a).

"**Board**" means the Board of Directors of the Company.

"**Capital Accumulation Plan**" means the Great Plains Energy Incorporated Capital Accumulation Plan, as in existence before January 1, 2008.

"Code" means the Internal Revenue Code of 1986, as amended.

"**Committee**" means the Compensation and Development Committee (or successor to such Committee) of the Board.

"**Company**" means Great Plains Energy Incorporated, Great Plains Energy Services Incorporated, Great Plains Power Incorporated and Kansas City Power & Light Company or their successors. However, with respect to the term "Board," "Committee," and in Section 4.4, "Company" refers solely to Great Plains Energy Incorporated or its successor.

"Converted Participant" means a Participant who was hired by the Company before September 1, 2007 and elected in 2007 to receive a reduced future rate of benefit accrual under the Company's Management Pension Plan in exchange for an increased matching contribution under the Employee Savings Plan.

"**Employee Savings Plan**" means the Great Plains Energy Incorporated Cash or Deferred Arrangement, as it may be amended from time to time.

"**Flexible Benefits Program**" means the flexible benefits arrangement agreed to and adopted by the Board on September 14, 1982, as it may be amended from time to time.

"**Incentive Award**" means any award under any bonus or incentive plan sponsored or maintained by the Company.

"**Participant**" means any employee selected for participation by the Chief Executive Officer of Great Plains Energy Incorporated. A Participant can be a Converted Participant, a Post-2007 Participant or a Stationary Participant. Except with respect to benefits provided under Section 2.5, the term "Participant" also includes members of the Board. Individuals will become Participants in the Plan as of the date they are so designated. Individuals who were Participants for purposes of Sections VI, VII, and VIII of the Original Plan as of April 1, 2000 and that were employees of the Company on or after January 1, 2005, will continue to be Participants in this Plan.

"**Plan**" means this Great Plains Energy Incorporated Nonqualified Deferred Compensation Plan (as Amended and Restated for I.R.C. § 409A).

"Post-2007 Participant" means a Participant that is hired by the Company on or after September 1, 2007.

"Separation from Service" or "Separates from Service" means a Participant's death, retirement or other termination of employment with the Company. A Separation from Service will not occur if a Participant is on military leave, sick leave or other bona fide leave of absence (such as temporary employment by the government) if the period of such leave does not exceed six months, or if longer, as long as the Participant has a right (either by contract or by statute) to

reemployment with the Company. "Separation from Service" will be interpreted in a manner consistent with Code Section 409A(a)(2)(A)(i).

"Specified Employee" means a Participant that would be a "specified employee" as defined in Code Section 409A(a)(2)(B)(i) and Department of Treasury regulations and other interpretive guidance issued thereunder. Effective January 1, 2008, for purposes of this definition, the "specified employee effective date" and the "specified

employee identification date" are established and memorialized in the Company's "I.R.C. § 409A Specified Employee Policy" as the same may be modified from time to time in accordance with the rules and regulations of Code Section 409A.

"Stationary Participant" means a Participant who was hired by the Company before September 1, 2007 and elected in 2007 to maintain his or her current level of benefits under the Company's Management Pension Plan.

1.2 General Interpretive Principles. (a) Words in the singular include the plural and vice versa, and words of one gender include the other gender, in each case, as the context requires; (b) references to Sections are references to the Sections of this Plan unless otherwise specified; and (c) any reference to any U.S. federal, state, or local statute or law will be deemed to also refer to all amendments or successor provisions thereto, as well as all rules and regulations promulgated under such statute or law, unless the context otherwise requires.

ARTICLE II

DEFERRED COMPENSATION

2.1 Deferral Elections. Before the beginning of any calendar year, a Participant may elect to defer the receipt of:

(a) a specified dollar amount or percentage of the Participant's anticipated Base Salary (or director's fees) as in effect on January 1 of the year in which such salary or fees are to be deferred; and/or

(b) a specified dollar amount or percentage of any anticipated Incentive Awards to be paid to the Participant for performance in the following calendar year.

If the Participant desires to make such an election, the election must be in writing on a form provided by the Company, and may indicate an election to defer a fixed percentage of up to 50 percent of Base Salary, and/or 100 percent of director's fees or any Incentive Awards. Alternatively, the Participant may elect to defer a fixed dollar amount of Base Salary and/or any Incentive Awards in increments of $1,000, with a minimum deferral of $2,000 and a maximum deferral of an amount equal to 50% of Base Salary and 100% of director's fees or any Incentive Awards. An individual who first becomes a Participant in this Plan (and is not otherwise eligible nor has been eligible to participate in any other similar type of Plan that would be aggregated with this Plan under Code Section 409A) during a year may make a deferral election for the balance of the year in which the employee becomes a Participant, provided the election is made within 30 days after the day on which he or she becomes a Participant.

An election to defer compensation under this Article II applies only to compensation earned subsequent to the date the election is made. An election to defer compensation will be effective only for the year, or portion of the year, for which the election was made, and may not be terminated or

changed during such year or portion of such year. If the Participant desires to continue the same election from year to year, he or she must nevertheless make an affirmative election each year to defer compensation.

2.2 Contents of Deferral Election. A Participant's deferral election must indicate, with respect to amounts deferred pursuant to the election, a distribution event in accordance with Section 2.6 and the form of payment alternative in accordance with Section 2.7.

2.3 Separate Accounts. A separate account will be established for each Participant who defers compensation under this Article II. The Company will credit deferred Base Salary to the Participant's account each month at the time the nondeferred Base Salary is paid to the Participant. The Company will credit the Participant's account with a deferred Incentive Award annually at the time the Incentive Award is payable. Neither the Participant nor his or her designated beneficiary or beneficiaries has any property interest whatsoever in any specific Company assets as a result of this Plan.

2.4 Earnings Credits. The earnings rate each year upon which gains or losses on a Participant's account are credited (hereinafter "Earnings") will be a reasonable rate of interest based on the Company's weighted average cost of capital. The Earnings will be credited or debited to a Participant's account on a monthly basis, or at such other time or times as the Committee may determine. Earnings will continue to be credited to the balance of a Participant's account during the payout period elected pursuant to this Article II. The

Earnings attributable to compensation deferred pursuant to a particular deferral election will be payable according to the same terms, conditions, limitations, and restrictions applicable to the compensation deferred pursuant to the deferral election. Any remaining payments will be re-computed annually to reflect the additional Earnings.

2.5 Company Contributions.

(a) Matching Contributions. A Participant will be eligible to receive a matching contribution under this Section 2.5(a) only if the Participant defers the maximum amount allowed under Code Section 402(g) (ignoring any opportunity the Participant may have had to make catch-up contributions described in Section 414(v) of the Code) for such year.

(i) For each Stationary Participant, the Company will credit to the Stationary Participant's account a matching contribution in an amount equal to 50% of the first 6% of the Base Salary deferred by the Participant under Section 2.1(a), but such amount will be reduced by the matching contribution made for the year to the Stationary Participant's account in the Employee Savings Plan. In no event will the total matching contributions in the Employee Savings Plan and this Plan exceed 3% of the Stationary Participant's Base Salary in any given year.

(ii) For each Converted Participant and Post-2007 Participant, the Company will credit to such Participant's account a matching contribution in an amount equal to 100% of the first 6% of the Participant's Base Salary, bonus and incentive pay deferred by the Participant under Section 2.1(a), but such amount will be reduced by the matching contribution made for the year to the Converted Participant's or Post-2007 Participant's account in the Employee Savings Plan. In no event will the total matching contributions in the

Employee Savings Plan and this Plan exceed 6% of the Converted Participant's or Post-2007 Participant's Base Salary in any given year.

Any matching contributions under this Plan will be credited to the Participant's account on a monthly basis. For Stationary Participants, the matching contributions and Earnings thereon shall be subject to the following vesting schedule:

Years of Service	Vested Percentage
Less Than Two Years	0%
Two Years	20%
Three Years	40%
Four Years	60%
Five Years	80%
Six Years	100%

For Converted Participants and Post-2007 Participants, all matching contributions and Earnings thereon, including all matching and Earnings accrued before January 1, 2008, are 100% vested.

(b) Additional Discretionary Company Contributions. From time to time, as determined appropriate by the Board, the Company may elect to make additional contributions (either discretionary, matching or both) to the Plan and may direct that such contributions be allocated among the accounts of those Participants that it may select. The Board may impose vesting conditions and/or allocation conditions with respect to such additional

contributions. No Participant shall have a right to compel the Company to make a contribution under this Section 2.5(b) and no Participant shall have the right to share in the allocation of any such contribution for any year unless selected by the Board, in its sole discretion. At the time any such additional contribution is made, the Board may provide that the additional amounts are to be paid at the same time as other amounts deferred under this Plan are paid to the Participant or a different time (in all cases compliant with Code Section 409A) as established by the Board.

2.6 Permissible Distribution Events. A Participant may elect to defer receipt of amounts deferred pursuant to a deferral election until one of the following:

(a) Subject to Section 4.12, the Participant's Separation from Service other than on account of death;

(b) a specified age or date;

(c) the Participant's death;

(d) the earlier of (a) or (b) (*e.g.*, the earlier of Separation from Service or attainment of age 65); or

(e) the later of (a) or (b) (*e.g.*, the later of Separation from Service or attainment of age 65) .

In all cases if no distribution event has occurred on the date of the Participant's death, the Participant's death will be the distribution event. If a Participant fails to designate a distribution event and the Participant is not a Specified Employee at the time of the Participant's Separation from Service, payment of amounts deferred pursuant to the Participant's deferral election will be made (in the case of a lump sum) or commence (in the case of installments) on the 90th day after the

Participant's Separation from Service. If a Participant fails to designate a distribution event, the Participant is a Specified Employee at the time of the Participant's Separation from Service and the Separation from Service is not on account of the Participant's death, payment of amounts deferred pursuant to the Participant's deferral election will commence on the first day of the 7th month after the month in which the Participant Separates from Service.

2.7 Permissible Forms of Payment. A Participant's deferral election must indicate the manner in which the amounts deferred pursuant to the election are to be paid upon a distribution event other than on account of a Participant's death. Upon a Participant's death, the form of payment is governed by Section 2.8(b), (c) and (d). Subject to this Section 2.7, the Participant may choose to have such amounts paid:

(a) in a single lump-sum payment; or

(b) in annual installments (of principal plus Earnings) over a period of 5 years, 10 years, or 15 years. Each annual installment will be equal to a fraction of the total remaining balance in the Participant's account, the numerator of which is 1 and the denominator is the total number of remaining installments, including the annual installment for which the amount is being calculated.

Notwithstanding a Participant's deferral election, single lump-sum payments will always be made to Participants (I) whose annual installments (regardless of whether such installments are being paid over 5, 10 or 15 years) will be less than $5,000 per year or (II) who Separate from Service with the Company before attaining age 50. If a Participant fails to make an election concerning the form of payment within the appropriate period of time, the payment will be made in a single lump sum.

Subject to Section 4.12, payments under this Article on account of deferral will be paid in full if the lump-sum option is chosen, or will begin to be paid in annual installments if an installment payment option is chosen, on the 30th day following the day the event occurred giving rise to the distribution, as elected by the Participant. If, on such 30th day, it is not administratively practicable to make or commence the payment(s), the payment(s) shall be made or commence as soon as administratively practicable.

Following the close of each year, or as soon thereafter as practicable, the Participant or the Participant's designated beneficiary or beneficiaries shall receive a statement of the Participant's deferred compensation account as of the end of such year.

2.8 Payment to Designated Beneficiaries.

(a) *Designated Beneficiary.* At the time a Participant elects to defer compensation under this Plan, the Participant may designate a death beneficiary or beneficiaries, and may amend or revoke such designation at any time.

(b) *Participant's Death Before Distribution Event.* If the Participant dies before any deferred amounts have been paid under this Plan, all amounts credited to the Participant's account will be paid to the Participant's designated beneficiary or beneficiaries, in a single lump-sum payment, on the 30th day following the date of the Participant's death.

(c) *Participant's Death After Distribution Event.* If a Participant dies after payment of any deferred amounts has commenced, the balance of the amounts credited to the Participant's account will continue to be paid to the

Participant's beneficiary or beneficiaries at the same times and in the same form as the amounts were being paid to the Participant.

(d) *Deceased Designated Beneficiary*. If a Participant is not survived by a designated beneficiary, the balance of the amounts due the Participant under the deferral election for which no surviving beneficiary exists will be paid in a single lump-sum payment to the Participant's estate on the 30th day following the date of the Participant's death. If, with respect to a particular deferral election, a Participant's last surviving designated beneficiary dies after the Participant, but before the balance of the amounts due the beneficiary under the deferral election have been paid, the balance will be paid in a single lump-sum payment to the estate of the last surviving designated beneficiary as soon as practicable after the beneficiary's death.

2.9 Subsequent Elections. The Committee, in its sole discretion, may permit a Participant, with respect to a distribution event, to later change the Participant's election as to when payment of benefits under this Plan with respect to such event would be made or commence and change the selected form of payment; provided, however, that: (a) the subsequent election is not effective until, at the earliest twelve months before it is to take effect; (b) other than with respect to payment on account of a Participant's death, the change results in a deferral of payment of at least five years from the earliest date the benefits, absent such a subsequent election, otherwise would have been paid or commenced on account of such event; and (c) where the Participant has elected payment after a specific number of years, the subsequent deferral election is made at least twelve months before the initial payment was scheduled.

2.10 409A Transition Election. All Participants in the Plan are permitted to amend their current elections relating to both timing and form of payment before December 31, 2008 provided that:

(a) No change in a timing or form election made during 2006 may either (1) apply to payments the Participant otherwise would have received in 2006 or (2) cause a Plan benefit to be paid in 2006 which otherwise would not have been paid in 2006;

(b) No change in a timing or form election made during 2007 may either (1) apply to payments the Participant otherwise would have received in 2007 or (2) cause a Plan benefit to be paid in 2007 which otherwise would not have been paid in 2007; or

(c) No change in a timing or form election made during 2008 may either (1) apply to payments the Participant otherwise would have received in 2008 or (2) cause a Plan benefit to be paid in 2008 which otherwise would not have been paid in 2008.

ARTICLE III

CAPITAL ACCUMULATION PLAN EXCESS BENEFIT

3.1 Effective January 1, 2008, no additional amounts will be contributed to Participant's CAP Excess Benefits Account under the Plan. From January 1, 2005 through December 31, 2007, amounts were credited to a Participant's CAP Excess Benefit Account in accordance with the same manner as provided for in Section 3.1 of the Frozen NQDC Plan.

3.2 Benefits under the Participant's CAP Excess Benefit Account will be paid to the Participant as follows:

(a) When the Participant Separates from Service (whether due to death, disability, retirement or other termination), the Participant will be paid in a single lump-sum payment. The payment will be equal to the amount credited to the CAP Excess Benefits Account, plus the additional amount credited to the CAP Excess Benefits Account under Section 3.2(b), below. Subject to Section 4.12, payment will be made on the 60th day after the close of the calendar year in which the Participant

Separates from Service. If the Participant dies before payment is made, payment will be made to the Participant's beneficiary on the 30th day after the Participant's death. The Participant's beneficiary for the purposes of this Article III will be the Participant's beneficiary under the Capital Accumulation Plan.

(b) The Participant's CAP Excess Benefits Account will be credited and debited with the same Earnings and in the same manner as provided for in Section 2.4.

ARTICLE IV

MISCELLANEOUS

4.1 Plan Amendment and Termination. The Board may, in its sole discretion, terminate, suspend, or amend this Plan at any time or from time-to-time, in whole or in part. However, no amendment or suspension of the Plan may affect a Participant's right or the right of a beneficiary to vested benefits accrued up to the date of any amendment or termination. In the event the Plan is terminated, the Committee will continue to administer the Plan until all amounts accrued and vested have been paid. In no event may the termination of the Plan result in distributions of benefits under

the Plan unless such distribution on account of Plan termination would otherwise be permissible under Code Section 409A.

4.2 No Right to Employment. Nothing in this Plan gives any Participant the right to be retained in the service of the Company, nor will it interfere with the right of the Company to discharge or otherwise deal with Participants without regard to the existence of this Plan.

4.3 No Administrator Liability. Neither the Committee nor any member of the Board nor any officer or employee of the Company may be liable to any person for any action taken or omitted in connection with the administration of the Plan unless attributable to his or her own fraud or willful misconduct; nor may the Company be liable to any person for any such action unless attributable to fraud or willful misconduct on the part of a director, officer or employee of the Company.

4.4 Unfunded Plan. This Plan is unfunded, and constitutes a mere promise by the Company to make benefit payments in the future. The right of any Participant, spouse, or beneficiary to receive a distribution under this Plan will be an unsecured claim against the general assets of the Company. The Company may choose to establish a separate trust (the "Trust"), and to contribute to the Trust from time to time assets to be held therein, subject to the claims of the Company's creditors in the event of the Company's insolvency, until paid to Plan Participants and beneficiaries in the manner and at the times as specified in the Plan. It is the intention of the Company that the Trust, if established, constitutes an unfunded arrangement, and will not affect the status of the Plan as an unfunded Plan maintained for the purpose of providing deferred compensation for a select group of management or highly compensated employees for purposes of Title I of the Employee Retirement Income Security Act of 1974, as amended. The Trustee of the Trust will invest the Trust assets, unless the Committee, in its sole discretion, chooses either to instruct the Trustee as to the investment of Trust assets or to appoint one or more investment

managers to do so. The Committee may consult with Participants concerning the investment of Trust assets, but will reserve the right to invest and reinvest such assets in the manner it deems best.

4.5 Nontransferability. To the maximum extent permitted by law, no benefit under the Plan may be assignable or subject in any manner to alienation, sale, transfer, claims of creditors, pledge, attachment, or encumbrances of any kind.

4.6 Participant's Incapacity. Any amounts payable under the Plan to any person under legal disability or who, in the judgment of the Committee, is unable properly to manage his or her financial affairs, may be paid to the legal representative of that person or may be applied for the benefit of that person in any manner which the Committee may select.

4.7 Withholding. Any amounts paid to the Participant will be subject to income tax withholding or other deductions as may from time to time be required by federal, state, or local law.

4.8 Plan Administrator. The Plan shall be administered by the Committee or its designee, which may adopt rules and regulations to assist it in the administration of the Plan.

4.9 Claims Procedures. A request for a Plan benefit shall be filed with the Chairperson of the Committee or his or her designee, on a form prescribed by the Committee. Such a request, hereinafter referred to as a "claim," will be deemed filed when the executed claim form is received by the Chairperson of the Committee or his or her designee.

The Chairperson of the Committee or his or her designee shall decide such a claim within a reasonable time after it is received. If a claim is wholly or partially denied, the claimant will be furnished a written notice setting forth, in a manner calculated to be understood by the claimant:

(a) The specific reason or reasons for the denial;

(b) A specific reference to pertinent Plan provisions on which the denial is based;

(c) A description of any additional material or information necessary for the claimant to perfect the claim, along with an explanation of why such material or information is necessary; and

(d) Appropriate information as to the steps to be taken if the claimant wishes to appeal his or her claim, including the period in which the appeal must be filed and the period in which it will be decided.

The notice will be furnished to the claimant within 90 days after receipt of the claim by the Chairperson of the Committee or his or her designee, unless special circumstances require an extension of time for processing the claim. No extension will be for more than 90 days after the end of the initial 90-day period. If an extension of time for processing is required, written notice of the extension will be furnished to the claimant before the end of the initial 90-day period. The extension notice will indicate the special circumstances requiring an extension of time and the date by which a final decision will be rendered.

If a claim is denied, in whole or in part, the claimant may appeal the denial to the full Committee, upon written notice to the Chairperson thereof. The claimant may review documents pertinent to the appeal and may submit issues and comments in writing to the Committee. No appeal will be considered unless it is received by the Committee within 90 days after receipt by the claimant of written notification of denial of the claim. The Committee shall decide the appeal within 60 days after it is received. However, if special circumstances require an extension of time for processing, a decision will be rendered as soon as possible, but not later than 120 days after the appeal is received. If such an extension of time for deciding the appeal is required, written notice of the extension shall be furnished to the claimant before the commencement of the extension. The Committee's decision will be in writing and will include specific reasons for the decision, written in

a manner calculated to be understood by the claimant, and specific references to the pertinent Plan provisions upon which the decision is based.

4.10 Deliverables. Each Participant will receive a copy of the Plan and, if a Trust is established pursuant to Section 4.4, the Trust, and the Company will make available for inspection by any Participant a copy of any rules and regulations used in administering the Plan.

4.11 Binding Effect. This Plan is binding on the Company and will bind with equal force any successor of the Company, whether by way of purchase, merger, consolidation or otherwise.

4.12 Delay for Specified Employees. Notwithstanding any other provision of this Plan to the contrary:

(a) with respect to any payment to be made under Section 2.6 and 2.7 if (1) the Participant has elected his or her Separation from Service as the applicable Distribution Event, and (2) the Participant is a Specified Employee, then payment of any amounts will be made or commence no earlier than the first business day of the 7th month following the month in which the Participant Separates from Service; and

(b) with respect to any payment to be made under Section 3.2, no payment may be made to a Participant who is a Specified Employee any earlier than the first business day of the 7th month following the month in which the Participant Separates from Service.

4.13 Severability. If a court of competent jurisdiction holds any provision of this Plan to be invalid or unenforceable, the remaining provisions of the Plan shall continue to be fully effective.

4.14 I.R.C. § 409A. This Plan is intended to meet the requirements of Section 409A of the Code and may be administered in a manner that is intended to meet those requirements and will be

construed and interpreted in accordance with such intent. All payments hereunder are subject to Section 409A of the Code and will be paid in a manner that will meet the requirements of Section 409A of the Code, including regulations or other guidance issued with respect thereto, such that the payment will not be subject to the excise tax applicable under Section 409A of the Code. Any provision of this Plan that would cause the payment to fail to satisfy Section 409A of the Code will be amended (in a manner that as closely as practicable achieves the original intent of this Plan) to comply with Section 409A of the Code on a timely basis, which may be made on a retroactive basis, in accordance with regulations and other guidance issued under Section 409A of the Code.

4.15 Governing Law. To the extent not superseded by the laws of the United States, this Plan shall be construed according to the laws of the State of Missouri.

This Plan is hereby adopted on this 30th day of October, 2007, except to the extent as otherwise noted, effective as of January 1, 2005, by a duly authorized officer of the Company.

GREAT PLAINS ENERGY INCORPORATED

By: /s/ Michael J. Chesser

Title: Chairman of the Board and Chief Executive Officer

Appendix A

DISTRIBUTIONS FOR PARTICIPANTS TERMINATED DURING 2005

Notwithstanding any other provision of this Plan or any election that may have been made by a Participant to the contrary, if a Participant who Separates from Service in 2005 elected to receive either a one-time, single-sum payment of the Participant's entire account or an annuity or series of payments, (i) all amounts credited to the Participant's account before 2005 are to be paid in accordance with such election, and (ii) all amounts credited to the Participant's account during 2005 will be paid in one-time, single-sum payment in 2005.

Appendix B

GREAT PLAINS ENERGY INCORPORATED

NONQUALIFIED DEFERRED COMPENSATION PLAN

Amended and Restated effective October 1, 2001

and Frozen effective December 31, 2004

Appendix B

GREAT PLAINS ENERGY INCORPORATED

FROZEN NONQUALIFIED DEFERRED COMPENSATION PLAN

PREAMBLE

The principal objective of this Frozen Nonqualified Deferred Compensation Plan is to provide opportunities for selected employees and members of the Board of Directors to defer the receipt of compensation. The Company may, but is not required to, set aside funds from time to time to provide such benefits, and such funds may be held in a separate trust established for such purpose. This Plan is a successor to the deferred compensation component of the Company's former Supplemental Executive Retirement and Deferred Compensation Plan (the "Prior Plan"), which was effective on November 2, 1993. It is effective as to each Participant on the date he or she becomes as a Participant hereunder. This Plan superseded the deferred compensation component of the Prior Plan and all similar nonqualified deferred compensation plans that may be in existence.

Effective December 31, 2004, this Plan was "frozen" such that (1) no person may become a Participant under this Plan after December 31, 2004, and (2) no additional deferrals (other than Earnings on existing deferrals) may be made under this Plan after December 31, 2004. All participants eligible to participate in the Great Plains Energy NonQualified Deferred Compensation Plan as of January 1, 2005 will participate in the "Great Plains Energy Incorporated NonQualified Deferred Compensation Plan (as Amended and Restated for I.R.C. § 409A) ("Amended 409A Plan"), and all amounts contributed to the Plan or that were initially contributed to this Frozen Plan but became vested after December 31, 2004 and all Earnings on such deferrals will be governed by the Amended 409A Plan.

Appendix B

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ARTICLE I

DEFINITIONS

1.1 **"Basic Plan"** means the Great Plains Energy Incorporated Management Pension Plan, as it may be amended from time to time.

1.2 **"Base Salary"** means the annual salary, excluding Incentive Awards, paid by the Company to the Participant. A Participant's Base Salary for any year shall not be limited by the provisions of Internal Revenue Code Sections 401(a)(17), 401(k)(3)(A)(ii), 401(m)(2), 402(g)(1), 415, or similar provisions restricting the amount of compensation that may be considered, deferred, or matched under plans qualified pursuant to Internal Revenue Code Section 401(a).

1.3 **"Board of Directors"** means the Board of Directors of the Company.

1.4 **"Capital Accumulation Plan"** means the Great Plains Energy Incorporated Capital Accumulation Plan, as it may be amended from time to time.

1.5 **"Committee"** means the Compensation and Development Committee (or successor to such Committee) of the Company's Board of Directors.

1.6 **"Company"** means Great Plains Energy Incorporated, Great Plains Energy Services Incorporated, Great Plains Power Incorporated and Kansas City Power & Light Company or their successors; provided, however, that for purposes of Sections 1.3, 1.5, 1.10, and 4.4, "Company" shall mean Great Plains Energy Incorporated or its successor.

1.7 **"Employee Savings Plus Plan"** means the Great Plains Energy Incorporated Cash or Deferred Arrangement ("Employee Savings Plus"), as it may be amended from time to time.

1.8 **"Flexible Benefits Program"** means the flexible benefits arrangement agreed to and promulgated by the Board of Directors by resolutions adopted September 14, 1982, as it may be amended from time to time.

1.9 **"Incentive Award"** means any award under any bonus or incentive plan sponsored or maintained by the Company.

1.10 **"Participant"** means any employee selected for participation by the Chief Executive Officer of the Company. For purposes of Sections 2.1 to 2.7, the term "Participant" shall also include members of the Board of Directors. Individuals shall become Participants in the Plan as of the date they are so designated; provided, however, that individuals who were Participants for purposes of Sections VI, VII, and VIII of the Prior Plan as of April 1, 2000, shall continue to be Participants in this Plan.

1.11 **"Plan"** means this Great Plains Energy Incorporated Nonqualified Deferred Compensation Plan (As Amended and Restated for I.R.C. § 409A).

ARTICLE II

DEFERRED COMPENSATION

2.1 Prior to the beginning of any calendar year, a Participant may elect to defer the receipt of:

(a) a specified dollar amount or percentage of his or her anticipated Base Salary (or director's fees) as in effect on January 1 of the year in which such salary or fees are to be deferred; and/or

(b) a specified dollar amount or percentage of any anticipated Incentive Awards to be paid to the Participant for performance in the following calendar year.

If the Participant desires to make such an election, the election shall be in writing on a form provided by the Company, and shall indicate an election to defer a fixed percentage of up to 50 percent of Base Salary, and/or 100 percent of director's fees or any Incentive Awards. Alternatively, the Participant may elect to defer a fixed dollar amount of Base Salary and/or any Incentive Awards in increments of one thousand dollars, with a minimum deferral of $2,000 and a maximum deferral of an amount equal to 50 percent of Base Salary and 100 percent of director's fees or any Incentive Awards. Base Salary may be deferred in a given year only if the Participant participates in the Company's Employee Savings Plus Plan to the maximum extent allowed for that year. An individual who first becomes a Participant during a year may make a deferral election for the balance of the

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year in which he or she becomes a Participant, provided the election is made on or before the 30th day after the day on which he or she becomes a Participant.

An election to defer compensation under this Article II shall apply only to compensation earned subsequent to the date the election is made. An election to defer compensation shall be effective only for the year, or portion of the year, for which the election was made, and may not be terminated or changed during such year or portion of such year. If the Participant desires to continue the same election from year to year, he or she must nevertheless make an affirmative election each year to defer compensation. No compensation may be withheld from a Participant's Base Salary or Incentive Awards under the Plan after December 31, 2004.

2.2 A separate account shall be established for each Participant who defers compensation under this Article II. Such account shall be credited with that portion of the Participant's compensation being deferred.

Deferred Base Salary shall be credited to the Participant's account each month at the time nondeferred Base Salary is paid to the Participant. A deferred Incentive Award shall be credited to the Participant's account annually at the time the award is payable. Neither the Participant nor his or her designated beneficiary or beneficiaries shall have any property interest whatsoever in any specific assets as a result of this Plan.

2.3 The Committee shall establish a means by which gains or losses on a Participant's account (hereinafter, "Earnings") are credited to each Participant's account. The method and manner of establishing such Earnings may be set forth in a separate trust which the Company may establish with respect to this Plan, and shall be reviewed from time to time by the Committee. Such Earnings shall be credited or debited to a Participant's account on a monthly basis, or at such other time or times as the Committee may determine.

Notwithstanding this Plan having been Frozen effective December 31, 2004, earnings continue to accrue under this Plan until amounts are distributed to a Participant.

2.4 A Participant's deferral election shall indicate, with respect to amounts deferred pursuant to the election, a deferral period in accordance with Section 2.5 and a distribution alternative in accordance with Section 2.6.

2.5 A Participant may elect to defer receipt of amounts deferred pursuant to a deferral election until one of the following:

(a) A stated date;

(b) A stated attained age; or

(c) A stated event (e.g., death) or events, or the earlier of two or more stated events (e.g., the earlier of death or attainment of age 65).

In the event a Participant fails to designate a deferral period hereunder, payment of amounts deferred pursuant to the Participant's deferral election shall commence within 90 days after the Participant's termination of employment.

Earnings shall continue to be credited to the balance of a Participant's account during the payout period elected pursuant to this Article II. The Earnings attributable to compensation deferred pursuant to a particular deferral election shall be payable according to the same terms, conditions, limitations, and restrictions applicable to the compensation deferred pursuant to the deferral election. Any remaining payments shall be re-computed annually to reflect the additional Earnings.

2.6 A Participant's deferral election shall indicate the manner in which the amounts deferred pursuant to the election are to be paid. The Participant may choose to have such amounts paid:

(a) in a single lump-sum payment; or

(b) in substantially equal monthly installments (of principal plus Earnings) over a period of 60 months certain, 120 months certain, or 180 months certain.

If a Participant fails to make an election concerning the form of payment, payment shall be made in a single lump sum.

Any amounts paid to the Participant shall be subject to income tax withholding or other deductions as may from time to time be required by federal, state, or local law.

Payments under this Article on account of deferral shall be paid in full if the lump-sum option is chosen, or shall begin to be paid in monthly installments if a monthly payment option is chosen, within 30 days of the date elected by the Participant, or as soon thereafter as practicable.

Following the close of each year, or as soon thereafter as practicable, the Participant or the Participant's designated beneficiary or beneficiaries shall receive a statement of the Participant's deferred compensation account as of the end of such year.

2.7 At the time a Participant elects to defer compensation under this Plan, the Participant shall have the right to designate a death beneficiary or beneficiaries, and to amend or revoke such designation at any time. If the Participant dies before beginning to receive payment of amounts deferred pursuant to a given deferral election, the full amount due the Participant under said election shall be paid to the Participant's designated beneficiary or beneficiaries, in a single lump-sum payment, as soon as practicable after the Participant's death.

If a Participant dies after beginning to receive payment of amounts deferred pursuant to a given deferral election, the balance of the amounts which would have been paid under the deferral election to the Participant, but for his or her death, shall continue to be paid to the Participant's beneficiary or beneficiaries at the same times and in the same form as the amounts would have been paid to the Participant, but for his or her death. If a Participant is not survived by a designated beneficiary, the balance of the amounts due the Participant under the deferral election for which no surviving beneficiary exists shall be paid in a single lump-sum payment to the Participant's estate as soon as practicable following his or her death. If, with respect to a particular deferral election, a Participant's last surviving designated beneficiary dies after the Participant, but before the balance of the amounts due the beneficiary under the deferral election have been paid, the balance shall be paid in a single lump-sum payment to the estate of the last surviving designated beneficiary as soon as practicable after the beneficiary's death.

2.8 The Company shall credit to a Participant's account a matching contribution in an amount equal to 50% of the first 6% of the Base Salary deferred by the Participant under Section 2.1(a), but such amount shall be reduced by the matching contribution made for the year to the Participant's account in the Employee Savings Plus Plan. In no event shall the total matching contributions in the Employee Savings Plus Plan and this Plan exceed 3% of the Participant's Base Salary in any given year. Any matching contributions under this Plan shall be credited to the Participant's account on a monthly basis. The matching contributions and earnings thereon shall be subject to the following vesting schedule:

Years of Service	Vested Percentage
Less Than Two Years	0%
Two Years	20%
Three Years	40%
Four Years	60%
Five Years	80%
Six Years	100%

As of December 31, 2004, any matching contribution that is less than fully vested will be subject to the Amended 409A Plan.

ARTICLE III

CAPITAL ACCUMULATION PLAN EXCESS BENEFIT

3.1 At the beginning of each calendar year or as soon thereafter as practicable, an amount will be credited to each Participant's CAP Excess Benefits Account under this Plan. Such amount shall be equal to the Participant's total number of flex dollars for the year under the Flexible Benefits Program, minus:

(a) the maximum permissible contribution to the Capital Accumulation Plan for the year on behalf of the Participant; and

(b) the number of flex dollars used by the Participant during such year to purchase the benefits available to the Participant under the Flexible Benefits Program.

3.2 Benefits will be paid to the Participant as follows:

(a) When the Participant's employment is terminated (whether due to death, disability, retirement or other termination), a single lump-sum payment will be made. The payment shall be equal to the amount credited to the CAP Excess Benefits Account, plus the additional amount credited to the CAP Excess Benefits Account under Section 3.2(b), below. Payment will be made no later than the 60th day after the close of the calendar year in which the Participant's employment terminates. If the Participant dies before payment is made, payment shall be made to the Participant's beneficiary as promptly as possible after the Participant's death. The Participant's beneficiary for the purposes of this Article III shall be the Participant's beneficiary under the Capital Accumulation Plan.

(b) The Participant's CAP Excess Benefits Account shall be credited and debited with the same Earnings and in the same manner as provided for in Section 2.3 herein.

3.3 The CAP Excess Benefits provided in Section VIII of the Prior Plan superseded those provided in the Capital Accumulation Plan Excess Benefit Agreement, and any amounts accrued under such Agreement are now subject to the provisions herein.

ARTICLE IV

MISCELLANEOUS

4.1 The Board of Directors may, in its sole discretion, terminate, suspend, or amend this Plan at any time or from time-to-time, in whole or in part. However, no amendment or suspension of the Plan shall affect a Participant's right or the right of a beneficiary to vested benefits accrued up to the date of any amendment or termination. In the event the Plan is terminated, the Committee will continue to administer the Plan until all amounts accrued and vested have been paid.

4.2 Nothing contained herein shall confer upon any Participant the right to be retained in the service of the Company, nor shall it interfere with the right of the Company to discharge or otherwise deal with Participants without regard to the existence of this Plan.

4.3 Neither the Committee nor any member of the Board of Directors nor any officer or employee of the Company shall be liable to any person for any action taken or omitted in connection with the administration of the Plan unless attributable to his or her own fraud or willful misconduct; nor shall the Company be liable to any person for any such action unless attributable to fraud or willful misconduct on the part of a director, officer or employee of the Company.

4.4 This Plan is unfunded, and constitutes a mere promise by the Company to make benefit payments in the future. The right of any Participant, spouse, or beneficiary to receive a distribution under this Plan shall be an unsecured claim against the general assets of the Company. The Company may choose to establish a separate trust (the "Trust"), and to contribute to the Trust from time to time assets that shall be held therein, subject to the claims of the Company's creditors in the event of the Company's insolvency, until paid to Plan Participants and beneficiaries in such manner and at such times as specified in the Plan. It is the intention of the Company that such Trust, if established, shall constitute an

unfunded arrangement, and shall not affect the status of the Plan as an unfunded Plan maintained for the purpose of providing deferred compensation for a select group of management or highly compensated employees for purposes of Title I of the Employee Retirement Income Security Act of 1974, as amended. The Trustee of the Trust shall invest the Trust assets, unless the Committee, in its sole discretion, chooses either to instruct the Trustee as to the investment of Trust assets or to appoint one or more investment managers to do so. The Committee may consult with Participants concerning the investment of Trust assets, but shall reserve the right to invest and reinvest such assets in the manner it deems best.

4.5 To the maximum extent permitted by law, no benefit under the Plan shall be assignable or subject in any manner to alienation, sale, transfer, claims of creditors, pledge, attachment, or encumbrances of any kind.

4.6 Any amounts payable hereunder to any person under legal disability or who, in the judgment of the Committee, is unable properly to manage his or her financial affairs, may be paid to the legal representative of such person or may be applied for the benefit of such person in any manner which the Committee may select.

4.7 The Plan shall be administered by the Committee or its designee, which may adopt rules and regulations to assist it in the administration of the Plan.

4.8 A request for a Plan benefit shall be filed with the Chairperson of the Committee or his or her designee, on a form prescribed by the Committee. Such a request, hereinafter referred to as a "claim," shall be deemed filed when the executed claim form is received by the Chairperson of the Committee or his or her designee.

The Chairperson of the Committee or his or her designee shall decide such a claim within a reasonable time after it is received. If a claim is wholly or partially denied, the claimant shall be furnished a written notice setting forth, in a manner calculated to be understood by the claimant:

(a) The specific reason or reasons for the denial;

(b) A specific reference to pertinent Plan provisions on which the denial is based;

(c) A description of any additional material or information necessary for the claimant to perfect the claim, along with an explanation of why such material or information is necessary; and

(d) Appropriate information as to the steps to be taken if the claimant wishes to appeal his or her claim, including the period in which the appeal must be filed and the period in which it will be decided.

The notice shall be furnished to the claimant within 90 days after receipt of the claim by the Chairperson of the Committee or his or her designee, unless special circumstances require an extension of time for processing the claim. No extension shall be for more than

90 days after the end of the initial 90-day period. If an extension of time for processing is required, written notice of the extension shall be furnished to the claimant before the end of the initial 90-day period. The extension notice shall indicate the special circumstances requiring an extension of time and the date by which a final decision will be rendered.

If a claim is denied, in whole or in part, the claimant may appeal the denial to the full Committee, upon written notice to the Chairperson thereof. The claimant may review documents pertinent to the appeal and may submit issues and comments in writing to the Committee. No appeal shall be considered unless it is received by the Committee within 90 days after receipt by the claimant of written notification of denial of the claim. The Committee shall decide the appeal within 60 days after it is received. However, if special circumstances require an extension of time for processing, a decision shall be rendered as soon as possible, but not later than 120 days after the appeal is received. If such an extension of time for deciding the appeal is required, written notice of the extension shall be furnished to the claimant prior to the commencement of the extension. The Committee's decision shall be in writing and shall include specific reasons for the decision, written in a manner calculated to be understood by the claimant, and specific references to the pertinent Plan provisions upon which the decision is based.

4.9 Each Participant shall receive a copy of the Plan and, if a Trust is established pursuant to Section 4.4, the Trust, and the Company shall make available for inspection by any Participant a copy of any rules and regulations used in administering the Plan.

4.10 If any contest or dispute shall arise as to amounts due to a Participant under this Plan, the Company shall reimburse the Participant, on a current basis, all legal fees and expenses incurred by the Participant in connection with such contest or dispute; provided, however, that in the event the resolution of any such contest or dispute includes a finding denying the Participant's claims, the Participant shall be required immediately to reimburse the Company for all sums advanced to the Participant hereunder.

4.11 This Plan is binding on the Company and will bind with equal force any successor of the Company, whether by way of purchase, merger, consolidation or otherwise.

4.12 If a court of competent jurisdiction holds any provision of this Plan to be invalid or unenforceable, the remaining provisions of the Plan shall continue to be fully effective.

4.13 To the extent not superseded by the laws of the United States, this Plan shall be construed according to the laws of the State of Missouri.

GREAT PLAINS ENERGY

COMPUTATION OF RATIO OF EARNINGS TO FIXED CHARGES

	Year to Date September 30 2007	2006	2005	2004	2003	2002
			(thousands)			
Income from continuing operations	$ 111,149	$ 127,630	$ 164,197	$ 175,271	$ 189,230	$ 136,194
Add						
Minority interests in subsidiaries	-	-	7,805	(2,131)	(1,263)	-
Equity investment loss	1,139	1,932	434	1,531	2,018	1,173
Income subtotal	112,288	129,562	172,436	174,671	189,985	137,367
Add						
Taxes on income	46,020	47,822	39,462	55,391	78,263	51,023
Kansas City earnings tax	464	544	498	602	418	635
Total taxes on income	46,484	48,366	39,960	55,993	78,681	51,658
Interest on value of leased property	2,734	4,144	6,229	6,222	5,944	7,093
Interest on long-term debt	49,759	62,643	64,349	66,128	58,847	65,837
Interest on short-term debt	20,494	9,057	5,145	4,837	5,442	6,312
Mandatorily Redeemable Preferred Securities	-	-	-	-	9,338	12,450
Other interest expense and amortization (a)	8,152	5,207	5,891	13,563	3,912	3,760
Total fixed charges	81,139	81,051	81,614	90,750	83,483	95,452
Earnings before taxes on income and fixed charges	$ 239,911	$ 258,979	$ 294,010	$ 321,414	$ 352,149	$ 284,477
Ratio of earnings to fixed charges	2.96	3.20	3.60	3.54	4.22	2.98

(a) On January 1, 2007, Great Plains Energy adopted FIN No. 48, "Accounting for Uncertainty in Income Taxes," and along with the adoption, elected to make an accounting policy change to recognize interest related to uncertain tax positions in interest expense.

Exhibit 31.1.a

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: November 5, 2007

/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: November 5, 2007

/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 September 30, 2007 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: November 5, 2007

/s/ Terry Bassham
Name: Terry Bassham
Title: Executive Vice President – Finance and Strategic Development and Chief Financial Officer
Date: November 5, 2007

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.

BEFORE THE STATE CORPORATION COMMISSION

OF THE STATE OF KANSAS

In the Matter of the Application of
Kansas City Power & Light Company
To Modify its Tariffs to Continue
The Implementation of its Regulatory Plan.

Docket No. 07-KCPE-905-RTS

JOINT STIPULATION AND AGREEMENT

As a result of extensive discussions between the Staff of the Kansas Corporation Commission ("Staff'), Kansas City Power & Light Company ("KCPL" or "Company"), and the Citizens' Utility Ratepayer Board ("CURB"), (referred to collectively as the "Signatories" or the "Signatory Parties"), the Signatories hereby submit to the Kansas Corporation Commission ("Commission") for its consideration and approval the following Stipulation and Agreement:

I. KANSAS CITY POWER & LIGHT COMPANY'S APPLICATION

1. On March 1, 2007, KCPL filed an Application with the Commission to make certain changes in its rates and charges for electric service, which was docketed as the above-captioned proceeding. Pursuant to a Commission Order issued on March 14, 2007, the effective date of this Application was suspended until December 10, 2007. This Application was the second in a series of rate cases that are contemplated in the Rate Plan (Appendix C of the Stipulation ("1025 Stipulation") in Docket No. 04-KCPE-1025-GIE ("1025 Docket")), in conjunction with KCPL's implementation of the Resource Plan[1].

[1] The 1025 Stipulation refers collectively to the "Regulatory Plan" that is comprised of a Resource Plan set forth in Appendices A and A-1 and the Customer Programs set forth in Appendices B and B-1, and the Rate Plan set forth in Appendices C, C-1 and C-2. References to the "regulatory plan" within this Stipulation and Agreement shall have the same meaning.

2. The first rate filing made by KCPL pursuant to the 1025 Stipulation was docketed as Docket No. 06-KCPE-828-RTS ("828 Docket"), which resulted in a Stipulation and Agreement ("828 Stipulation") that was approved by the Commission on December 4, 2006. In accordance with the 1025 Stipulation, KCPL was provided the option to file this current rate application no later than March 1, 2007. The filing of this Application also complies with the Commission's Order in the 828 Docket, which required KCPL to file a rate case that included an Energy Cost Adjustment ("ECA") mechanism on or before March 1, 2007.

3. Because the Resource Plan involves major capital expenditures by KCPL during an intensive period of construction over a five-year period, the Rate Plan was structured to incrementally address the rate treatment for such additions and improvements. This second rate application pursuant to the Rate Plan also reflects KCPL's investment in plant and equipment since the time KCPL's rate base was adjusted in the 828 Docket.

4. The schedules filed with KCPL's Application indicated a gross revenue deficiency of $34,220,000, based upon normalized operating results for the 12 months ending December 31, 2006, adjusted for known and measurable changes in revenues, operating and maintenance expenses, cost of capital and taxes, and other adjustments. Pursuant to the Contribution In Aid of Construction ("CIAC") mechanism established in the 1025 Stipulation, KCPL also requested an additional $12.8 million in order to adequately maintain its financial ratios.

5. In addition, consistent with the 828 Stipulation, KCPL has participated in a series of discussions with Staff and other interested signatory parties to develop an ECA mechanism, which will be discussed in greater detail below.

6. In support of its Application, KCPL submitted the testimony of 13 witnesses and the schedules required by K.A.R. 82-1-231. On May 1, 2007, consistent with the 828 Stipulation, KCPL also filed its class cost of service study and supporting testimony.

II. STAFF AND OTHER PARTIES' PRE-FILED POSITIONS

7. On August 3, 2007, Staff filed its direct testimony in the above docket, wherein it recommended a rate increase for KCPL of approximately $4.6 million. Staff did not recommend including a CIAC amortization amount in this docket. Staff also made certain recommendations concerning the structure of KCPL's amended ECA tariff, and recommended several reporting requirements with respect to the ECA mechanism.

8. Also on August 3, 2007, CURB filed testimony in which it recommended the Commission decrease KCPL's annual revenue requirement by approximately $3 million. For cash flow purposes, at this revenue requirement level CURB calculated a pre-tax payment on plant of $16.4 million which, if allowed by the Commission, would result in an annual increase in KCPL's rates of no more than $13.4 million. CURB also opposed implementation of an ECA.

9. MUUG and The City of Mission Hills, Kansas, also filed testimony on August 3, 2007. MUUG opposed the imposition of any ECA mechanism, contending consumers generally do not benefit from rate mechanisms that automatically pass through utility costs. In addition, MUUG made certain design recommendations for any ECA mechanism that might be adopted. The City of Mission Hills addressed KCPL's Municipal Ornamental Streetlighting tariff (Schedule MOL**).**

10. On August 13, 2007, Staff and MUUG each filed cross-answering testimony

regarding the other's direct ECA mechanism testimony.

11. Subsequently, on August 28, 29, and 31, 2007, the parties met collectively to discuss the terms of a stipulation and agreement.

III. TERMS OF THE STIPULATED SETTLEMENT

After extensive negotiations, the Signatory Parties have agreed upon the following terms:

A. Stipulated Revenue Requirement and Customer Advancement Amount

The Signatory Parties agree that KCPL's overall annual revenue increase will be twenty-eight million dollars ($28,000,000). However, after factoring in the median forecasted revenues from off-system sales that will be credited through the ECA mechanism, KCPL's annual net revenue increase will likely be closer to seventeen million dollars ($17 million). To provide KCPL with sufficient cash flow to proceed with the Resource Plan as set forth in the 1025 Stipulation, the Signatory Parties agree that eleven million dollars (811,000,000) of the total revenue increase will be treated for accounting purposes as a pre-tax payment on plant on behalf of customers. The $11 million pre-tax payment on plant shall be treated as an increase to KCPL's depreciation reserve and will be assigned to primary plant accounts in a future rate case.

B. Energy Cost Adjustment (ECA) Mechanism

The Signatory Parties agree that KCPL's ECA tariff will be as shown in Appendix A hereto. All components of such ECA mechanism including fuel and purchased power costs, off-system sales margins as well as the other components of the ECA tariff will be forecasted for the coming ECA year. On or before December 20, 2007 and each December 20 thereafter, KCPL will provide Staff with its forecasted ECA factors and supporting documentation for each of the 12 months of the following ECA year. (KCPL will provide MUUG with a copy of such initial December 20, 2007 submittal on the same day it is provided to Staff. MUUG agrees to maintain the confidentiality of such submittal under the same provisions as the Protective Order in this Docket.) The factors for January, February and March of the ECA year shall be set based upon

such forecast. KCPL will re-forecast monthly factors for each remaining month of the ECA year and provide such re-forecast ECA factors, along with supporting documentation, to Staff on or before March 20, 2008, June 20, 2008, and September 20, 2008 and each March 20, June 20 and September 20 thereafter. The ECA factors for the three months following each re-forecast shall be set based upon such forecast. The parties also agree that KCPL will file an annual report by March 1, 2009 and each March 1 thereafter including the actual annual revenue received through the ECA tariff for the prior ECA year and the actual fuel, purchased power and other costs as well as the off-system sales margins for the prior ECA year, including supporting documentation. Such report shall calculate the difference in these year-end totals and recommend a correction factor to be applied to the monthly ECA factors over a 12 month period beginning April 1 following the filing. Such report will be subject to review by Staff, and any party granted intervener status in such proceeding, and approval of the Commission pursuant to the terms and conditions of Appendix A.

The Signatory Parties agree that it is their intent to require KCPL to publish, or otherwise make available, ECA figures in a manner reasonably accessible to customers. The Signatory Parties will continue to discuss the appropriate mechanism necessary to accomplish this requirement.

C. Unused Energy ("UE1") Allocator for Off-System Sales Margins

KCPL agrees to utilize its UE1 Allocator to allocate off-system sales margins to Kansas retail ratepayers within the context of its ECA tariff. Such UE1 Allocator will be forecast at the start of each ECA year for use in the ECA factor calculation and will be trued-up for the ECA year as part of the annual ECA review process.

D. Energy Efficiency Program Costs to be Recovered Through an Energy Efficiency Rider

In its Application, KCPL included in rate base an amount equal to KCPL's budgeted September 2007 balance of Account 182441, the regulatory asset KCPL has established to accumulate the cost of all affordability, energy efficiency, and demand side management programs performed in Kansas in compliance with the 1025 Stipulation. KCPL also included in its cost of service a yearly amortization amount associated with the regulatory asset balance, using a 10-year amortization period. The Signatory Parties agree that until such time as either the Commission rules in Docket No. 07-GIMX-247-GIE, the "Energy Efficiency or EE Docket" or the Kansas Legislature implements a new statute(s) addressing treatment of these costs, that, as an interim mechanism for recovery, KCPL will not include these program costs in its rate base and cost of service and instead will recover these program costs through an Energy Efficiency Rider ("EE Rider"). KCPL will file such EE Rider for Commission approval by March 1, 2008, to include costs associated with Commission-approved programs, including internal labor costs, incurred during the time period July 1, 2006 through December 31, 2007 and an effective date of July 1, 2008. Such EE Rider will recover such costs over the period July 1, 2008 through June 30, 2009. KCPL would file the next such EE Rider for Commission approval on or before March 31, 2009 to recover program costs incurred from January 1, 2008 through December 31, 2008 over the time period July 1, 2009 through June 30, 2010. Thereafter, KCPL would file its new EE Rider no later than March 31 of each year to recover costs incurred during the prior calendar year for recovery over the following July through June period.

At any time either the Commission rules on Energy Efficiency Docket or a law is passed regarding treatment of such expenses, KCPL shall have the right to file for Commission approval of compliant recovery methodology to replace or revise the EE Rider. KCPL agrees that at no

time will it seek Kansas jurisdiction ratepayer recovery of program costs recorded to Regulatory Asset Account 182441 prior to July 1, 2006.

E. Performance Standard Data for Asset Management Plan

In order to enable the Commission to continue to monitor and evaluate KCPL's delivery performance and reliability during the remainder of the Asset Management Plan as defined in the 1025 Stipulation, KCPL agrees to continue to maintain the following performance data through the remaining term of the Regulatory Plan:

- § Customers Experiencing Multiple Interruptions in excess of three per year ("CEMI3");
- § Number of distribution devices with four or more multiple outages by number of outages;
- § Overall residential customer satisfaction survey ("CSI"); and
- § Trend and benchmark analysis for KCPL delivery operating and maintenance ("O&M") expense per retail customer, detailing all data and sources for the calculation of KCPL's performance, based on FERC Form 1 reporting.

F. Review of Kansas Weather Stations for Weather Normalization Analysis

KCPL agrees to explore with Staff the use of weather stations within KCPL's Kansas service territory for use in its future weather normalization analysis and load forecasting. KCPL will review the availability and completeness of data from such stations and the suitability of such data for use within KCPL's weather normalization and load forecasting methodology. Such review and exploration shall not require KCPL to change its methodology for weather normalization and load forecasting.

G. Miscellaneous Stipulated Accounting Provisions

As agreed by the Signatory Parties and consistent with the 1025 Stipulation, the following accounting provisions should be adopted by the Commission:

1) Rate Case Expenses

The Commission authorizes KCPL to establish a regulatory asset for incremental rate case expenses incurred through the duration of Docket No. 07-KCPE-905-RTS. KCPL currently estimates the Kansas jurisdictional regulatory asset will be approximately $0.8 million at December 31, 2007. KCPL is authorized to amortize this regulatory asset over four (4) years commencing January 1, 2008. The deferred expenses will not receive any rate base treatment in future rate cases.

The Commission reaffirms its Order in the 828 Docket authorizing the Company's four (4) year amortization period for rate case expenses incurred in that case with no rate base treatment.

2) Surface Transportation Board ("STB") Expenses

The Commission reaffirms KCPL's regulatory asset and five (5) year amortization period beginning January 1, 2007 ordered in the 828 Docket for the Kansas jurisdictional portion of STB expenses incurred through December 31, 2006. The Commission also reaffirms its authorization in the 828 Docket for KCPL to establish a regulatory asset for actual STB expenses incurred after December 31, 2006, to be amortized over a five (5) year period beginning with rates effective in a future rate case under the Rate Plan. The deferred expenses will not receive any rate base treatment in future rate cases.

3) **Talent Assessment Expenses**

The Commission authorizes KCPL to establish a regulatory asset for 2006 Talent Assessment expenses in the amount of $8,960,783 (Kansas jurisdictional $4,026,084). KCPL is authorized to amortize this regulatory asset over ten (10) years commencing January 1, 2008. The deferred expenses will not receive any rate base treatment in future rate cases.

The Commission reaffirms KCPL's regulatory asset, with no rate base treatment, and ten (10) year amortization period ordered in the 828 Docket, for the Kansas jurisdictional portion of 2005 Talent Assessment expenses.

4) Employee Augmentation Program

The Commission authorizes KCPL to establish a regulatory asset for the Employee Augmentation Program expenses in the amount of $624,301 (Kansas jurisdictional $264,183). KCPL is authorized to amortize this regulatory asset over ten (10) years commencing January 1, 2008. The deferred expenses will not receive any rate base treatment in future rate cases.

5) Enhanced Security Costs

The Commission reaffirms KCPL's regulatory asset, to be included in rate base, and five (5) year amortization period ordered in the 828 Docket, for the Kansas jurisdictional portion of enhanced security costs through December 31, 2006.

6) Department of Energy ("DOE") Wolf Creek Refund

The Commission authorizes KCPL to establish a regulatory liability for a $427,150 DOE refund (Kansas jurisdictional $181,305) received in 2006. KCPL will amortize this regulatory liability over a three (3) year period beginning January 1, 2008. The deferred refund will not receive any rate base treatment in future rate cases.

7) Pension Costs

The Commission approves treatment of pension costs as set forth in the attached Appendix B, which is intended to be consistent with the treatment of pension costs outlined in Appendix C, paragraph (E) of the 1025 Stipulation.

8) AFUDC Rate on Iatan 2

The Commission authorizes KCPL for purposes of calculating the equity component of the Allowance for Funds Used During Construction ("AFUDC") rate on Iatan 2 to set the equity rate used in the calculation at 8.3% beginning January 1, 2008. This agreed upon equity component of AFUDC may be revised either through a Commission order determining a Return on Equity or through a Stipulation and Agreement in KCPL's next rate case.

9) Depreciation Rates

The Commission authorizes KCPL to continue utilizing the depreciation rates set forth in Appendix C, which are the same rates set out in Appendix C-2 of the 1025 Stipulation.

10) SO_2 Emission Allowances

The Commission reaffirms its authorization in the 828 Docket for KCPL's sale of SO2 emission allowances through June 1, 2010, including related coal premiums. KCPL will continue to record net sales proceeds to a regulatory liability (FERC Account 254) and offset rate base for ratemaking purposes. The regulatory liability will be amortized over a time period to be determined in the 2009 rate filing. Such amortization shall be reflected in rates beginning with the rates resulting from the 2009 rate filing.

KCPL currently purchases coal from vendors under contracts that indicate nominal sulfur content. To the extent that coal supplied has a lower sulfur content than specified in the contract, KCPL pays a premium over the contract price. Beginning January 1, 2008, to the extent that KCPL pays premiums for lower sulfur coal and has an approved ECA in place, the Commission authorizes KCPL to determine the portion of such premiums, net of joint partners' shares, that apply to retail sales and will record the proportionate cost of such premiums in FERC Account 254 as a reduction of the regulatory liability beginning January 1, 2008. But in no event will the charges to the Kansas jurisdictional portion of FERC Account 254 for these premiums exceed

$5,000,000 annually. The portion of premiums applicable to retail will be determined monthly based on the system-wide percentage of MWhs from coal generation used for retail sales versus wholesale sales as computed by the hourly energy costing model. This system-wide percentage will be applied to premiums invoiced during the same period.

11) Decommissioning Accruals for Wolf Creek

The Commission approves the schedule of decommissioning cost accruals included in Appendix D, affirms that the decommissioning cost accruals are included in cost of service and are included in rates for ratemaking purposes and affirms that the earnings rate assumed for the trust takes into consideration the tax rate change and the removal of the investment restrictions resulting from the Energy Policy Act of 1992.

12) Asset Retirement Obligations and Cost of Removal

The Commission reaffirms its Order in Docket No. 04-WSEE-605-ACT allowing KCPL to defer all costs on the balance sheet, for financial reporting purposes, associated with the adoption of Statement of Financial Accounting Standards No. 143 ("FAS 143") and Financial Accounting Standards Board Interpretation No. 47 ("FIN 47"), including accretion and depreciation expenses and amounts included for cost of removal in depreciation rates as set forth in Appendix C.

H. Rules and Regulations

The Signatory Parties agree that the following changes to KCPL's Rules and Regulations should be adopted by the Commission:

1) New Definitions

The following eight definitions will be added to Section 1:

1.15 – ADULT: One who has reached the legal age of majority, generally 18 years.

1.16 – BILLING ERROR: The incorrect billing of an account due to a Company or Customer meter reading error, which results in incorrect charges.

1.17 – FIELD ERROR: Shall be considered to include lost/mishandled paperwork, installing metering incorrectly, or failure to close the meter potential or test switches. A Field Error may result in a Billing Error.

1.18 FRAUD: The misrepresentation of material facts by a customer, or other person, by giving false or misleading information or by concealment of that which should have been disclosed as a deceptive means to gain or maintain utility service, avoid payment for past, present or future service, or obtain a refund and so cause the Company or others to rely upon such misrepresentations to the Company's financial detriment. Includes, but is not limited to: (a) furnishing the Company with false names, or customer information not legally assigned to such person, (b) furnishing false or altered customer identification, (c) furnishing false or altered residency history, (d) furnishing false or altered ownership or lease papers, (e) rendering false reports of unauthorized electronic fund transfers to the Company.

1.20 – METER ERROR: The incorrect registration of electric consumption resulting from a malfunctioning or defective meter.

1.21 – RESPONSIBLE PARTY: Any adult, landlord, property management company, or owner applying for electric service at a given premise.

1.22 – TAMPERING: To rearrange, damage, injure, destroy, alter, or interfere with, Company facilities, service wires, electric meters and associated wiring, locking devices, or seals or otherwise prevent any Company equipment from performing a normal or customary function.

1.24 - UNAUTHORIZED USE: To use or receive the direct benefit of all, or a portion of the utility service with knowledge of or reason to believe that diversion, tampering or other unauthorized connection existed at the time of the use, or that the use or receipt was fraudulent and/or without the authorization or consent of the utility. Includes but is not limited to: (a) tampering with or reconnection of service wires and/or electric meters to obtain metered use of electricity, (b) the unmetered use of electricity resulting from unauthorized connections, alterations or modifications to service wires and/or electric meters, (c) placing conductive material in the meter socket to allow unmetered electricity to flow from the line-side to the load-side of the service, (d) installing an unauthorized electric meter in place of the meter assigned to the account, (e) inverting or repositioning the meter to alter registration, (f) disrupting the magnetic field or wireless communication of the meter causing altered registration, (g) damaging or altering the electric meter to stop registration, (h) using electric service without compensation to the utility.

2) Reconnection Charge Modifications

The following will replace the Discontinuation of Service terms in Section 5, paragraph 5.08:

5.08 RECONNECTION CHARGE:

If electric service is discontinued for non-payment of a bill or for violation of any other provision of the Customer's service agreement except tampering and/or diversion, the Company shall assess reconnection charges to the Customer as follows:

Reconnection of service meter	*$20.00*
Reconnection of service at the pole or service pedestal	*$30.00*

If electric service is discontinued for tampering and/or diversion, the Company shall assess reconnection charges to the Customer as follows:

Reconnection regardless of point of reconnection *(Excessive damage of Company property will result in additional charges.)*	*$55.00*

3) Line Extension Language Changes

The following will replace paragraph 8.01, items (A) and (B), (paragraph 8.01 items (C) and (D) remain unchanged) and paragraph 8.02 in KCPL's Line Extension and Distribution Policies in Section 8. In addition, KCPL agrees to modify paragraph 8.01 to clarify customer payment options for line extensions exceeding one-quarter (1/4) mile.

8.01 OVERHEAD SINGLE-PHASE RESIDENTIAL AND RURAL RESIDENTIAL EXTENSIONS:

(A) Company will make free extensions of its distribution lines as and when necessary to serve any and all prospective customers applying for electric service, located within one-quarter (1/4) mile of existing distribution lines in rural areas in which utility holds certificates of convenience and necessity from the State Corporation Commission. Extensions may involve application of the quarter-mile (1/4 mile) provision to a Customer's property line, onto a. Customer's property, or a combination providing extension to the Customer's property line and onto a Customer's property.

(B) The Company will build the first one-eighth (1/8) mile and the last one-eighth (1/8) mile of single-phase line per residential or rural residential Customer under its established rates and minimum charges. In the event the line extension exceeds one-quarter (1/4) mile per residential or rural residential Customer, there shall be a monthly Customer Charge or an increase in the existing monthly Customer Charge. The amount

of the Customer Charge or increase to an existing monthly Customer Charge may be paid in equal installments over sixty consecutive bills.

8.02 OTHER PERMANENT EXTENSIONS AND EXCESS FACILITIES:

Each Application to the Company for electric service (other than an overhead single-phase extension for residential or rural residential electric service) to premises requiring extension of the Company's existing distribution facilities will be studied by the Company, as received, in order that the Company may determine the amount of investment warranted by the Company in making such extension giving full consideration to the Customer's load requirements and characteristics and the Company's estimated revenue from the Customer during the term of the Customer 's service agreement as may be required by the Company. In the absence of special arrangements between the Customer and the Company, any cost of such extension in excess of the investment warranted by the Company shall be deposited by the Customer with the Company. Should additional intervening Customers be attached to the extension covered by the Customer's deposit, the deposit shall be refunded to the Customer to the extent determined by the Company to be appropriate in each case, but in no event shall refunds aggregate an amount greater than the deposit. The Company shall not be obligated to refund any portion of a deposit after five years from the date of deposit. No interest shall accrue or be payable on any such deposit held by the Company.

In those instances where a Customer requests facilities beyond that which would normally be provided, this shall be considered an Excess Facilities Request. Where the Company chooses to provide facilities at applicant's request in variance with the Line Extension standard, applicant shall be required to pay Company for the cost of such facilities including appropriate carrying charges, cost of insurance, replacement (or cost of removal), license and fees, taxes, operation and maintenance, and appropriate administrative and general expenses associated with such transmission, substation, and/or distribution facilities. Specific Terms and Conditions shall be mutually agreed upon between Company and Customer.

I. Test Period in Future Rate Cases

KCPL agrees to use a base test period reflective of 12 months actual operation rather than budgeted information in future rate cases. To the extent KCPL may need to file certain information in a future rate case later than the March 1 application filing date of the applicable year, KCPL will coordinate such filings with Staff.

J. Rate Design

The Signatory Parties agree that the rates should be apportioned among the respective classes of customers according to the amounts of revenue requirement indicated for each class in

Staff's cost of service as shown on Appendix E hereto. The Signatory Parties also agree that the amount of pre-tax payment on plant on behalf of customers should be equally apportioned among the respective classes of customers based upon revenue percentage as also shown on Appendix E. Furthermore, KCPL agrees that the final rate design will spread

the percentage revenue increase proposed for each customer class to every component part of the rates of each class. Rate design amounts assigned to each class are subject to check in order to assure that rate design recovery is consistent with the revenue increase approved by the Commission. KCPL agrees to submit documentation proving that final rates, by tariff class and by subclass (after all Commission approved adjustments) generate the revenue requirement approved by the Commission. This rate design shall not set forth a precedent for future rate proceedings as to the method of allocation. KCPL agrees that it shall conduct a class cost of service (CCOS) study and report the results of that study in its next rate filing. KCPL shall have the right to file the results of that study in testimony as late-filed testimony no later than May 1, 2008. The Signatory Parties agree that direct testimony of Staff and non-KCPL parties in the next rate case shall not be due until at least fourteen (14) weeks following KCPL's filing of its CCOS study results. The Signatory Parties preserve their rights to review and oppose any such filing in future proceedings, including opposing any method proposed by any party regarding the allocation of rates or rate design.

K. Non-Asset-Based Sales Classification Process

KCPL agrees to meet with the other Signatory Parties prior to KCPL's next rate filing to discuss KCPL's internal process for the classification of asset-based and non-asset-based off-system sales. On or before May 1, 2008, KCPL agrees to file its process for classifying asset-based and non-asset-based off-system sales for Commission review and approval. KCPL agrees

that subsequent changes to its process for classifying asset-based and non-asset-based off-system sales will be subject to Commission review and approval.

IV. MISCELLANEOUS PROVISIONS

A. The Commission's Rights

Nothing in this Stipulation and Agreement is intended to impinge or restrict, in any manner, the exercise by the Commission of any statutory right, including the right of access to information, and any statutory obligation, including the obligation to ensure that KCPL is providing efficient and sufficient service at just and reasonable rates.

B. Signatory Parties' Rights

The Signatory Parties, including Staff, shall have the right to present pre-filed testimony in support of this Stipulation. Such testimony shall be filed formally in the docket and presented by witnesses at a hearing on this Stipulation.

C. Parties not Signatories to the Agreement

The Midwest Utility Users Group ("MUUG" — a group comprised of Danisco USA, Inc., Shawnee Mission Unified School District #512, The City of Mission, Kansas, and The City of Overland Park, Kansas) and The City of Mission Hills, Kansas are not yet signatories to this Stipulation and Agreement, but negotiations with those parties continue.

D. Negotiated Settlement

This Stipulation and Agreement represents a negotiated settlement that fully resolves the issues addressed in this document. The Signatory Parties represent that the terms of this Stipulation and Agreement constitute a fair and reasonable resolution of the issues addressed herein. Except as specified herein, the Signatory Parties shall not be prejudiced, bound by, or in any way affected by the terms of this Stipulation and Agreement: (a) in any future proceeding; (b) in any proceeding currently pending under a separate docket; and/or (c) in this proceeding

should the Commission decide not to approve this Stipulation and Agreement in the instant proceeding. If the Commission accepts this Stipulation and Agreement in its entirety and incorporates the same into a final order without material modification, the parties shall be bound by its terms and the Commission's order incorporating its terms as to all issues

addressed herein and in accordance with the terms hereof, and will not appeal the Commission's order on these issues.

E. Interdependent Provisions

The provisions of this Stipulation and Agreement have resulted from negotiations among the Signatory Parties and are interdependent. In the event that the Commission does not approve and adopt the terms of this Stipulation and Agreement in total, it shall be voidable and no Signatory Party hereto shall be bound, prejudiced, or in any way affected by any of the agreements or provisions hereof. Further, in such event, this Stipulation and Agreement shall be considered privileged and not admissible in evidence or made a part of the record in any proceeding.

F. Submission of Documents To The Commission Or Staff

To the extent this Stipulation and Agreement provides for information, documents or other data to be furnished to the Commission or Staff, such information, documents or data shall be filed with the Commission and a copy served upon the Commission's Director of Utilities. Such information, documents or data shall be marked and identified with the docket number of this proceeding.

IN WITNESS WHEREOF, the Signatory Parties have executed and approved this Agreement, effective as of the 12th day of September 2007, by subscribing their signatures below.

By:/s/ Dana A. Bradbury

SUSAN B. CUNNINGHAM (#14085)
DANA BRADBURY (#11939)
JASON T. GRAY (#22619)
MATTHEW R. SPURGIN (#20470)
Assistants General Counsel
Kansas Corporation Commission
1500 S.W. Arrowhead Road
Topeka, Kansas 66604
(785) 271-3100
s.cunningham@kcc.ks.gov
d.bradbury@kcc.ks.gov
j.gray@kcc.ks.gov
m.spurgin@kcc.ks.gov

ATTORNEYS FOR STAFF

By:/s/ William G. Riggins by dab

WILLIAM G. RIGGINS (#12080)
Vice President and General Counsel
Kansas City Power & Light Company
1201 Walnut
Kansas City, MO 64106
(816) 556-2785
bill.riggins@kcpl.com

FRANK A. CARO, JR. (#11678)
ANNE E. CALLENBACH (#18488)
Polsinelli Shalton Flanigan Suelthaus PC
6201 College Boulevard, Suite 500
Overland Park, Kansas 66211
913) 451-8788
(913) 451-6205 Fax
fcaro@polsinelli.com
acallenbach@polsinelli.com

ATTORNEYS FOR KCPL

By:/s/ David Springe

DAVID SPRINGE (#15619)
Citizens' Utility Ratepayer Board
1500 SW Arrowhead Road
Topeka, KS 66604 d.springe@curb.kansas.gov

ATTORNEY FOR CURB

THE STATE CORPORATION COMMISSION OF KANSAS

SCHEDULE 2

KANSAS CITY POWER & LIGHT COMPANY
(Name of Issuing Utility)

Replacing Schedule _____ Sheet _____

Rate Areas No. 2 & 4
(Territory to which schedule is applicable)

which was filed _____

No supplement or separate understanding shall modify the tariff as shown hereon.

Sheet 1 of 4 Sheets

ENERGY COST ADJUSTMENT
Schedule ECA

APPLICABILITY:
This Energy Cost Adjustment (ECA) Schedule shall be applicable to all Kansas Retail Rate Schedules for KCPL.

BASIS:
Energy costs will be measured and applied to a customer's bill using an ECA factor. The ECA factor is applied on a kilowatt-hour basis ($/kWh). Retail customer charges for energy costs are determined by multiplying the kilowatt-hours of electricity during any calendar month by the corresponding ECA factor for that calendar month.

ENERGY COST ADJUSTMENT:
Prior to January 1 of each ECA year, an ECA factor (ECA_P) will be calculated for each calendar month of the ECA year as follows:

$$ECA_P = \frac{((F_P + P_P + E_P + T_P) - BPR_P)}{S_P} - \frac{OSSM_K}{S_K} - \frac{TRUE_A}{S_{TRUE}}$$

Where:

F_P= Projected cost of nuclear and fossil fuel to be consumed for the generation of electricity during the month in which the ECA is in effect for all KCPL Retail, Requirements Sales for Resale, and Bulk Power Sales customers not included in OSSM, to be recorded in Account 501, Account 518 and Account 547, excluding any KCPL internal labor cost.

P_P= Projected cost of purchased power during the month in which the ECA is in effect for all KCPL Retail, Requirements Sales for Resale, and Bulk Power Sales customers not included in OSSM, to be recorded in Account 555, and KCPL's projected charges or credits incurred due to participation in markets associated with Regional Transmission Organizations (RTOs).

E_P= Projected cost of emission allowances during the month in which the ECA is in effect for all KCPL Retail, Requirements Sales for Resale, and Bulk Power Sales customers not included in OSSM, to be recorded In Account 509.

T_P= Projected transmission costs, to be recorded in Account 565, and RTO, FERC and NERC fees, to be recorded in Account 560 and Account 928, during the month in which the ECA is in effect for all KCPL Retail, Requirements Sales for Resale, and Bulk Power Sales customers not included in OSSM.

BPR_P = Projected Revenue from asset-based Bulk Power Sales customers not included in OSSM.

S_P= Projected kWhs to be delivered to all KCPL Retail and Requirements Sales for Resale customers during the month in which the ECA is in effect.

OSSM = Projected annual asset-based Off-System Sales Margin from Bulk Power Sales at the median for the effective ECA year.

$OSSM_K$ = The projected annual asset-based Off-System Sales Margin from Bulk Power Sales at the median for the effective ECA year multiplied by the projected Unused Energy (UE1) Allocator for Kansas.

S_K = Projected annual kWhs to be delivered to all Kansas Retail customers during the effective ECA year.

S_{TRUE}= Projected kWhs for Kansas Retail customers for the twelve-month period beginning in April of the year following the ECA year.

Issued: _____ (Month Day Year) FILED _____

Effective: January 1, 2008 (Month Day Year) THE STATE CORPORATION COMMISSION OF KANSAS

By: Chris Giles Vice President (Title) By: _____ (Secretary)

THE STATE CORPORATION COMMISSION OF KANSAS

SCHEDULE 2

KANSAS CITY POWER & LIGHT COMPANY

(Name of Issuing Utility)

Rate Areas No. 2 & 4
(Territory to which schedule is applicable)

No supplement or separate understanding shall modify the tariff as shown hereon.

Replacing Schedule _____ Sheet _____

which was filed _____

Sheet 2 of 4 Sheets

ENERGY COST ADJUSTMENT
Schedule ECA

$TRUE_A$= The annual true-up amount for an ECA year, to be calculated by March 1 of the year following the ECA year and to be applied for a twelve-month period beginning April 1 of the year following the ECA year. The true-up amount will reflect any difference between the total ECA revenue for the Retail sales during the ECA year and the actual costs incurred to achieve those Retail sales less the credits applied for Off-System Sales Revenue for the ECA year. Such true-up amount may be positive or negative. Any remaining balances from prior true-up periods will be added.

$$TRUE_A = ECAREV_A - [((F_A + P_A + E_A + T_A - BPR_A) - NABPC_A) \times \frac{S_{AK}}{S_{AT}}] + OSSM_A + TRUE_{PRIOR}$$

Where:

$ECAREV_A$ = Actual ECA revenue for Kansas Retail sales during the ECA year.

F_A = Actual total company cost of nuclear and fossil fuel consumed for the generation of electricity for the ECA year recorded in Account 501, Account 518 and Account 547, excluding any internal KCPL labor cost and all costs associated with $OSSM_A$.

P_A = Actual total company cost of purchased power incurred during the ECA year recorded in Account 555, and KCPL's actual charges or credits incurred due to participation in markets associated with Regional Transmission Organizations (RTOs) less all costs associated with $OSSM_A$.

E_A = Actual total company emission allowance costs incurred during the ECA year recorded in Account 509 less all costs associated with $OSSM_A$.

T_A = Actual total company transmission costs recorded in Account 565 and RTO, FERC and NERC fees recorded in Account 560 and Account 928 for the ECA year less all costs associated with $OSSM_A$.

BPR_A = Actual Revenue from asset-based Bulk Power Sales customers not included in $OSSM_A$.

$NABPC_A$ = Actual total company cost for non-asset-based sales to Bulk Power customers during the ECA year, as reflected in P_A, and T_A.

$OSSM_A$ = Actual total company asset-based Off-System Sales Margin from Bulk Power Sales for the ECA year multiplied by the actual Unused Energy (UE1) Allocator for Kansas.

S_{AK} = Actual kWhs delivered to KCPL's Kansas Retail customers during the ECA year.

S_{AT} = A ctual kWhs delivered to all KCPL Retail and Requirements Sales for Resale customers during the ECA year.

$TRUE_{PRIOR}$ =Remaining true-up amounts from previous ECA years (positive or negative).

Issued: _____ FILED _____
Month Day Year

Effective: January 1, 2008 THE STATE CORPORATION COMMISSION OF KANSAS
Month Day Year

By: Chris Giles Vice President By: _____ Secretary

THE STATE CORPORATION COMMISSION OF KANSAS

SCHEDULE 2

KANSAS CITY POWER & LIGHT COMPANY
(Name of Issuing Utility)

Rate Areas No. 2 & 4
(Territory to which schedule is applicable)

No supplement or separate understanding shall modify the tariff as shown hereon.

Replacing Schedule _____ Sheet _____

which was filed _____

Sheet 3 of 4 Sheets

ENERGY COST ADJUSTMENT
Schedule ECA

NOTES TO THE TARIFF:

1. By December 20th prior to each ECA year, KCPL will submit a report containing the projected monthly ECA factors on a $/kWh basis for each month of the coming ECA year. Such report will set the monthly ECA factors for January, February and March of the ECA year. KCPL will publish such projected monthly ECA factors, and any updates to such monthly ECA factors to consumers.

2. Prior to the 20th day of March, June, and September of each ECA year, KCPL will submit a report containing updated projected ECA factors for the remaining months of the effective ECA year. Such updated projected ECA factors will set the monthly ECA factors for the next calendar quarter of the ECA year. Such report shall also compare the original ECA revenue projections and the then-current ECA year-end projections on a total revenue basis. If the original projection and the then-current projection become significantly out of balance at any time during the ECA year, the remaining monthly ECA factors may be adjusted to address the anticipated difference.

3. Prior to the 1st day of March each year beginning March 1, 2009, KCPL will file an application that provides the true-up reconciliation for the preceding ECA year, otherwise known as the Actual Cost Adjustment ("ACA"). Such reconciliation amount, if any, for a given ECA year will be applied as an adjustment to the monthly ECA factors for the 12-month period beginning April following the reconciled ECA year. The Commission may make such ACA subject to correction in whole or in part, pending final determination on the application. All revenues collected pursuant to the ECA tariff shall be deemed to be revenues subject to adjustment until the ACA review is complete, the Commission has issued a final order in the ACA matter, and all terms and conditions

of such order are satisfied. The Commission shall make a final determination on the adjustment, including the reasonableness and prudence of the actual ECA costs incurred during the ECA year, within two hundred forty (240) days of the filing of the application. Prudent operation of KCPL's system will be consistent with industry standards regarding economic dispatch, reliability, maintenance and fuel procurement as such is necessary to minimize the impact of this ECA tariff on customer rates.

4. The monthly ECA factor will be expressed in dollars per kilowatt-hour rounded to four decimal places.

5. Each ECA year will be a calendar year, with the first year beginning January 1, 2008.

6. The ECA amount on each customer bill will be calculated such that the ECA factor for each calendar month within the billing period is applied to the estimated usage for the appropriate calendar month (i.e., prorated) based on the number of days of usage in each calendar month.

7. The references to Accounts within the ECA tariff are as defined in the FERC uniform system of accounts.

8. Retail Customers are customers that receive service under one of the KCPL Retail tariffs.

9. Requirements Sales for Resale Customers are wholesale customers receiving firm service for the full capacity and energy needs of the customer on a contract basis of one year or longer (Account 447).

10. Bulk Power Sales Customers are wholesale customers receiving service under Power contracts. These are Non-Requirements Sales for Resale customers (Account 447).

Issued: _____ (Month) _____ (Day) _____ (Year) FILED

Effective: January 1, 2008 (Month Day Year) THE STATE CORPORATION COMMISSION OF KANSAS

By: Chris Giles Vice President (Title) By: _____ (Secretary)

THE STATE CORPORATION COMMISSION OF KANSAS

SCHEDULE 2

KANSAS CITY POWER & LIGHT COMPANY
(Name of Issuing Utility)

Replacing Schedule _____ Sheet _____

Rate Areas No. 2 & 4
(Territory to which schedule is applicable)

which was filed _____

No supplement or separate understanding shall modify the tariff as shown hereon.

Sheet 4 of 4 Sheets

ENERGY COST ADJUSTMENT
Schedule ECA

NOTES TO THE TARIFF (continued):

11. The Unused Energy (UE1) Allocator for KCPL's Kansas jurisdiction is calculated by dividing the KCPL Kansas jurisdictional "Unused Energy" MWhs by the total KCPL "Unused Energy" MWhs. The "Unused Energy" MWhs for each KCPL jurisdiction (Kansas, Missouri, and FERC) is calculated by subtracting the "Energy Used" MWhs for each jurisdiction from the "Available Energy" MWhs for each jurisdiction. The "Energy Used" is based on the "Energy w/ Losses" Allocator (E1) which reflects the energy used by each jurisdiction's customers. The "Available Energy" is calculated by multiplying KCPL's total "Available Capacity" by the total hours in the subject year (8760 in non-leap years) and by the jurisdictional "Demand" Allocator (D1) which reflects the 12-CP demand from each jurisdiction's customers. The "Available Capacity" is defined as the total MWs of capacity from all sources of generation and capacity purchases that are included in the cost-of-service (revenue requirement) calculation.

12. This tariff is subject to KCPL's Rules and Regulations as approved by the State Corporation Commission of Kansas.

13. This tariff is subject to all applicable Kansas statutes and regulations regarding the filing and investigation of complaints on unreasonable, unfair or unjust rates.

Issued: _____ (Month) _____ (Day) _____ (Year) FILED

Effective: January 1, 2008 (Month Day Year) THE STATE CORPORATION COMMISSION OF KANSAS

By: Chris Giles Vice President (Title) By: _____ (Secretary)

APPENDIX B

TREATMENT OF PENSION COSTS

Docket No. 07-KCPE-905-RTS

1. The intent of this pension agreement is to:

- Ensure that KCPL recovers the amount of the net prepaid pension asset representing the recognition of a negative pension cost used in setting rates in prior years;
- Ensure that the amount collected in rates is based on the pension cost determined using the methodology described below in item 2.b.;
- Ensure that, once the amount in section 4 has been collected in rates by KCPL, all pension cost collected in rates is contributed to the pension trust; and
- Ensure that all amounts contributed by KCPL are recoverable in rates.

2. To accomplish these goals, the following items are agreed upon as part of this Stipulation and Agreement.

a. KCPL's pension cost, for financial reporting purposes, will differ from the method used for ratemaking purposes described in item 2.b. For financial reporting purposes, KCPL will amortize gains and losses over a five (5) year period.

b. Pension cost, excluding cost determined under FAS 88, used for ratemaking purposes will be calculated based on the following methodology:

i. Market Related Value for asset determination, smoothing all asset gains and losses that occur on and after January 1, 2005 over five (5) years;

ii. No 10% corridor; and

iii. Amortization period of ten (10) years for unrecognized gains and losses.

3. KCPL's actuary will maintain actuarial reports under each method on an annual basis. Any difference between the two methods is merely a timing difference that will eventually be recovered, or refunded, through rates under the method used in setting rates over the life of the pension plan. KCPL will establish a regulatory asset or liability for the difference in pension cost calculated under the two methods. No rate base recognition will be provided for the regulatory asset or liability determined pursuant to this paragraph.

4. Any pension cost amount calculated pursuant to item 2.b. above, which exceeds the pension contribution will reduce the prior net prepaid pension asset recognized in rate base currently estimated to be $12.6 million ($5.7 million Kansas jurisdictional), after allocation to joint owners, at December 31, 2007. When the prior net prepaid pension asset is reduced to zero, any pension cost (as calculated in item 2.b. above) that exceeds the amounts contributed, must be funded. Any pension cost that is not funded because it exceeds the amount of funding that is tax deductible will be tracked as a regulatory liability to ensure it is funded in the future when it becomes tax deductible.

5. In the case pension cost becomes negative, KCPL is ordered to establish a regulatory liability to offset the negative amount. In future years, when pension cost becomes positive, rates will remain zero ($0) until the prepaid pension asset that was created by the negative amount is reduced to zero ($0). The regulatory liability will be reduced at the same rate as the prepaid pension asset is reduced until the regulatory liability becomes zero. This regulatory liability is not provided rate base recognition**.**

6. KCPL will be allowed to establish a regulatory asset with rate base recognition for contributions made to the pension trust in excess of pension cost calculated pursuant to item 2.b.

7. A regulatory asset or liability will be established on KCPL's books to track the difference between the level of pension cost calculated pursuant to item 2.b. and the level of pension cost built into rates. The level of pension cost built into rates effective January 1, 2008 is established as $40,101,040 ($18,017,678 Kansas jurisdictional), before amounts capitalized and applicable to joint owners. If the pension cost, before amounts capitalized and applicable to joint owners, during the rate period is more than the cost built into rates for the period, KCPL will establish a regulatory asset. If the pension cost during the period is less than the cost built into rates, KCPL will establish a regulatory liability. If

the pension cost, before amounts capitalized and applicable to joint owners, becomes negative, a regulatory liability equal to the difference between the level of pension cost built into rates for that period and zero ($0) will be established.

The regulatory asset or liability, currently estimated to be a $25.0 million ($11.2 million Kansas jurisdictional) regulatory asset at December 31, 2007 after allocation to joint owners, will have rate base recognition. The regulatory asset or liability will be amortized over five (5) years, with amortization for each vintage year commencing with the effective date of rates for which ratemaking recovery of that vintage is included. Amortization included in rates at January 1, 2008, after amounts capitalized, is $4,866,816 ($2,186,694 Kansas jurisdictional).

8. The Signatory Parties agree that KCPL should follow the accounting treatment prescribed by the Federal Energy Regulatory Commission (FERC) in General Instruction No. 23

regarding pension-related Other Comprehensive Income (OCI) and transfer existing and future pension OCI amounts to a regulated asset.

9. FAS 88 does not allow for delayed recognition of certain unrecognized amounts in net periodic pension cost. FAS 88 requires immediate recognition of certain costs arising from settlements and curtailments of defined benefit plans. KCPL shall establish a regulatory asset or liability, with rate base recognition, for the amount of pension costs, before amounts capitalized determined pursuant to FAS 88 and the level of FAS 88 pension cost built into rates (currently $0), effective January 1, 2007.

This regulatory asset, currently estimated to be $22.6 million at December 31, 2007 ($10.2 million Kansas jurisdictional), after allocation to joint owners, will be amortized over five (5) years beginning January 1, 2008. Amortization included in rates at January 1, 2008, after amounts capitalized, is $3,442,194 ($1,546,602 Kansas jurisdictional). Beginning in 2008, KCPL will be required to make contributions to the pension trusts in an annual amount equal to the FAS 88 amortization built into rates for that year.

APPENDIX C

Kansas City Power & Light Company
Depreciation & Amortization Rates

Kansas Jurisdictional

Account	Acct. No.	Avg. Service Life	Net Salvage	Deprec. Rate
Total Steam Production (Note)				
Structures & Improvements	311	32.0	-10.0%	3.44%
Structures & Improv – Haw 5 Rebuild	311			0.85%
Boiler Plant Equipment (excl trains)	312	25.5	-5.0%	4.12%
Boiler Plant Equipment - Trains	312	15.0	10.0%	6.00%
Boiler Plant Equip-Scrubber-La Cygne	312	10.0	0.0%	10.00%
Boiler Plant Equip – Haw 5 Rebuild	312			1.02%
Turbogenerator Units	314	42.4	0.0%	2.36%
Accessory Electric Equipment	315	33.7	5.0%	2.82%
Accessory Electric Equip – Haw 5 Rebuild	315			0.70%
Acc Electric Equip – Computers (like 391)	315	30.0	8.0%	3.07%
Miscellaneous Power Plant Equipment	316	22.8	5.0%	4.16%
Misc Power Plant Equip – Haw 5 Rebuild	316			1.03%
Total Nuclear Production (Note)				
Structures & Improvements	321			1.55%
Reactor Plant Equipment	322			1.73%
Turbogenerator Unites	323			1.96%
Accessory Electric Equipment	324			1.73%
Miscellaneous Power Plant Equipment	325			2.36%
Nuclear Plant Write-Off	328			1.73%
Total Combustion Turbines				
Structures & Improvements	341	25.0	0.0%	4.00%
Fuel Holders, Producers, & Acc. Equip.	342	25.0	0.0%	4.00%
Generators	344	25.0	0.0%	4.00%
Accessory Electric Equipment	345	25.0	0.0%	4.00%
Total Wind Generation				

Structures & Improvements	341	20.0		5.00%
Generators	344	20.0		5.00%
Accessory Electric Equipment	345	20.0		5.00%
Total Transmission Plant				
Structures & Improvements	352	45.0	-5.0%	2.33%
Station Equipment	353	29.3	5.0%	3.24%
Station Equip-Communication Equip (like 397)	353	26.0	5.0%	3.65%
Towers & Fixtures	354	40.0	-10.0%	2.75%

Note: Nuclear Production rates are based on a lifespan under a 60-year license using remaining life rates.

Rates for Steam Production Plant related to Hawthorn Unit 5 Rebuild plant reflect Missouri jurisdictional rates after consideration of insurance and subrogation recoveries recorded in Account 108, Accumulated Provision for Depreciation. Future depreciation studies will use remaining life rates.

	355	27.0	-5.0%	3.89%
Poles & Fixtures				
Overhead Conductors & Devices	356	27.0	15.0%	3.15%
Underground conduit	357	50.0	-5.0%	2.10%
Underground Conductors & Devices	358	50.0	10.0%	1.80%
Total Distribution Plant				
Structures & Improvements	361	45.0	-5.0%	2.33%
Station Equipment	362	37.0	7.0%	2.51%
Station Equip-Communication Equip (like 397)	362	26.0	5.0%	3.65%
Poles, Towers, & Fixtures	364	30.0	-6.0%	3.53%
Overhead Conductors & Devices	365	27.0	25.0%	2.78%
Underground Conduit	366	50.0	-5.0%	2.10%
Underground Conductors & Dev	367	25.0	20.0%	3.20%
Line Transformers	368	25.0	10.0%	3.60%
Services	369	33.0	5.0%	2.88%
Meters	370	28.0	5.0%	3.39%
Install on Customers' Premises	371	8.5	2.0%	11.53%
Street Lighting & Signal Systems	373	29.0	5.0%	3.28%
Total General Plant				
Structures & Improvements	390	50.0	5.0%	1.90%
Office Furniture & Equipment	391	30.0	8.0%	3.07%
Transportation Equipment	392	11.0	15.0%	7.73%
Stores Equipment	393	30.0	5.0%	3.17%
Tools, Shop & Garage Equipment	394	27.0	5.0%	3.52%
Laboratory Equipment	395	33.0	5.0%	2.88%
Power Operated Equipment	396	15.0	20.0%	5.33%
Communication Equipment	397	26.0	5.0%	3.65%
Miscellaneous Equipment	398	17.0	5.0%	5.59%

Amortization of Limited Term & Other Electric Plant

Account	Acct. No.	Avg. Service Life	Net Salvage	Deprec. Rate
Intangible – Five Year Software	303	5.0	0.0%	20.0%
Intangible – Ten Year Software	303	10.0	0.0%	10.0%
Intangible – Communication Equip (like 397)	303	26.0	5.0%	3.65%
Intangible – Accessory Equip (like 345)	303	25.0	0.0%	4.00%
Steam Prod–Structures & Impr-Leasehold Impr	311	Lease		
Combustion Turbine Plant – Land Rights	340			0.00%
Transmission Plant – Land Rights	350			0.00%
Distribution Plant – Land Rights	360			0.00%
General –Structures & Impr-Leasehold Impr	390	Lease		

Note: Nuclear Production rates are based on a lifespan under a 60-year license using remaining life rates.
Rates for Steam Production Plant related to Hawthorn Unit 5 Rebuild plant reflect Missouri jurisdictional rates after consideration of insurance and subrogation recoveries recorded in Account 108, Accumulated Provision for Depreciation. Future depreciation studies will use remaining life rates.

APPENDIX E

Customer Class	Staff Existing Revenue w/ ECA Costs	ECA[1] w/25th Percentile OSSM	Staff Existing Revenue w/o ECA Costs	Pre-Tax Payment On Plant	Increase To Revenue Requirement	Total To Be Recovered In Base Rates	Percentage Change In Base Rate Revenue	For Illustrative Purposes Only: ECA[1] w/50th Percentile OSSM	For Illustrative Purposes Only: Total Revenue Including ECA[1]	For Illustrative Purposes Only: Percentage Change in Revenue w/ECA[1]
Residential	$ 205,377,786	$ 20,168,329	$ 185,209,457	$ 5,225,678	$ 14,099,441	$ 204,534,576	-0.41%	$ 15,196,971	$ 219,731,547	6.99%
Small General Service	31,451,433	2,581,957	28,869,476	800,257	-	29,669,733	-5.66%	1,971,261	31,640,994	0.60%
Medium General Service	51,687,140	5,328,656	46,358,484	1,315,139	-	47,673,623	-7.77%	4,067,566	51,741,189	0.10%
Large General Service	103,178,508	13,585,630	89,592,878	2,625,297	-	92,218,175	-10.62%	10,435,239	102,653,414	-0.51%
Large Power Service	33,470,190	5,252,595	28,217,595	851,623	2,091,000	31,160,218	-6.90%	4,052,016	35,212,234	5.20%
Off-Peak Lighting	1,490,389	258,731	1,231,658	37,922	-	1,269,580	-14.82%	204,093	1,473,673	-1.12%
Other Lighting	5,662,750	198,667	5,464,083	144,084	809,559	6,417,726	13.33%	156,427	6,574,153	16.09%
Total	$ 432,318,196	$ 47,374,565	$ 384,943,631	$ 11,000,000	$ 17,000,000	$ 412,943,631	-4.48%	$ 36,083,573	$ 449,027,204	3.86%

(1) The ECA amount will be determined based upon application of the ECA tariff (Schedule ECA).

The ECA includes fuel, purchased power, emissions and transmission costs for Retail, Requirements Sales for Resale, and Bulk Power Sales customers as well as long-term asset-based bulk power sales revenue and short-term asset-based off-system sales margins as defined in the ECA tariff.

Execution Copy

INSURANCE AGREEMENT

THIS INSURANCE AGREEMENT, dated September 19, 2007 (the "***Agreement***"), is entered into by and between FINANCIAL GUARANTY INSURANCE COMPANY, a New York stock insurance company (including its successors and assigns, "***FGIC***"), KANSAS CITY POWER & LIGHT COMPANY, a corporation duly organized under the laws of the State of Missouri (including its successors and assigns, the "***Company***").

WHEREAS, pursuant to an Indenture, dated as of September 1, 2007 (the "Indenture"), by and between the City of Burlington, Kansas (the "Issuer") and The Bank of New York, as trustee (the "Trustee"), the Issuer has issued $146,500,000 in aggregate principal amount of its Environmental Improvement Revenue Refunding Bonds (Kansas City Power & Light Company Project) Series 2007A and Series 2007B (the "Bonds"); and

WHEREAS, the Company and the Issuer have entered into an Amended and Restated Sublease Agreement dated as of September 1, 2007 (the "Sublease"), pursuant to which the Company is obligated to make payments sufficient to pay, among other items, debt service on the Bonds; and

WHEREAS, the Company and the Issuer have entered into an Amended and Restated Lease Agreement dated as of September 1, 2007 (the "Lease"), pursuant to which the Company is obligated to make payments sufficient to pay, among other items, debt service on the Bonds; and

WHEREAS, Financial Guaranty has issued its Municipal Bond New Issue Insurance Policy (the "Policy") which insures the scheduled payments of principal of and interest on the Bonds and payment of principal of and interest on the Bonds upon a determination of taxability as specified in the Policy; and

WHEREAS, the Company understands that Financial Guaranty expressly requires the delivery of this Agreement as part of the consideration for the delivery by Financial Guaranty of the Policy;

NOW, THEREFORE, in consideration of the premises and of the agreements herein contained and of the execution and delivery of the Policy, the Company and FGIC agree as follows:

ARTICLE I
DEFINITIONS

SECTION 1.01. Definitions. Except as otherwise expressly provided herein or unless the context otherwise requires, the terms which are capitalized herein shall have the meanings specified in Annex A hereto.

SECTION 1.02. Premium. In consideration of Financial Guaranty agreeing to issue the Policy hereunder, the Company hereby agrees to pay Financial Guaranty upon delivery of the Policy, a Premium, at the times and in the amount specified in the Commitment letter.

To the extent that any Future Premium Payment is not paid when due, interest shall accrue on such unpaid amounts at a rate equal to the Effective Interest Rate.

ARTICLE II
REPRESENTATIONS, WARRANTIES, COVENANTS

SECTION 2.01. Representations and Warranties of the Company. In addition to the representations and warranties of the Company in the Indenture, which are hereby incorporated herein by reference for the benefit of FGIC, the Company represents and warrants as of the date hereof as follows:

(a) The Company is duly organized, validly existing and in good standing under the laws of Missouri and is duly qualified as a foreign corporation to do business in the State of Kansas. The Company has the power and authority to execute, deliver and perform its obligations under this Agreement

(b) The execution, delivery and performance of this Agreement, the Sublease and the Lease by the Company has been duly authorized by all necessary corporate action and do not require any additional approvals or consents or other action by or any notice to or filing with any Person except such as have been obtained and are in full force and effect.

(c) Neither the execution and delivery of this Agreement, the Sublease or the Lease by the Company nor the consummation of the transactions contemplated hereby and thereby conflicts with or results in a breach of the terms, conditions or provisions of any constitutional provision, law or administrative regulation of the State or the United States applicable to the Company or any applicable judgment or decree or any loan agreement, indenture, bond, note, resolution, agreement or other instrument to which the Company is now a party or by which the Company or its assets are or may be bound, or constitutes a default under any of the foregoing, or results in the creation or imposition of any lien, charge, security interest or encumbrance whatsoever on any of the assets of the Company under the terms of any instrument or agreement except as provided in this Agreement, the Sublease or the Lease.

(d) No event has occurred and no condition exists that would constitute an Event of Default (as defined in the Indenture, referred to herein as an "***Indenture Default Event***") or that, with the passing of time or with the giving of notice or both would become such an Indenture Default Event.

(e) This Agreement the Sublease and the Lease have been duly executed by the Company and are the legal, valid and binding obligations of the Company, enforceable against the Company, in accordance with their terms, subject to the qualification that the enforceability of the obligations of the Company, may be limited by applicable bankruptcy, insolvency or similar laws affecting creditors' rights generally or by equitable principles relating to enforceability.

(f) Except as disclosed in the Official Statement, dated September 10, 2007, delivered in connection with the issuance of the Bonds, (i) there is no action suit, proceeding or investigation at law or in equity before or by any court or governmental agency or body pending or, to the knowledge of the Company, threatened against or affecting the Company that seeks to restrain or enjoin the issuance or delivery of the Bonds, or the collection of the payments to be made pursuant to the Sublease, the Lease or the resolutions

of the Company relating to this Agreement, the Sublease, the Lease or that contests or affects the powers of the Company to enter into or perform its obligations or consummate the transactions contemplated under any of the foregoing; and (ii) the Company is not in default with respect to any order or decree of any court or any order regulation or demand of any federal state, municipal or other governmental authority, which default might have consequences that would materially and adversely affect the consummation of the transactions contemplated by the Bonds, the Sublease, the Lease or the Indenture, or the financial condition, assets, properties or operation of the Company.

(g) The financial statements of the Company and its consolidated subsidiaries contained in the Company's Annual Report on Form 10-K for the year ended December 31, 2006, the Company's Quarterly Report on Form 10-Q for the quarter ended March 31, 2007, and the Company's Quarterly Report on Form 10-Q for the quarter ended June 30, 2007 (collectively, the "Reports"), present fairly in all material respects the financial condition, results of operations and cash flows of the Company for the periods presented therein, and have been prepared in conformity with U.S. generally accepted accounting principles applied on a consistent basis throughout the periods involved (except as other wise noted therein). Except as disclosed in the Company's Reports, there has been no material adverse change in the consolidated financial condition or results of operation of the Company and its subsidiaries since December 31, 2006.

ARTICLE III
COVENANTS

SECTION 3.01. Reorganization. The Company hereby agrees that, in the event of a Reorganization, unless otherwise consented to by Financial Guaranty, the obligations of the Company under, and in respect of, the Bonds, the Sublease, the Lease and this Agreement shall be assumed by, and shall become direct and primary obligations of, a Regulated Utility Company. The Company shall have delivered to Financial Guaranty a certificate of the president, any vice president or the treasurer and an opinion of counsel acceptable to Financial Guaranty each stating that such Reorganization complies with this Section 3.01.

SECTION 3.02. Assignment. The Company hereby agrees that, the Company shall not assign the Sublease, the Lease or this Agreement, or any of its duties or obligations hereunder without the prior written consent of FGIC.

SECTION 3.03. Limitation on Liens. The Company will not create, incur, or suffer to exist any Lien in, of or on the property of the Company, 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 Company 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 Company 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 Company 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 Company taken as a whole.

(v) Liens on property of the Company 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.

(vi) Judgment Liens which secure payment of legal obligations not exceeding $25,000,000 and that are bonded, stayed on appeal or otherwise being appropriately contested in good faith.

(vii) Liens on property acquired by the Company 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 Company.

(viii) 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.

(iviii) 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 Company other than such improvements.

(x) 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.

(ix) Liens on or over gas, oil, coal, fissionable material, or other fuel or fuel products as security for any obligations incurred by the Company 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.

(x) 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 Company.

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

(xii) Liens on assets held by entities which are required to be included in the Company'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.

(xiii) Liens on cash and cash equivalent collateral securing Swap Contracts.

(xiv) Liens securing any extension, renewal, replacement or refinancing of Indebtedness secured by any Lien referred to in the foregoing clauses (vii), (viii), (ix), (x) and (xi); 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.

(xv) Liens which would otherwise not be permitted by clauses (i) through (xvi) securing additional Indebtedness of the Company or a Significant Subsidiary; provided that after giving effect thereto the aggregate unpaid principal amount of Indebtedness (including Capitalized Lease Obligations) of the Company (including prepayment premiums and penalties) secured by Liens permitted by this clause (xvii) shall not exceed 10% of Total Capitalization.

Provided, however, that if subsequent to the date hereof, the Company issues debt secured by Liens (other than those permitted in (i) through (xvii) above), the Company shall issue and deliver to the Bond Insurer, as security for the Company's obligations hereunder, First Mortgage Bonds or similar security equal in principal amount to the principal amount of the Bonds then outstanding and maturing on the same dates and bearing interest at the same rates, as the Bonds; provided however, that the obligation of the Company to make any payment of the principal of or any premium or interest on such First Mortgage Bonds shall be fully or partially, as the case may be, paid, deemed to have been paid or otherwise satisfied and discharged to the extent that at the time any such payment shall be due, the then due principal of and any premium or interest on the Bonds shall have been fully or partially paid, deemed to have been paid or otherwise satisfied and discharged, excluding, however, amounts paid by the Bond Insurer under the policy.

ARTICLE IV
REIMBURSEMENT OBLIGATION; OTHER PAYMENTS

SECTION 4.01. Reimbursement Obligation.

(a) The Company agrees to reimburse FGIC, immediately and unconditionally upon demand, for all amounts advanced by FGIC under the Policy. To the extent that any such payment due hereunder is not paid when due, interest shall accrue on such unpaid amounts at a rate equal to the Effective Interest Rate.

(b) The Company also agrees to pay FGIC as follows:

(i) The Company shall pay or reimburse FGIC for any and all charges, fees, costs, and expenses that FGIC may reasonably pay or incur (including reasonable attorney's fees) in connection with the following: (i) the administration, enforcement, defense, or preservation of any rights or security hereunder or under any other transaction document; (ii) the pursuit of any remedies hereunder, under any other transaction document, or otherwise afforded by law or equity, (iii) any amendment, waiver, or other action hereunder or under any other transaction document; (iv) the violation by the Company of any law, rule, or regulation or any judgment, order or decree applicable to it;

(v) any advances or payments made by FGIC to cure defaults of the Company under the transaction documents; or (vi) any litigation or other dispute in connection with this Agreement, any other transaction document, or the transactions contemplated hereby or thereby, other than amounts resulting from the failure of FGIC to honor its payment obligations under the Policy or from FGIC's willful misconduct or gross negligence. FGIC reserves the right to charge a reasonable fee as a condition to executing any amendment, waiver, or consent proposed in respect of this Agreement or any other transaction document; and

(ii) interest on any and all amounts described in this clause (b) from the date which is five Business Days from the date a statement for such amounts is received by the Company until payment in full at the Effective Interest Rate.

(c) The obligations of the Company to FGIC shall survive discharge and termination of this Agreement.

SECTION 4.02. Indemnification.

(a) In addition to any other rights of indemnification that FGIC may have, the Company, for itself and its successors, agrees to indemnify and hold harmless FGIC, its officers, directors, employees and agents (each an "***Indemnified Party***") from and against any and all claims, damages, losses, liabilities, actions, suits, judgments, demands, reasonable costs or expenses (including without limitation, reasonable fees and expenses of attorneys and consultants and reasonable costs of investigations) by reason of: (i) any untrue statement or alleged untrue statement of a material fact contained or incorporated by reference in any Official Statement or in any supplement or amendment thereof, prepared with respect to the Bonds, or the omission or alleged omission to state therein a material fact necessary to make such statements, in light of the circumstances under which they are or were made, not misleading; provided, however, that the Company shall not be required to indemnify FGIC for any claims, damages, losses, liabilities, costs or expenses to the extent, but only to the extent, caused by the material inaccuracy of any information included or incorporated by reference in the Official Statement concerning FGIC or its affiliates under "The Policy and the Insurer" (the "***FGIC Information***"); (ii) to the extent not covered by clause (i) above, any willful or negligent act or omission of the Company in connection with the offering, issuance, sale or delivery of the Bonds (other than by reason of false or misleading information provided by FGIC) or (iii) the misfeasance or malfeasance of any director, officer, employee or agent of the Company.

(b) This indemnity provision shall survive the termination of this Agreement and shall survive until the statute of limitations has run on any causes of action that arise from one of the foregoing reasons and until all suits filed with the period of the statute of limitations shall have been finally concluded. Any Indemnified Party who proposes to assert the right to be indemnified under this Section 4.02 will promptly after receipt of notice of commencement of any action, suit or proceeding against such party in respect of which a claim is to be made against the Company under this Section 4.02, shall notify the Indemnifying Party of the commencement of such action suit or proceeding against such party in respect of which a claim for indemnification is to be made, enclosing a copy of all papers served. The Company (other than the Company in a proceeding asserting a Policy Claim) shall be entitled to participate in and, to the extent that it shall wish, to assume the defense thereof, with counsel satisfactory to the

Indemnified Party, and after notice from the Company to such indemnified party of its election so to assume the defense thereof, the Company shall not be liable to such indemnified party for any legal expenses other than reasonable cost of investigation subsequently incurred by such indemnified party in connection with the defense thereof. The indemnified party shall have the right to employ its counsel in any such action the defense of which is assumed by the Company in accordance with the terms of this subsection (b), but the fees and expenses of such counsel shall be at the expense of such indemnified party unless the employment of counsel by such indemnified party has been authorized by the Company, or unless there is a conflict of interest. The Company shall not under any circumstances be liable for any settlement of any action or claim effected without its prior written consent, other than a Policy Claim if settled in accordance with the provisions of Article VI hereof.

(c) Nothing in this Section 4.02 is intended to limit the obligations of the Company to pay its obligations hereunder and under the Related Documents.

SECTION 4.03. Unconditional Obligation. The obligations of the Company hereunder are absolute and unconditional and will be paid or performed strictly in accordance with this Agreement, irrespective of:

(a) any lack of validity or enforceability of, or any amendment or other modification of, or waiver with respect to the Bonds or the Related Documents;

(b) any exchange, release or nonperfection of any security interest in property securing the Bonds, the Related Documents or this Agreement or any obligations hereunder;

(c) any circumstances which might otherwise constitute a defense available to, or discharge of, the Company under the Related Documents or otherwise with respect to the Bonds; and

(d) whether or not the Company's obligations under the Related Documents, or the obligations represented by the Bonds, are contingent or matured, disputed or undisputed, liquidated or unliquidated.

ARTICLE V
EVENTS OF DEFAULT; REMEDIES

SECTION 5.01. Events of Default. The following events shall constitute Events of Default hereunder:

(a) The Company shall fail to pay to FGIC any amount payable under Section 1.02 or Article IV hereof and such failure shall have continued for period in excess of ten (10) days after receipt by the Company of written notice thereof;

(b) Any representation or warranty made by the Company hereunder or any report, certificate, financial statement or other instrument provided in connection with the Commitment, the Policy or herewith shall have been materially false at the time when made; provided, however, such misrepresentation or breached warranty shall not constitute an Event of Default if such misrepresentation or

breached warranty is capable of being cured and is cured within 30 days after receipt by the Company of written notice of such event or, if such misrepresentation or breached warranty cannot reasonably be cured within such 30-day period, then within a longer period of time not to exceed 60 days if the Company diligently pursues such cure;

(c) Any Event of Default under the Indenture, the Agreement, the Sublease, the Lease or the Bonds has occurred;

(c) Except as otherwise provided in this Section 5.01, the Company shall fail to perform any of its other obligations under the Sublease, the Lease or this Agreement, provided that such failure continues for more than 30 days after receipt by the Company of written notice of such failure to perform; and

(d) The Company shall (i) voluntarily commence any proceeding or file any petition seeking relief under the United States Bankruptcy Code or any other Federal, state or foreign bankruptcy, insolvency or similar law, (ii) consent to the institution of, or fail to controvert in a timely and appropriate manner, any such proceeding or the filing of any such petition, (iii) apply for or consent to the appointment of a receiver, paying agent, custodian, sequestrator or similar official for the Company or for a substantial part of its property, (iv) file an answer admitting the material allegations of a petition filed against in any such proceeding, (v) make a general assignment for the benefit of creditors or (vi) become unable, admit in writing its inability or fail generally to pay its debts as they become due; or

(e) An involuntary proceeding shall be commenced or an involuntary petition shall be filed in a court of competent jurisdiction seeking (i) relief in respect of the Company, or of a substantial part of its property, under the United States Bankruptcy Code or any other Federal, state or foreign bankruptcy, insolvency or similar law or (ii) the appointment of a receiver, paying agent, custodian, sequestrator or similar official for the Company or for a substantial part of its property; and such proceeding or petition shall continue undismissed, or an order or decree approving or ordering any of the foregoing shall continue unstayed and in effect, for more than 30 days.

SECTION 5.02. Remedies. If an Event of Default hereunder shall occur and be continuing it shall also be considered an Indenture Default Event. At such time, FGIC may declare all amounts owed by the Company to FGIC to be immediately due and payable, and take whatever action at law or in equity may appear necessary or desirable, including, without limitation, legal action for the specific performance of any covenant made by the Company herein and to collect the amounts then due and thereafter to become due under this Agreement, or to enforce performance and observance of any obligation, agreement or covenant of the Company under this Agreement or the Sublease or the Lease. All rights and remedies of FGIC under this Section 5.02 are cumulative and the exercise of any one remedy does not preclude the exercise of one or more other remedies available under this Agreement or now or hereafter existing at law or in equity. No delay or omission to exercise any right or power accruing under this Agreement, the Bonds or the Related Documents or any other financing document, or otherwise, upon the happening of any event set forth in Section 5.01, shall impair any such right or power or shall be construed to be a waiver thereof, but any such right and power may be exercised from time to time and as often as may be deemed expedient. In order to entitle FGIC to exercise any remedy reserved to FGIC in this Article, it shall not be necessary to give any notice, other than such notice as may be required by this Article.

SECTION 5.03. Control of Remedies by FGIC.The Company acknowledges and agrees that pursuant to the Indenture, upon the occurrence and continuation of an Indenture Default Event, provided that FGIC is not in default of its obligations under the Policy, FGIC shall be entitled to control and direct the enforcement of all rights and remedies granted to Bondholders under the Indenture, including, without limitation, (i) the right to accelerate the principal of the Bonds and (ii) the right to annul any declaration of acceleration, and that FGIC shall also be entitled to approve all waivers of Indenture Default Events.

ARTICLE VI
SETTLEMENT

SECTION 6.01. Settlement. FGIC shall have the exclusive right to decide and determine whether any claim, liability, suit or judgment made or brought against FGIC on the Policy (a "***Policy Claim***") shall or shall not be paid, compromised, resisted, defended, tried or appealed, and FGIC's decision thereon, if made in good faith, shall be final and binding on the Company. An itemized statement of payments made by FGIC, certified by an officer of FGIC, or the voucher or vouchers for such payments, shall be prima facie evidence of the liability of the Company, absent manifest error.

ARTICLE VII
MISCELLANEOUS

SECTION 7.01. ***Certain Rights of FGIC.*** While the Policy is in effect:

(a) the Company shall furnish to FGIC, as soon as practicable after the filing thereof with the SEC, the copies of the Company's periodic reports to the Securities and Exchange Commission; provided, however, that the availability of such reports on the Commission's EDGAR website shall be deemed to satisfy this requirement.

(b) the Company shall notify FGIC of the redemption of any of the Bonds or any advanced refunding of the Bonds, including the principal amount, maturities and CUSIP numbers thereof;

(c) the Company shall notify FGIC of the downgrading by any rating agency of the Company's underlying public rating; and

(d) the Company shall provide FGIC with such additional information as FGIC shall reasonably request.

SECTION 7.02. Amendment and Waiver. Any provision of this Agreement may be amended, waived, supplemented, discharged or terminated only with the prior written consent of the Company and FGIC. The Company hereby agrees that upon the written request of the Trustee, FGIC may make or consent to issue any substitute for the Policy to cure any ambiguity or formal defect or omission in the Policy which does not materially change the terms of the Policy nor adversely affect the rights of the owners of the Bonds, and this Agreement shall apply to such substituted Policy. FGIC agrees to deliver to the Company and to the company or companies, if any, rating the Bonds, a copy of such substituted Policy.

SECTION 7.03. Successors and Assigns; Descriptive Headings.

(a) This Agreement shall bind, and the benefits thereof shall inure to, the Company and FGIC and their respective successors and assigns; provided, that no party hereto may transfer or assign any or all of its rights and obligations hereunder without the prior written consent of the other party hereto. Notwithstanding the foregoing provisions of this Section 7.03(a), FGIC shall have the right to reinsure any portion of its exposure under the Policy to third party reinsurers.

(b) The descriptive headings of the various provisions of this Agreement are inserted for convenience of reference only and shall not be deemed to affect the meaning or construction of any of the provisions hereof.

SECTION 7.04. Counterparts. This Agreement may be executed in any number of copies and by the different parties hereto on the same or separate counterparts, each of which fully-executed counterparts shall be deemed to be an original instrument, and all of which shall constitute but one and the same instrument. Complete counterparts of this Agreement shall be lodged with the Company, the Trustee and FGIC.

SECTION 7.05. Term. This Agreement shall expire upon the later of (i) the expiration of the Policy in accordance with the terms thereof or (ii) the repayment in full to FGIC of any amounts due and owing to it by the Company under this Agreement or the Policy.

SECTION 7.06. Exercise of Rights. No failure or delay on the part of FGIC to exercise any right, power or privilege under this Agreement, the Indenture, the Sublease, the Lease or the Bonds, and no course of dealing between FGIC and the Company or any other party, shall operate as a waiver of or impair any such right, power or privilege, nor shall any single or partial exercise of any such right, power or privilege preclude any other or further exercise thereof or the exercise of any other right, power or privilege. The rights and remedies herein expressly provided are cumulative and not exclusive of any rights or remedies which FGIC would otherwise have pursuant to law or equity. No notice to or demand on any party in any case shall entitle such party to any other or further notice or demand in similar or other circumstances, or constitute a waiver of the right of the other party to any other or further action in any circumstances without notice or demand.

SECTION 7.07. Waiver. The Company waives any defense that this Agreement was executed subsequent to the date of the Commitment, admitting and covenanting that such Commitment was delivered pursuant to the Company's request and in reliance on the Company's promise to execute this Agreement.

SECTION 7.08. Entire Agreement. This Agreement constitutes the entire agreement between the parties hereto with respect to the subject matter hereof and supersedes any and all prior agreements and understandings of the parties hereto with respect to the subject matter hereof, including but not limited to the Commitment.

Section 7.09. Severability. In the event any provision of this Insurance Agreement shall be held invalid or unenforceable by any court of competent jurisdiction, such holding shall not invalidate or render unenforceable any other provision hereof.

Section 7.10. Notices. All written notices to or upon the respective parties hereto shall be deemed to have been given or made when actually received, or in the case of telecopier machine owned or operated by a party hereto, when sent and confirmed in writing by such machine as having been received, addressed as specified below or at such other address as any of the parties hereto may from time to time specify in writing to the other:

If to the Company:

Kansas City Power & Light Company
1201 Walnut
Kansas City, Missouri 64106-2124
Attention: Treasurer
Facsimile No: 816-556-2992

If to FGIC:

Financial Guaranty Insurance Company
125 Park Avenue
New York, NY 10017
Attention: Paul Morrison
Facsimile No.: 212-312-2707

Section 7.11. Governing Law. This Agreement shall be governed by, and construed and enforced in accordance with, the laws of the State of New York.

IN WITNESS WHEREOF, each of the parties hereto has caused a counterpart of this Agreement to be duly executed and delivered as of the date first above written.

KANSAS CITY POWER & LIGHT COMPANY

By: /s/Michael W. Cline
Michael Cline
Treasurer and Chief Risk Officer

FINANCIAL GUARANTY INSURANCE COMPANY

By: /s/Paul R. Morrison
Paul R. Morrison
Managing Director – Global Utilities

ANNEX A

DEFINITIONS

For all purposes of this Agreement, except as otherwise expressly provided herein or unless the context otherwise requires, all capitalized terms shall have the meaning as set out below.

"***Agreement***" means this Insurance Agreement.

"Attributable Indebtedness" means, on any date, (a) 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 (b) 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 a Capital Lease.

"***Bonds***" shall mean the bonds issued by the Issuer pursuant to the Indenture.

"***Business Day***" means any day other than a Saturday or Sunday on which commercial banking institutions in New York, New York are generally open for banking business.

"Capital Lease" means, as to any person, 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 Obligation" means, as to any Person, the amount of the obligations of such Person under Capital Leases which would be shown as a liability on a balance sheet of such Person in accordance with GAAP.

"***Commitment***" means the commitment letter, dated September 7, 2007, from FGIC to the Company, committing to issue the Policy in respect of the Bonds, subject to the terms and conditions thereof.

"***Company***" has the meaning set forth in the recitals hereof.

"Consolidated Subsidiaries" means, as to any Person, each Subsidiary of such Person (whether now existing or hereafter created or acquired" the financial statements of which shall be (or should have been) consolidated with the financial statements of such Person in accordance with GAAP.

"Debt" shall mean any outstanding debt for money borrowed.

"***Effective Interest Rate***" means the lesser of (i) the prime rate of Citibank, N.A., in effect from time to time plus 2% per annum and (ii) the maximum rate of interest permitted by then applicable law.

"***Event of Default***" means any of the events of default set forth in Section 6.01 of this Agreement.

"First Mortgage Bonds" means bonds or other evidences of indebtedness issued under the Company Indenture.

"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.

"Guaranty Obligations" means, as to any Person, (a) any obligation, contingent or otherwise, of such Person guarantying or having the economic effect of guarantying any Indebtedness or other obligation payable or performable by another Person (the "primary obligor") in any manner, whether directly or indirectly, and including any obligation of such Person, direct or indirect, (i) to purchase or pay (or advance or supply funds for the purchase or payment of) such Indebtedness or other obligation, (ii) to purchase or lease property, securities or services for the purpose of assuring the oblige in respected of such Indebtedness or other obligation of the payment or performance of such Indebtedness or their obligation, (iii) to maintain working capital, equity capital or any other financial statement condition or liquidity of the primary obligor so as to enable the primary obligor to pay such Indebtedness or other obligation, or (iv) entered into for the purpose of assuring in any other manner the obligees in respect of such Indebtedness or other obligation of the payment of performance thereof or to protect such obligees against loss in respect thereof (in whole or in part), or (b) any lien on any assets of such Person, whether or not such Indebtedness or other obligations assumed by such Person; provided, however, that the term "Guaranty Obligation" shall not include endorsements of instruments for deposit or collection in the ordinary course of business. The amount of any Guaranty Obligation shall be deemed to be an amount equal to the stated or determinable amount of the related primary obligation, or portion thereof, in respect of which such Guaranty Obligations is made or, if not stated or determinable, the maximum reasonable anticipated liability in respect thereof as determined by the guarantying Person in good faith.

"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:

(a) All obligations of such Person for borrowed money and all obligation of such Person evidenced by bonds, debentures, notes, loan agreements or other similar instruments;

(b) 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;

(c) Net obligations of such Person under any Swap Contract in an amount equal to the Swap Termination Value thereof;

(d) All obligations of such Person to pay the deferred purchase price of property or services (except trade accounts pay able 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 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;

(e) Capitalized Lease Obligations and Synthetic Lease Obligations of such Person;

(f) All Guaranty Obligations of such Person in respect of any other 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 venture, unless such Indebtedness is non-recourse to such Person. It is understood and agreed that Indebtedness (including Guaranty Obligations) shall not include any obligations of the Company 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 maturity date of the Bonds; *provided* that the amount of mandatory principal amortization of defeasance of such debt prior to the maturity date of the Bonds shall be Included in the definition of Indebtedness (such obligations, "Trust Preferred Obligations"). The amount of any Capitalized Lease Obligation or Synthetic Lease Obligations as of any date shall be deemed to be the amount of Attributable Indebtedness in respect thereof as of such date.

"***Indenture Default Event***" shall mean an Event of Default pursuant to Section 8.01 of the Indenture.

"***Interest Payment Date***" has the meaning assigned thereto by the Bonds.

"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).

"***Person***" means an individual, joint stock company, trust, unincorporated association, joint venture, corporation, business or owner trust, limited liability company, partnership or other organization or entity (whether governmental or private).

"***Policy***" has the meaning set forth in the second "Whereas" clause hereof.

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

"***Related Documents***" means the Indenture, the Sublease, the Lease this Agreement and the Bonds.

"***Reimbursement Obligation***" means the amounts payable by the Company to FGIC pursuant to the provisions of Section 4.01 of this Agreement.

"Regulated Utility Company" means a corporation (or a limited liability company) engaged in the distribution of electricity, and which is regulated by the Public Service Commission of Missouri, or other applicable public utility commission where its primary electricity distribution business is located.

"Reorganization" means any reorganization, consolidation or merger of the Company or its affiliates, or any transfer, sale or lease of a substantial portion of the assets of the Company or its affiliates, as a result of which the Company ceases to be a Regulated Utility Company.

"Shareholders' Equity" means, as of any date of determination, shareholders' equity of the Company on a consolidated basis as of that date determined in accordance with GAAP.

"Subsidiary" means, with respect to any Person, (a) 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 of more of its Subsidiaries; (b) 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 (c) 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.

"Swap Contract" means (a) 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 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 (b) 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., and

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 Mater Agreement.

"Swap Termination Value" means, in respect of any one or more Swap Contracts, after taking into account the effect of any legally enforceable netting agreement relating to such Swap Contracts, (a) for any date on or after the date such Swap Contracts have been closed out and termination value(s) determined in accordance therewith, such termination value(s), and (b) for any date prior to the date reference in clause (a) the amount(s) determined as the mark-to-market value(s) for such Swap Contracts, as determined based upon one or more mid-market or other readily available quotations provided by any recognized dealer in such Swap Contracts, in each case as calculated by the Company in order to ensure compliance with Financial Accounting Standards Board Statement No. 133.

"Synthetic Lease Obligation" means the monetary obligation of a Person under (a) a so-called synthetic or off-balance sheet tax retention lease or (b) 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).

"Total Capitalization" means Indebtedness of the Company and its Consolidated Subsidiaries plus the sum of (i) Shareholder's Equity and (ii) to the extent not otherwise included in Indebtedness or Shareholder's Equity, preferred and preference stock and securities of the Company and its Subsidiaries included in a consolidated balance sheet of the Company and its Subsidiaries in accordance with GAAP; provided, however, that with respect to any derivative entered into in the ordinary course of business to hedge bona fide transactions and business risks and not for the purpose of speculation, Shareholder's Equity shall be calculated without giving effect to the application of Financial Accounting Standards Board Statement No. 133 or Financial Accounting Standards Board Statement No. 149.

KANSAS CITY POWER & LIGHT COMPANY

COMPUTATION OF RATIO OF EARNINGS TO FIXED CHARGES

	Year to Date September 30 2007	2006	2005	2004	2003	2002
			(thousands)			
Income from continuing operations	$ 115,073	$ 149,321	$ 143,645	$ 145,028	$ 125,373	$ 102,158
Add						
Minority interests in subsidiaries	-	-	7,805	(5,087)	(1,263)	-
Income subtotal	115,073	149,321	151,450	139,941	124,110	102,158
Add						
Taxes on income	45,680	70,302	47,984	53,703	83,270	62,532
Kansas City earnings tax	464	544	498	602	418	635
Total taxes on income	46,144	70,846	48,482	54,305	83,688	63,167
Interest on value of leased property	2,734	4,144	6,229	6,222	5,944	7,093
Interest on long-term debt	39,494	55,360	56,655	61,237	57,697	63,845
Interest on short-term debt	14,696	7,998	3,117	480	560	1,218
Mandatorily Redeemable Preferred Securities	-	-	-	-	9,338	12,450
Other interest expense and amortization (a)	8,387	3,207	3,667	13,951	4,067	3,772
Total fixed charges	65,311	70,709	69,668	81,890	77,606	88,378
Earnings before taxes on income and fixed charges	$ 226,528	$ 290,876	$ 269,600	$ 276,136	$ 285,404	$ 253,703
Ratio of earnings to fixed charges	3.47	4.11	3.87	3.37	3.68	2.87

(a) On January 1, 2007, Kansas City Power & Light Company adopted FIN No. 48, "Accounting for Uncertainty in Income Taxes," and along with the adoption, elected to make an accounting policy change to recognize interest related to uncertain tax positions in interest expense.

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: November 5, 2007

/s/ William H. Downey

William H. Downey
President and Chief Executive Officer

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: November 5, 2007

/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 September 30, 2007 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: November 5, 2007

/s/ Terry Bassham

Name: Terry Bassham
Title: Chief Financial Officer
Date: November 5, 2007

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.